APPLICATION OF COMPETITIVE STRATEGIES TO THE CHALLENGES OF INCREASED COMPETITION FACED BY SAFARICOM MOBILE PHONE AIRTIME DEALERS IN NAIROBI CENTRAL BUSINESS DISTRICT.

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A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS UNIVERSITY OF NAIROBI

NOVEMBER 2008

DECLARATION

This project is my original work and has never been presented for academic purposes in any other university.

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This project has been submitted with my approval as university supervisor.

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DEDICATION

This research project is dedicated to my Parents, Mr & Mrs Michieka, to my wife Zipporah Obonyo & my Daughter Eunice Moraa whose support, love and encouragement I truly value.

ACKNOWLEDGEMENTS

The completion of my Master of Business Administration degree depended on the contributions from several people. My colleagues at work, lecturers and friends who all had an important role to play in shaping my thinking during the course of the studies. I would like to show them my appreciation to the following people: My dear wife, Zipporah Obonyo, for the emotional support during this period. I am indebted to my Dautghter Eunice Moraa for allowing me time off from the family to concentrate on my studies.

My supervisor Dr. Martin Ogutu takes credit for his guidance including suggestion for the research topic, and playing a critical role in the entire project from it's inception to the end, providing valuable guidance and review of major steps. I would like to acknowledge my managers Bedilah Onyambu and Dorothy jumba for allowing me time off from work to consult my supervisor. It's also worth acknowledging my workmates Omwenga Makori & Catherine Gathii for their support to this project.

May God bless you all.

ABSTRACT

To grow and thrive in today's competitive environment, organizations must deal with several major challenges that have been caused by increased competition in their industries. For these organizations to survive the dynamic environment, it is necessary for them to: Measure the intensity of competition, assess the causes of decline and Single out a viable strategy for gaining competitive advantage. As markets have become more crowded and customers more discerning and varied in their demands and expectations, the targeting decisions facing companies have become more critical. Competitive positioning decisions embrace the identification of the target market(s) and the competitive advantage that will be pursued in serving the target(s).

This study was undertaken on Safaricom mobile phone airtime dealers in Nairobi central business district. The study was aimed at accessing application of competitive strategies to the challenges of increased competition faced by Safaricom mobile phone airtime dealers in Nairobi central business district. To determine the challenges of increased competition in the airtime business The Five (5) forces Framework by Porter was adopted which states that the industry forces take the form of competitive rivalry, barriers to entry, threat of substitutes, buyer power, and supplier power. In this study 40 mobile phone airtime dealers were picked using random sampling technique from a total of 78 to form the sample. The study used both primary and secondary data. Primary data was collected though self administered questionnaire. Secondary data was collected from safaricom option magazine.

The data collected was analyzed using the descriptive statistics tools like percentages, standard deviation, frequency tables among others. The mobile phone airtime dealers in Nairobi central business district have witnessed an increase in competition. This is due to an increase in the number of players in this business who are mainly attracted by the rapid growth in the mobile phones industry in Kenya. The challenges greatly experienced by the respondents were identified to be mainly rivalry among competitors and the easy of new entrants. Competition from sub dealers was also an issue of great concern to the safaricom airtime dealers. From the research findings of the study it was identified that the most popular types of competitive strategies were on the basis on expanding branch network, offering differentiated services targeting the entire class of customers and Diversification.

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CHAPTER ONE
INTRODUCTION

1.1 Background

The mobile telephone industry in Kenya is a new industry that is growing at a very high rate. Following the liberalization of the Kenya telecommunication industry in 1998, Kencall (now Celtel) communications ltd was founded in January 2000 as a fully private GSM mobile service Operator. Safaricom, which started as a department of Kenya Posts & Telecommunications Corporation, the former monopoly operator, launched operations in 1993 based on an analogue ETACS network and was upgraded to GSM in 1999. It was established under the Companies Act (Cap 486) on April 1ST 1999, and started operations July 1st 1999 as a joint venture between Telkom Kenya and Vodafone (Maina2001)By 1999, the mobile phone subscription was 15,000(Towett2002). Telkom Kenya, the fixed line operator in Kenya, launched fixed wireless services based on CDMA-2000 technology in the 800MHz frequency band in July 2007. Telkom offers the services using the InstaPhone licence, which allows it to offer wireless telephone services within a restricted area. (www.telkom.co.ke)

The mobile telephone services industry is growing at a very high rate. The mobile telephone subscribers increased from 7,340,317 in December 2006 to 8,839,791 in May 2007.(Central bank of Kenya monthly economic review October 2007.) Over the last five years the mobile telephone subsector has registered over 60% annual growth with over 11,986,007 subscribers at the end of march 2008
(http://www.cck.go.ke/UserFiles/File/Communications_Statistics_Report_2008).

The rapid growth in this industry has attracted many airtime distributors and vendors. This increase in the number of airtime dealers and vendors has lead to increased competition among both safaricom and celtel dealers competing for customers.

1.1.1 The Challenges of Competition

The mobile phone airtime dealers in Nairobi are currently facing many challenges due to increased competition. There are numerous factors that need to be taken into account when exploring the challenges facing mobile phones airtime dealers in Nairobi. They include both macro and microeconomic conditions that affect the evolution of mobile phone airtime market in general. The political instability affects businesses in a country.

The recent post election violence in Kenya after the Dec.2007 general elections created a shortage of mobile phones airtime for some dealers in Nairobi (Daily nation, 30th jan.2008). The customers also switch from one mobile telephone operator to another hence affecting the sales of some airtime dealers (Marketing intelligence, 2000)

The mobile phone service providers have introduced innovative Ways in which their subscribers can purchase airtime directly from their phones without visiting dealers shops. Innovation can be defined as engaging in and supporting new ideas, novelty, experimentation and creative processes that may result in new products, services or technological processes (Lumpkin and Dress, 1996) Safaricom customers are now able to purchase airtime using standard chattered bank ATMs. The company also introduced M –pesa service which enables it's subscribers to directly top up their lines.(Option Magazine 19TH edition june.2007). The government of Kenya increased the exercise duty on airtime from 5% to 10% hence reducing the dealers profit margins.(G.O.K, 2003)

The general economic growth in the country in the years 2002 & 2003 was very low hence consumer's expenditure on airtime was generally minimal leading to dealers competing for the few consumers willing to spend on airtime. In the year 2002 the economy grew by 1.1% and in the first quarter of 2003 it grew by 1.2 %(Kenya monthly economic review June 2003) The airtime dealers sometimes experience delays in receiving the airtime from suppliers(Ngobia 2004).The rate at which technology keeps changing has led to increased competition if the business world. Firms using modern technology have a competitive advantage compared to the once that have not changed with times.

Different business entities are now faced with the Technological challenges so as to effectively compete for customers. Many economists considered technology as a residual factor. However, after understanding the importance of technology, many researchers expressed the importance of identifying technology information in the strategic management of business (Friar and Horwitch, 1985; Horwitch 1986; Mitchell, 1985; Stacey and Aston, 1990; Sharif 1994). Hence, there is a necessity to design a framework of technological information that would facilitate the formulation and implementation of technology strategies of a company.

The Educational background of an managers can also be a challenge in managing businesses. Hambrick & Mason (1984) suggested that the Executives Educational background provides an indication of their knowledge and skill base. Hitt and barr(1989) found that managers with higher levels of formal education made different more informed decisions from those without formal education. Many studies have discussed that age, work experience, and education level are related to the survival rate of newly founded business ventures. However the impact of these variables on the business failure seems to be inconclusive. For example, in terms of entrepreneur's age, the benefits from the accumulated knowledge implied by age and those from the energy and openness to new ideas related to youth appear to coexist (Bates, 1990). Inexperienced business founders are likely to pursue a strategy of learning by doing which could make them to mistake potentially (Keeley and Knapp, 1995).

The Strategy and Resource Capabilities can also be a challenge especially when competition is intense. Many studies recommend that new business ventures should concentrate on the small and niche market (Porter, 1980). Finding the niche market in the early stage could make them make more profits and increase survival chances of small business ventures (Reynolds, 1987; Keeley and Knapp, 1995). Competitive strategies in the selected market should be also influential to survival rates and performance of new business ventures marketing differentiation strategy based on brand image, intensive advertising, design, and packaging could trigger the failure potential, as young ventures are not equipped with resources required to implement the strategy.

In order for an organization to archive their goals and objectives, they have to constantly adjust to their environment. The environment is constantly changing and so it makes it imperative for organizations to continuously position themselves to the external environment so as to survive. Environmental scanning is widely viewed as the first step in the process linking strategy and environment (Hambrick 1982; Daft, Sormunen, and Parks, 1988).

The underlying premise is that scanning the task and general environment allows a firm to learn about the opportunities that it may be positioned to take advantage of and the conditions or events that threaten its performance or survival (Bourgeois 1980; Lang, Calatone, and Gudmundson 1997), thus enabling the firm to formulate a competitive strategy congruent with critical environmental conditions.
An organization's strategy consists of the moves and approaches devised a management so as to produce a successful performance. Strategy is thus a management's game plan for the business (Thomson & stickland, 1998)

1.1.2 Competitive Strategies

Ansof (1988) defines competitive strategies as a distinctive approach in which a firm uses or intends to use to succeed in the market. Studies in this area have largely been the work of Michael porter who defines competitive strategy as the art of relating a company to the economic environment within which it exists (Bennet1999).Every firm competing in an industry has a competitive strategy whether developed through a formal planning process or has evolved through various functional planning activities of the firm (Porter, 1998)

Michael porter has described a category scheme consisting of three general types of strategies that are commonly used by businesses. These three generic strategies are defined along two dimensions: strategic scope and strategic strength. . Mintzberg (1994) argues that strategy emerges over time as intentions collide with and accommodate a changing reality. In cost leadership strategy, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry.

Differentiation strategy has been defined as the strategy by which one firm attempts to distinguish its product from competitive brands offered to the same aggregate market (Sommers and Barnes, 1999). Carpenter (1999) viewed differentiation as a competitive advantage which identifies a valuable, relevant, but overlooked dimension of a product. According to Porter (1998), when a firm adopts a cost focus strategy, it selects a segment or a group of segments in the industry and tailors its strategy to serving Corporate Level Strategy.

Other strategies include Forward Integration, Backward Integration, Horizontal Integration, Market Penetration and Market Development by Introducing present products in new markets. Marris (1964) argues that firms apply diversification strategy in order to grow. Diversification is defined as a strategy which takes the organization away from it's current market or products or competences. (Johnson & Scholes, 2002)

Firms can also form Joint Ventures where two or more sponsoring firms form a separate organization for cooperative purposes. (Source: Journal of Managerial Issues June 2005)

Competing firms may adopt Technological Strategies by developing products consistent with customer requirements as specified in the firm's strategy. Marketing Strategies involves communicating a firm's strengths to the customers and identifying customer requirements and changes in customer requirements. Human Resource Strategies can help a firm to gain competitive advantage by Recruiting, training, developing, motivating, compensating and placing employees so that behavior is directed toward the competitive strategy. Financial Strategies can also be employed by Securing financial resources necessary to carry the firms' competitive advantage initiatives (strategic management journal 20, 1999)

1.1.3 Mobile Phone Airtime Dealers in Nairobi Central Business District

Dealership is a business authorized to promote and or carry out any business activities on the behalf of the respective mobile phone network provider. Safaricom currently has a dealer network of 314 dealers. About 78 dealers out of this number have outlets in Nairobi Central business District. Examples include Akarim Agencies, Bell Kenya, Capital Real time, Chesco, Cellular among others (http://www.safaricom.co.ke/2005/dealerlist.asp). Celtel has some dealer outlets in Nairobi CBD but they are not as many as those of safaricom. Some of the celtel dealers are Eagles E.A Communications, Samina house Tom Mboya street, Xcom Ltd at Webera Street, Mobile phone ware house Hughes building Nairobi among others.(www.ke.celtel.com/en/get-connected/dealer)

The mobile phone has transformed the way millions of people do business and live in a country where even landlines were a luxury barely a decade ago. Across the country, people with low income are now adopting the mobile phone as a tool for enhancing business and mode of communication. Mobile phones were introduced in Kenya about 10 years ago (Maina 2001) Then, barely one in 10 homes had a working landline and public pay phones were few. Kenya has now emerged as the second largest-market after South Africa.(Njeru 2007)

Due to this rapid growth in the industry many business entrepreneurs have ventured into selling airtime in Nairobi which is the capital city of Kenya. These dealers are mainly the authorized distributers from the 2 main mobile phone companies Safaricom and Celtel.

These distributors mainly sell the airtime both as wholesalers and retails. There are also small scale vendors who only sell airtime in Nairobi CBD as retails. The State owned telecom kenya is also making an aggressive entry into the country's wireless mobile and data markets (www.telkom.co.ke/cdma) This rapid growth in the mobile phones industry has attracted a large number of airtime vendors in Nairobi Central Business District .This large number of airtime vendors in Nairobi CBD has increased competition which has resulted into airtime vendors adopting various competitive strategies so as to survive the competition.

1.2 Statement of the Research Problem

As Porter (1980) argues, it is important to establish a competitive advantage which is sustainable, meaning it's not easily eroded by environmental changes, or imitated by existing potential competitors. Core competence and competitive advantage have been popular concepts in contemporary strategy analysis since the late 1980s. Grant (1998) defined them as factors that determine a firm's ability to survive and prosper, which in turn, help to identify the potential for competitive advantage

Mobile telephone industry in Kenya is an emerging industry that has been created by technological innovations. As such studies have been conducted on this industry in Kenya. Maina (2001) carried out a research on perceived service quality and she found out that there is a significance difference between the customer expectations and the management's perception in the mobile phone industry.

Towett (2002) conducted a survey of perceived risks on the use of the mobile telephone services and concluded that the users of the mobile telephone perceive some risks like performance, financial, physical and social risks. Muturi (2004) conducted a survey on the factors that determine customer loyalty to mobile service providers in Nairobi and found out that there are a number of factors the customers consider. Ngobia (2004) on his research about the basis of competition in the mobile phone industry found out that the basis of competition in the industry was crucial both for survival for existing players as well as for long term sustainable and profitable existence of industry players.

Many researchers have addressed the topic but little rigorous research has actually been undertaken on the application of competitive strategies to the challenges of increased competition faced by safaricom mobile phone airtime dealers in Nairobi Central Business District. As much as mobile phones have become a fundamental part of personal communication across the globe during the past ten years, researchers have devoted little attention to the challenges facing mobile phone airtime dealers due to increased competition. This study seeks to answer the question: what are the challenges facing the Safaricom airtime dealers in Nairobi due to increased competition? What strategies have they adopted to cope with the increased competition?

1.3 The Research Objectives

The main objectives of this research are:

i. To establish the challenges that Safaricom Mobile Phone Airtime dealers face due to increased competition in Nairobi central business district

ii. To establish the Strategies that Safaricom Mobile phone Airtime dealers in Nairobi central business district have adopted to cope with competition.

1.4 Importance of the Study

The findings and recommendations of this study will be of importance to the following groups of people:

i. To the providers of mobile telephone services – this will help them to understand some areas of improvement in their distribution channels

ii. To the government – with the government's commitment in promoting entrepreneurship so as to create employment they will find the research useful on how they can help in creating a conducive environment for doing business

iii. Academicians – the findings of the study will be of importance to academicians or scholars who wish to apply the finds for reference purposes or even conducting further research on the same subject.

CHAPTER TWO

LITERATURE REVIEW

2.1 The Concept of Competition

The concept of competition has always played an important role in economic thinking but it has taken on a number of interpretations and meanings. Stigler (1987) defines competition as "a rivalry between individuals, groups or nations and it arises whenever two or more parties strive for something that all cannot obtain." The intensity in competition is dependent on the customer structure and customer behavior (Porter, 1980). Competition as a dynamic process is hardly a new concept (Ekelund and Hébert 1981); its roots go as far back David Ricardo (1817), John Stuart Mill (1848), and Adam Smith (1776) all contributed to its evolution. Machovec (1995) and Kirzner (1997) provide recent surveys of the dynamic interpretation of competition.

It would be accurate to say that this view of competition dominated classical economics, and the competition that appears in today's textbooks came much later. In the process of evaluating the effects of competition, Cournot (1838) pioneered the re-invention of competition as a market structure. Contributions by Knight (1921) have reinforced, refined, and perfected Cournot's initial efforts. Stigler (1957) and McNulty (1968) provide excellent accounts of the historical evolution of the meaning of competition. As often happens, the original meaning of competition had largely been lost. Schumpeter (1942) envisions a dynamic world in which new products and technologies constantly drive out old products and technologies. It is possible to view Schumpeter's competition as a broader, deeper definition of quality competition. In his vision of competition, the kinds of competitive activities he deems most significant should be clear. In the long run, what separates the successful from the unsuccessful competitors is the ability to create, invent, and innovate.

According to Cartwright (2002), competition is the main driving force leading marketers to search for areas of competitive advantage that will lead to greater financial success. He asserts that, new competitors are attracted to areas of opportunity. Over time, prices can be adjusted down-ward through competition and/or production efficiencies. New buyers join in buying the favored offerings. He further explains that, with every few exceptions, all organizations face a degree of competition. There are still a number of monopolies i.e. organizations that have no competitors within their chosen market place.

2.2 Sources of Competition

2.2.1 The Five Forces Framework by Porter

Porter argues that there are five major forces, which affect the attractiveness of an industry. These are intra-industry rivalry; the threat of new entrants; the existence, or potential development, of substitutes; the power of customers; and the power of suppliers.

2.2.1.1 Industry Competitors

Rivalries naturally develop between companies competing in the same market. Competitors use means such as advertising, introducing new products, more attractive customer service and warranties, and price competition to enhance their standing and market share in a specific industry. To porter, the intensity of this rivalry is the result of factors like equally balanced companies, slow growth within an industry, high fixed costs, lack of product differentiation, overcapacity and price-cutting, diverse competitors, high-stakes investment, and the high risk of industry exit. There are also market entry barriers. (Porter, 1991, and Littler, 1998)

2.2.1.2 Pressure from Substitute Products

Substitute products are the natural result of industry competition, but they place a limit on profitability within the industry. A substitute product involves the search for a product that can do the same function as the product the industry already produces. Substitution may take different forms: there could be substitution of a need by new products or service rendering an existing product or service redundant or product for product substitution. Porter uses the example of security brokers, who increasingly face substitutes in the form of real estate, money-market funds, and insurance. Substitute products take on added importance as their availability increases. (Porter, 1991, and Littler, 1998)

2.2.1.3 Bargaining Power of Suppliers

Suppliers have a great deal of influence over an industry as they affect price increases and product quality. A supplier group exerts even more power over an industry if it is dominated by a few companies, there are no substitute products, the industry is not an important consumer for the suppliers, their product is essential to the industry, the supplier costs, and forward integration potential of the supplier group exists. Labor supply can also influence the position of the suppliers. These factors are generally out of the control of the industry or company but strategy can alter the power of suppliers. (Porter, 1991, and Littler, 1998)

2.2.1.4 Bargaining Power of Buyers.

The buyer's power is significant in that buyers can force prices down, demand higher quality products or services, and, in essence, play competitors against one another, all resulting in potential loss of industry profits. Buyers exercise more power when they are large-volume buyers, the product is a significant aspect of the buyer's costs or purchases, the products are standard within an industry, there are few changing or switching costs, the buyers earn low profits, potential for backward integration of the buyer group exists, the product is not essential to the buyer's product, and the buyer has full disclosure about supply, demand, prices, and costs. The bargaining position of buyers changes with time and a companies (and industry's) competitive strategy. (Porter, 1991, and Littler, 1998)

2.2.1.5 Threat of New Entrants

Threats of new entrants into an industry depend largely on barriers to entry. Porter identifies six major barriers to entry: Economies of scale, or decline in unit costs of the product, which force the entrant to enter on a large scale and risk a strong reaction from firms already in the industry, or accepting a disadvantage of costs if entering on a small scale. Product differentiation, or brand identification and customer loyalty can also be an entry barrier .Capital requirements for entry; the investment of large capital, after all, presents a significant risk ,Switching costs or the cost the buyer has to absorb to switch from one supplier to another may minimize entry into a given industry. Access to distribution channels whereby new entrants have to establish their distribution in a market with established distribution channels to secure a space for their product.

Cost disadvantages independent of scale, whereby established companies already have product technology, access to raw materials, favorable sites, advantages in the form of government subsidies, and experience makes it difficulty to enter a given market. New entrants can also expect a barrier in the form of government policy through federal and state regulations and licensing. New firms can expect retaliation from existing companies and also face changing barriers related to technology, strategic planning within the industry, and manpower and expertise problems. The entry deterring price or the existence of a prevailing price structure presents an additional challenge to a firm entering an established industry. (Porter, 1991, and Littler, 1998) The five forces model of Porter (1980) is criticized by Shrivastava (1986) as not taking in to account stakeholders well-being. He contests that it only attempts to maximize profits of the firm and is narrow in formulating success factors for senior managers.

2.3 Challenges of Competition

To grow and thrive in today's competitive environment, organizations must deal with several major challenges. For companies to survive the dynamic environment, it is necessary for them to: Measure the intensity of competition, Assess the causes of decline, Single out a viable strategy for decline such as leadership, liquidation and harvest (Baum & McGahan, 2004). In order for firms to achieve and maintain competitive advantages, they must scan their environment to ensure that it provides a moving target and is fully aware of future challenges in the market place (Dixon and Smith, 1993).

The rate at which technology keeps changing has led to increased competition if the business world. Firms using modern technology have a competitive advantage compared to the once that have not changed with times (Porter, 1985) Different business entities are now faced with the technological challenges so as to effectively compete for customers. Mobile phones airtime dealers who are using modern technology in their businesses have an added advantage compared with their competitors who have not changed with technology due to high operational costs.

Increased competition has lead to high customer expectations in terms of the services they receive from airtime dealers. With a high rate of customer expectation mobile phone airtime dealers are now faced with the challenge of satisfying their customers so as to retain them. Customers may experience dissatisfaction in response to waiting for a service, dealing with unresponsive or impolite employees and core service failures (Storm 1987). Oliver (1996) in his research on Customer satisfaction found out that customers would rather remain passive than complain when they are dissatisfied. In contrast complaining appears to be a fairly common response to anger (Roseman et al, 1994). The mobile phone airtime dealers in Nairobi must therefore exceed the customer expectations so ensure that satisfy their customers so as to retain them

To effectively compete in the Airtime business the dealers have had to be more innovative in the way they conduct their businesses. Innovativeness refers to a firm's proclivity, receptivity and inclination to adopt ideas that depart from the usual way of approaching business (Zalman et al, 1973) It implies a willingness to forgo old habits and try untested ideas. Innovativeness requires the adoption of new mind-set or attitude that needs to be shared and dissemination to all areas of the firm to be effective. Firms that have a high innovativeness, which is akin to an organizational culture that encourages employees to be innovative, are likely to have more innovation (Hurley and Hult1998). The airtime dealers who are not being innovative are facing serious challenges from the ones who are encouraging creativity and innovation in their day to day operations.

Human resources being one of the greatest assets for any firm play a crucial role in making an organization to gain competitive advantage over its competitors. In many cases customer relationships with the firm's employees are stronger than their relationships with the firm itself. (Czepiel 1990). The mobile airtime dealers in Nairobi are faced with the challenge of retaining their trained employees who easily change their jobs to work for their competitors posing a competitive challenge to their previous employers. Firms encourage relationship building efforts of their employees with business to business customers as well as with the end consumers because they view these relationships as a means to strengthen the firm's relationship with customers. (Cravens et al 1995) when such employees leave an organization this may lead to a customer unwilling to building additional bonds with the firm and may move to a competitor over time (Anderson and Robert,1995).

Firms have dealt with this challenge by relying on retention agreements. Retention emphasizes building employee's organizational commitment and preventing turnover. Mobile phone airtime dealers in Nairobi have been faced with the challenge of sustaining their market share due to competition as well as increasing a market share.
Gaining a market share however depends on factors like the nature of the market of which when its growing or can be induced to grow, its easier for an organization with a small market or even new entrants to gain a share.(Johnson and Scholes, 2002). This is because the absolute level of the sales of the established organization may still be growing and in some instances those companies may be unable or unwilling to meet the new demand. In the process of building and sustaining market share the mobile phone airtime dealers might require massive financial resources especially for weakly positioned businesses. These businesses are likely to sacrifice their short term profits when trying to build share from a low base. A low share

competitor may build a reputation in a market segment of little interest to the market leaders from which they penetrate the wider market.

2.4 Competitive Strategies

Strategy is a pattern in actions over time; for example, a company that regularly markets very expensive products is using a "high end" strategy. Mintzberg (1994) argues that strategy emerges over time as intentions collide with and accommodate a changing reality. Thus, one might start with a perspective and conclude that it calls for a certain position, which is to be achieved by way of a carefully crafted plan, with the eventual outcome and strategy reflected in a pattern evident in decisions and actions over time.This pattern in decisions and actions defines what Mintzberg called "realized" or emergent strategy.

Thompson and Strickland (2003) have argued that a definition of strategy is management's game plan for strengthening the organization's position, pleasing customers, and achieving performance targets. Strategy is concerned with the long term, although the definition of the long term may vary considerably depending upon the nature of the industry (Steiner, 1969) Strategy is directly related to the idea of what customers and markets are chosen, what objectives are set, and how the firm actually competes. According to Coulter (2002) competitive strategy comprises both offensive and defensive actions. Offensive moves are those actions taken when an organization tries to exploit and strengthen it's competitive position through attacks on competitors position. They include going ahead against a competitor in price, promotion, product features and distribution channels. Defensive moves on the other hand are meant for a firm's competitive advantage like placing a product with patents and having exclusive contracts with supplies.

2.4.1 Porter's Model of Competitive Strategies

Porter himself defines competitive strategy as "taking offensive or defensive actions to create a defendable position in an industry, to cope successfully with the five competitive forces and thereby yield a superior return on investment." (Porter, 1980)Therefore in his view, the fundamental question in strategy formulation is how a company can achieve long-term competitive advantage. He insists that there are only three internally consistent and successful strategies, so-called generic strategies.

He advocates the use of a value chain to analyze a company's internal competitiveness, and the five forces model to analyze external competitiveness. Widely popularized by Michael Porter (1980) during the 1980s, "competitive strategy" tended to be accepted as a new approach to organizational strategy. Its roots are within the traditional are of industrial economics, and particularly the structure-conduct-performance paradigm.

Porter argues that the major focus of competitive strategy is to provide customer value. This can be perceived in terms of lowering customer costs and or allowing the customer to secure higher quality. Firms can follow one of three generic competitive strategies. Littler, (1998) has noted the need to adopt a more dynamic approach to competitive strategy formation. Ohmae (1988) believe that the focus on "competitive strategy" can lead to an emphasis on competitors per se rather than on the changing values and requirements of customers.

Porter (1980) defined three generic business level strategies of differentiation (unique market-wide customer value), cost leadership (lowest costs among all competitors in the market), and focus (marketing to a limited, well defined group of buyers, sometimes divided into cost focus and differentiation focus. (Oviatt, 1998) Firms which neither aim at the lowest cost position nor the differentiated position become, according to Porter, "stuck in the middle" with suboptimum returns.

There has been increasing evidence that high performers can follow high levels of efficiency as well as having a significantly differentiated market position (Hall, 1980; Cronshaw et al, 1994). Porter argues that there are three fundamental aspects or dimensions of any strategy, and uses these dimensions to categorize all strategies into three basic or generic strategies. The three fundamental strategy dimensions are the low-cost leadership, differentiation and focus strategies

2.4.1.1 Cost Leadership Strategy

Cost leadership strategy is one in which a firm strives to have the lowest costs in an industry and offer it's products or services to a broad market at the lowest prices.(Porter 1980) A firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. if a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average.

If a firms aims to achieve competitive advantage through a low cost strategy it has two basic choices in trying to achieve sustainability. First is to try and identify focus on a market segment which is unattractive to competitors; and this way avoid competitive pressures to erode price below levels which would achieve acceptable returns. The other situation is where there is competition on the basis of price. Here a tactical advantage may be gained by reducing price but it's likely to be followed by competitors, with the danger of a slide into margin reduction across an industry as a whole an inability to reinvest to develop the product or service for the long term. (Johnson and Scholes 2002).

Companies following this strategy place emphasis on cost reduction in every activity in the value chain. It is important to note that a company might be a cost leader but that does not necessarily imply that the company's products would have a low price. In certain instances, the company can for instance charge an average price while following the low cost leadership strategy and reinvest the extra profits into the business (Lynch, 2003).

2.4.1.2 Differentiation Strategy

Differentiation has been defined as the strategy by which one firm attempts to distinguish its product from competitive brands offered to the same aggregate market (Sommers and Barnes, 1999). Carpenter (1999) viewed differentiation as a competitive advantage which identifies a valuable, relevant, but overlooked dimension of a product. Rightmer and Jeney (2002) proposed differentiation as business strategy that brings value to your product and to your customer.

In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions it to meet those needs. It is rewarded for its uniqueness with a premium price. The aim of differentiation is to achieve higher market share than competitors which in turn could yield cost benefits by offering better services and products at the same price. This strategy could be achieved through uniqueness or improvements in products, marketing based approaches which in effect demonstrate better than competition how products or services meet the customer needs.

Differentiation strategy can also be achieved through competence based approaches in which an organization tries to build differentiation on the basis of its competences. If there really are competences which are peculiar to the organization then it may well be difficult for competitors to imitate them (Johnson and scholes 2002) Differentiation has many advantages for the firm which makes use of the strategy. Some problematic areas include the difficulty on part of the firm to estimate if the extra costs entailed in differentiation can actually be recovered from the customer through premium pricing. Moreover, successful differentiation strategy of a firm may attract competitors to enter the company's market segment and copy the differentiated product (Lynch, 2003).

2.4.1.3 Focus Strategy

Porter initially presented focus as one of the three generic strategies, but later identified focus as a moderator of the two strategies. Companies employ this strategy by focusing on the areas in a market where there is the least amount of competition (Pearson, 1999) According to Porter (1998), when a firm adopts a focus strategy by selecting a segment or a group of segments in the industry and tailors its strategy to serving them. This means serving the segment more effectively and efficiently than competitors. The strategy seeks to provide high perceived value justifying a substantial price premium usually to a selected market segment. It is important to be clear about which market segment is being targeted, defined in terms of a coherent set of customer needs; and this needs to be translated into action which satisfies those customers. This might however be difficult to do if an organization is attempting to compete in different market segments with different needs. The advantage of focus strategy includes having power over buyers since the firm may be the only source of supply. The risk involved in focus strategy includes being at the mercy of powerful suppliers since such a firm will buy small quantities. The advantages of the focused strategy have to be carefully monitored because the market situation may change. Differences between segments may be eroded, leaving the organization open to much wider competition (Mathur, 1988)

According to porter (1980), a company's failure to make a choice between cost leadership and differentiation essentially implies that the company is stuck in the middle. There is no competitive advantage for a company that is stuck in the middle and the result is often poor financial performance (Porter, 1980). However, there is disagreement between scholars on this aspect of the analysis. Kay (1993) and Miller (1992) have cited empirical examples of successful companies like Toyota and Benetton, which have adopted more than one generic strategy. Both these companies used the generic strategies of differentiation and low cost simultaneously, which led to the success of the companies.

2.4.2 Diversification Strategies

Diversification is defined as a strategy which takes the organization away from it's current market or products or competences. (Johnson & Scholes, 2002) Firms diversify by establishing or acquiring production units that engage in different industrial activities. Diversification is thus an expansion of corporate activity either into areas that are closely related to a general line of business, or into areas that represent new directions for the firm. Economists have long debated the strategic basis for such decisions. Penrose (1959) and Marris (1964) argue that firms diversify in order to grow. The need for growth may reflect the personal aspirations of managers. Or it may result from strategies designed to maximize shareholder value through the exploitation of firm-specific assets. Gort (1962) argues that the prospective return on investment is a function of growth and that firms in slow-growing sectors should be expected to diversify into faster-growing sectors.

Diversification strategies affect the dynamics of competition. Diversified firms may enjoy considerable leverage over competitors. For instance, vertically diversified incumbents may be able to draw on cost advantages in order to price emerging firms out of the market and create barriers to entry. Other competition problems such as predatory pricing, tied selling, and the development of mutual forbearance are also noted as possible consequences of diversification.

2.4.3 Joint Ventures

This is a cooperative strategy type of strategic alliance. Joint ventures are discrete, jointly-owned entities created by two or more firms that provide inputs and share outcomes of the created entity. Joint venturing is faster, more flexible, less risky, and less costly than internal start-ups and acquisitions, while simultaneously increasing the partners' access to critical resources such as marketing, technology, raw materials and components, financial assets, managerial expertise, and political influence (Schillaci, 1987). Joint ventures allow firms to pool resources and complementary strengths to increase productivity and to improve competitive position in a way that they could not do alone (Harrigan, 1988; Pearce, Robbins, &Robinson, 1987).

They provide the opportunity to share costs and risks, to acquire knowledge, to enter new markets, and to gain economies of scale or to rationalize operations (Contractor & Lorange, 1988). Joint ventures offer a mechanism for doing together what firms are unable to do alone, which is especially important for smaller firms with very limited resources. On the down side, Joint ventures lessen individual control, and can be slow in their responsiveness to environmental dynamics due to the complexity of Joint management (Kanter, 1989; Killing, 1982). Partner firms run the risk of creating new competitors, damaging their original firm's reputation, and eroding their technological base (Gomes-Casseres, 1989).

2.4.4 Creating Entry Barriers

Firms may employ this strategy by creating entry barriers in their industries so as to reduce the amount of competition that they may be facing. This makes it difficult for new entrants to enter into a given industry. (Solvell,1987) Competitors within concentrated industries are aware both of the prevailing interdependency and of the fact that conflicting action worsens the situation for all companies involved. Through collusion, companies can set monopolistic prices despite the fact that they are competitors, and in this way they gain the best results (Chamberlin, 1933). Intense competition is therefore restrained as a result of such co-operative action.

An effective cost structure constitutes barriers to entry due to economics of scale and proprietary learning. Acquisitions and mergers are often used to create large-scale production. It is difficult to enter into these industries due to the level of investment that would be needed to build cost-efficient production. (Gilbert,1989). Product and market differentiation leads to brand loyalty and switching costs. Instead of competing intensively with each other, which always includes a risk for opportunistic behavior, firms can through differentiation reduce the dependency by developing demarcated niches. Within these niches, firms can develop monopolistic power and increase their profit (Porter, 1980; Scherer, 1980). A high degree of diversification implies barriers due to economics of scope, cost of capital advantages and opportunities for cross-fertilization. Established firms in such industries have an assortment advantage that makes it difficult for new entrants with only a few products to establish on the market.

2.4.5 Marketing Strategies

Marketing strategies deal with the prospects of markets to be served (Kaplan and Norton, 1997). One of the strategies is market scope strategy; this constitutes segmenting the market and then deciding which segment should be selected. According to Holmes (2004) segmentation is the process by which the field of potential customers is narrowed down to those most likely to buy the product. Once segments have been formed a decision on which segment should be made based on single market strategy – where the concentration is on a single segment, multi-market strategy- - where several viable markets are chosen or total market strategy – the entire spectrum of the market is taken targeting all the segments (Kaplan and Norton, 1997)

Another strategy is Market Entry Strategy (Kaplan and Norton, 1997) which refers to the timing of entering the market and there are three options from which a company can choose. First in the market, be among the early entrants or to be laggard. According to Kotler (2003), in launching a new product, market entry timing (when) is critical. A company may choose first entry, parallel entry or late entry into the market depending on the industry activities. First Entry:- The first firm entering the market usually enjoys the first mover advantages of locking up distributors and customers and gaining reputation leadership. Parallel Entry: - is where a firm times her entry into the market to coincide with that of the competitor's entry.

The Market commitment strategy is another market strategy that companies use. It refers to the degree of involvement that a company seeks in a particular market (Kaplan and Norton, 1997). The commitment to a market may be categorized as strong, average or light. The strong commitment strategy requires that a company plan to operate in the market optimally by realizing economies of scale in promotion, distribution and manufacturing. If a company has a stable interest in the market, it must stress the maintenance of the status quo and this leads it to make only an average commitment to the market. A company may make a Light commitment in a market if it has a passing interest especially if the market is stagnant or has a limited potential. The way the marketing process is managed may decide opportunity for many companies especially those that offer generically undifferentiated products and services to escape the commodity trap (Levitt, 1997).

Differentiation of physical products takes place along a continuum where at one extreme there are highly standardized products that allow little variation. According to Kaplan and Norton (1997), companies adopting new-product strategy are better able to sustain competitive pressures on their existing products and make headway. Firms can also employ a customer service strategy so as to gain competitive advantage in situations of increased competition. According to La Londe and Zinser (1976) it refers to those activities that occur at the interface between the customer and the corporation which enhance or facilitate the sale and use of the corporation's products and services.

It includes all of the things that a manufacturer does for a customer in moving a product from the end of production to the customer" Customer service is considered to be a vital concept with the potential to bridge the gap between the ever-expanding customer demands for flexibility (faster, more customised, more reliable, more choice) and, at the same time, the need to reduce production and distribution costs.By bridging this gap a sustainable competitive advantage can be achieved. This suggests that customer service is viewed upon as a competitive strategy instrument. There is some evidence of an impact of customer service performance on market share, turnover and profit (e.g. Innis & La Londe 1994b; Morash et al., 1997).Generally customer service is considered an important factor for gaining competitive advantage in business-to-business situations. Firms have from time to time participated in corporate social responsibility activities. Today's market place is characterized by a great many products with similar quality, price and service. In their ever-increasing need to differentiate themselves and their product; many companies are turning to the use of cause related marketing as a communications tool. Basically, the concept entails firms' communicating through their advertising, packaging, and promotions. Reputations reflect firms' relative success in fulfilling the expectations of multiple stakeholders (Freeman, 1984; Fombrun, 1996).

In their research on reputation building and corporate strategy , Fombrun and Shanley (1990) argue that favorable reputation may enable firms to charge premium prices, enhance their access to capital markets and attract better applicants and investors Surveys have shown that most of consumers favor socially responsible companies and products, (Roper, 1993). Through benchmarking firms have been able to adopt strategies that have helped them to continuously improve in their products and processes to keep up with the best practices in an industry.Leibfried and McNair, (1994) define benchmarking as an external focus on internal activities, functions or operations in order to achieve continuous improvement. Benchmarking methodologies are primarily a tool for Organisational continuous improvement. As competitors provide challenge within marketplaces, they also provide insight into how operating costs can be reduced and efficiency increased.

Benchmarking through objective competitor analysis allows companies to measure products or services against competitors and best-in-class companies in other industries. As a tool to manage change, benchmarking recognises the futility of maintaining a competitive edge in a dynamic marketplace. (Davenport and Short, 1990) Without caution, benchmarking could lead to a mix and match approach to improvement with the potential consequence of being strategically 'stuck in the middle' (Porter, 1985). Care should also be exercised to choose an analogous process to benchmark.

2.4.6 Technology Strategies

Rieck and Dickson (1993) defined technology strategy as the process by which firms utilize their technological resources to achieve corporate objectives while Hampson and Tatum (1997) defined it in a firm's perspective which includes plans and actions to anticipate and acquire technology that can improve performance. Clarke and his associates (1995) explained technology strategy as that which involves decisions of resource allocation for acquisition of technological competence, organization of exploitation of technology, and the notion of technological position of the company and its significance for competitive positioning.

Boden (1994) viewed it as the process of interactions between competition, technology, and organization, wherein the firm seeks to identify and exploit technologies in the pursuit of competitive advantage through and within its organizational structures and practices. Maidique and Patch (1988) defined technology strategy as a portfolio of choices and plans that a company uses to address the technological threats and opportunities in its external environment. While others (Burgelman and Rosenbloom, 1989) identified different issues of technology strategy consisting of a company's interrelated decisions on technology choice, level of technology competence, level of funding for technology development, timing of technology introduction in new products and services, and organization for technology application and development.

Technological considerations are found somewhat implicit in many contemporary strategic studies. Porter's (1980, 1985, 1990) three elegant and popular strategic models - Market Structure, Value Chain, and National Diamond, Boston Consulting Group's product portfolio analysis, and Arthur D. Little's portfolio life-cycle analysis used technology in an implicit manner. According to Michael Porter, technology strategy is a firm's approach to the development and use of technology. He perceived technology as an important dimension that should have its own separate strategy. However, the literature suggests that success in the global market-place requires companies to employ technology strategically by linking it to a firm's competitive strategy (Friar, et al., 1985; Mitchell, G.R, 1985; Stacey, 1990, Sharif, 1994).

2.4.7 Mergers and Acquisitions

The terms merger and acqusition are used interchangeably to mean any transition that forms one economic unit from two or more previous ones" (Lubatkin & Shrieves, 1986) Acquisitions and mergers occur in the hope of positive synergistical effects, with many managers citing synergy arguments in order to justify their actions (Friedman and Gibson, 1988; Maremont and Mitchell, 1988; Porter, 1987). Reasons for these effects have been offered, such as gaining fast access to new technologies or new markets, benefiting from economies of scale in research and or production, tapping into sources of know how located outside the boundaries of the firm.

From a resource based perspective, rare and difficult to imitate internal firm resources are key to the firm's competitive advantage. Firms often use cross border merger and acquisition to gaining market power (Gabrielsen, 2003, Hitt et al., 1996), to increase their growth rate relative to competitors (Mascarenhas et a., 2002), overcome market entry barriers, increase their speed to market and become more diversified (Hitt et al., 1997)

Integration of two firms' resources makes it more difficult for competitors to compete against the merged business than to compete against them as individual entity. Research shows that integrating complementary rather than highly similar resources through an acquisition increases the probability that the newly formed firm will be able to create economic value through its operations (Harrison et al., 1991).

2.4.8 Franchising

Franchising is an agreement between organizations where a producer of a product or service grants rights to independent entrepreneurs to conduct business in a specified way, in a designated place and during a certain time frame (Valente 2000 & Seltz, 1982).According to Preble (1992) the advantages of the business format franchising strategy for the franchiser are: cost sharing, rapid market penetration at a relatively lower cost than establishing one's own distribution system, economies of scale and a motivated workforce. The advantage for the franchisee is the ability to start a business at a low cost with a proven standardized product or service, plus the support received from the franchiser for the brand concept.

2.4.9 Strategic Alliances

Gulati (1998:) defined strategic alliances as "voluntary arrangements between firms involving exchange, or co- development of products, technologies, or services." According to Arino (2001). Strategic alliance can be defined as a formal agreement to pursue a set of private and common goals through the sharing of resources in contexts involving consented markers and uncertainty over outcome. Smith et al. (1995) emphasized the critical role of cooperation and coordination in achieving organizational objectives.They pointed out that while cooperation and coordination within organization and between firms were not new in the management and organizational studies, the emergence of total quality management philosophies emphasized more need for cooperation throughout organizations and between firms.

Research on strategic alliances has uncovered some aspects of the alliance process as well as the critical success factors. In their study of strategic alliances between firms in the semiconductor industry, Browning et al. (1995) found that firms forming e strategic alliances encountered an early phase of chaos and complexity. Such a chaotic environment was due to the mixed conceptions of culture of firms within the alliance, which created ambiguity about individual identity and status. However, as the degree of understanding among individual firms increased (as more cultural practices were experienced), the alliance formed a base for common values and social networks.

Gulati (1998) argued that there were three main motivations for formation of alliances transaction cost resulting from small numbers bargaining, strategic behavior that leads firms to enhance their competitive behavior, and learning. He noted that firms entering alliances might face considerable moral hazard concern due to the unpredictability of their partners in the alliance.McAlister (1995) reported that trust could enhance coordination, which led to lower administration costs. Gulati et al. (1994) argued that familiarity between partners enhanced trust, which in turn replaced legal relationships like equity sharing as a governance system for managing the cooperation. He pointed out the role of cultural closeness in managing cooperation among partners, where similar partners used more informal cooperation mechanisms. Arino et al. (2001) argue that the success of strategic alliances depends on their level of relational quality which was the extent to which the partners felt comfortable with each other and were willing to rely on trust in their dealings.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

In order to carry out a detailed analysis to establish if there was a pattern in terms of the strategies that mobile phone airtime dealers have adopted to cope with competition a cross sectional survey was used in this study to obtain comparative data from a cross section of mobile phone airtime dealers at the Nairobi central business district. This research design was chosen to provide broad and generalizable information about mobile airtime dealers in Nairobi central business district.

3.2 Population of the Study

The population of was study is the Safaricom mobile phone airtime dealers in Nairobi Central business district. For purposes of this study the dealers can be defined as the business people or distributers who buy mobile phone airtime from Safaricom ltd in large quantities and then they sell to consumers as well as to small scale retailers like shops for distribution to the final consumers. According to the information on Safaricom website (www.safaricom.co.ke) there were 78 Safaricom authorized airtime dealers in Nairobi central business district as at 15th March 2008 (appendix 3). These dealers constituted the population for this study. The dealers are spread all over the central business district. Most of the main buildings in the city centre have a mobile phone airtime dealer as one of the shops. Nairobi was considered for this case study because most airtime dealers are either located in Nairobi or have set up their head offices in Nairobi with branches in other towns within Kenya.

3.3 Sampling Design

A sample size of 40 Safaricom airtime dealers at the Nairobi central business district was considered. The sampling method to be used is simple random sampling. This design ensured that all elements of the population were given an equal chance of being selected. The Lottery method was used to select a sample of 40 dealers.

3.4 Data Collection

Both primary and secondary data was used in this study. Primary data was collected by the use of self administered questions (appendix 2). The questionnaire was administered through personal interviews with the directors or the managers of the dealer shops in the Central business district. The questionnaire consisted of both open and closed ended questions and had three sections.

Section 1 of the questionnaire consisted of general information on the participant. Section 2 was to seek information on the challenges that Safaricom mobile phone Airtime dealers face due to increased competition. Section 3 was to seek information on the strategies that these dealers have adopted to cope with competition. In addition to the primary research, secondary data was collected from articles published in the Safaricom's option magazines about some of the innovative and competitive strategies that the dealers have adopted to increase their sales

.3.5 Data Analysis

Descriptive statistics was used to analyze the raw data such as means, percentages, standard deviation and frequency distributions. The statistical package for social sciences (SPSS) was used to analyze data secured from the five (5) point scale. Analysis of the data started by checking the gathered raw data for accuracy, usefulness and completeness. The data was then tabulated and recording of the classified data in qualified terms. This involved the transfer of classified data gathering tools to the tabulator form in which they are systematically examined

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter covers data analysis and findings of the research. The data was summarized and presented in the form of proportions, mean and tables. Data was collected from dealers who operate within the Nairobi Central Business District (CBD). Consequently, the collected data was analyzed and interpreted in line with the aims of the study which include: to establish the challenges that Safaricom Mobile Phone Airtime dealers face due to increased competition in Nairobi central business district and to establish the Strategies that Safaricom Mobile phone Airtime dealers in Nairobi central business district have adopted to cope with competition. Of the 40 questionnaires distributed for this research, 33 useable questionnaires were returned giving a response rate of 82.5 per cent, which was considered excellent for subsequent analysis.

4.2 Dealer's general information

4.2.1 Responses according to gender

The researcher sought to find out the gender of the respondents. The study found out that of the 33 respondents interviewed, 48.5 percent were males and 51.5 percent were females. This implies that both sexes are almost equally involved in this industry. This is as shown in table 4.1

Table 4.1: Gender of respondents

Gender	**Frequency**	**Percentage**
Male	16	48.5
Female	17	51.5
Total	33	100

Source: Research Data

4.2.2 Distribution of response by age

The researcher required the respondents to indicate their age. From the study, it was shown that the majority of the participants (48.5%) were in the age bracket of 30-40 years, followed by those in the age bracket of 20-30 years (24.2%), then 41-50 years (18.2%), less that 20 years were 3.0% and those with more than 50 years were 6.1% .This generally indicate that middle aged people are more involved in technology related businesses than their old counterparts. This is as shown in table 4.2

Table 4.2: Distribution of response by age

Age	Frequency	Percentage
Less than 20 years	1	3
20 - 30 years	8	24.2
31- 40 years	16	48.5
41- 50 years	6	18.2
More than 50 years	2	6.1
Total	33	100.0

Source: Research Data

4.2.3 Level of Education

The study sought to establish the level of education of the respondents. Out of the 33 respondents interviewed, it was established that 12.1 percent of the respondents had attained secondary level of education, 15.2 percent had attained tertiary level of education, and 72.7 percent had attained university level of education. This is an indication that there is a positive relationship between the level of education and technology related businesses. The findings are as shown in table 4.3

Table 4.3: Level of Education

Level of education	Frequency	Percentage
secondary	4	12.1
college	5	15.2
University	24	72.7
Total	33	100.0

Source: Research Data

4.2.4 Nature of the Business

The researcher wanted to find out the nature of business practiced by the dealers. From the findings it was established that the majority of businesses (48.5%) were held as companies, followed by sole proprietorship (27.3%) and partnership (24.2%).This is as shown in table 4.4

Table 4.4 Nature of business

Nature of business	Frequency	Percentage
Sole proprietorship	9	27.3
partnership	8	24.2
Company	16	48.5
Total	33	100.0

Source: Research Data

4.2.5 Operational years

The study sought to find the numbers years of the dealers has been in operation. The research findings indicated that most the operators have been in business between 1 to 5 years. This is as an indication that the airtime business is fast growing with more than 90% of the respondents having established their businesses within the last 5 years. This is shown in table 4.5

Table 4.5: Number of years in operation

Age	Frequency	Percentage
below 1 year	8	25.0
2-3years	11	34.4
4-5 years	11	34.4
Over 5 yrs	3	6.2
Total	33	100.0

Source: Research Data

4.2.4 Availability of more Branches

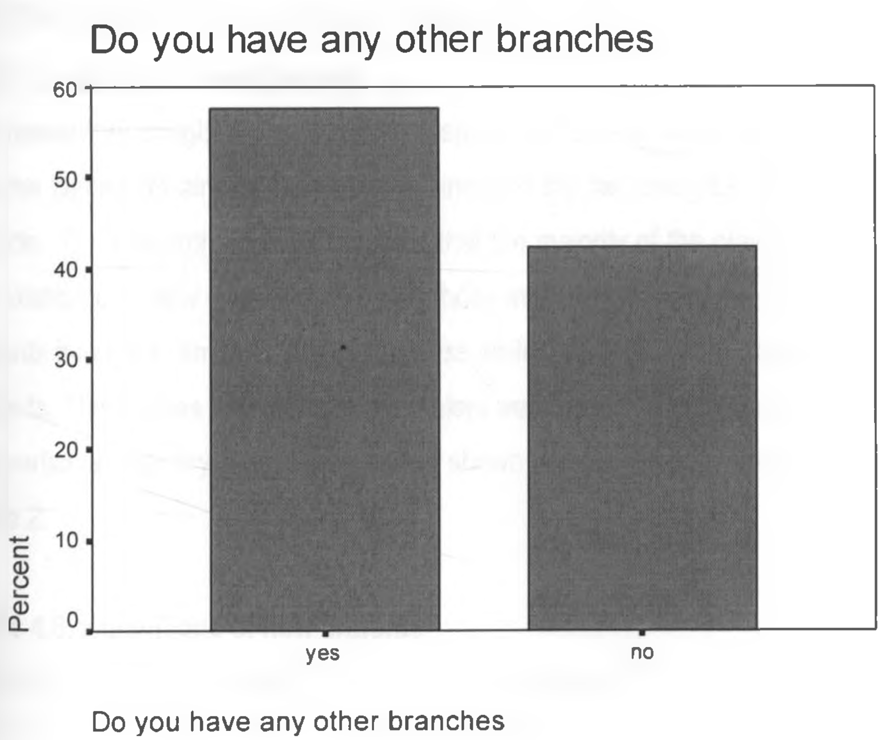
The study sought to find out whether the dealer had any other branches. The research findings indicated that 58% of the dealers had branches elsewhere in the country while 42% did not have. The availability of more branches in other towns is strategy for these dealers to increase their sales and market share. These findings are shown in table 4.6 below and further illustrated in Figure 1.

Table 4.6: Availability of More Branches

Availability of more branches	Frequency	percentage
Yes	19	58
No	14	42
Total	33	100.0

Source: Research Data

Figure 1 – availability of more branches.



4.2.5 Employees

The researcher wanted to know the number of employees when the dealer started operating. The research findings indicated that most of the dealers started operations with either one or two employees. This is shown in table 4.7

Table 4.7: The number of employees when you started operating

Number of employees	Frequency	Percentage
One	10	30.3
Two	11	33.3
Thee	8	24.2
Four	3	9.1
Ten	1	3.0
Total	33	100.0

Source: Research Data

4.3 Challenges of increased Competition

4.3.1 Knowledge of New Entrants

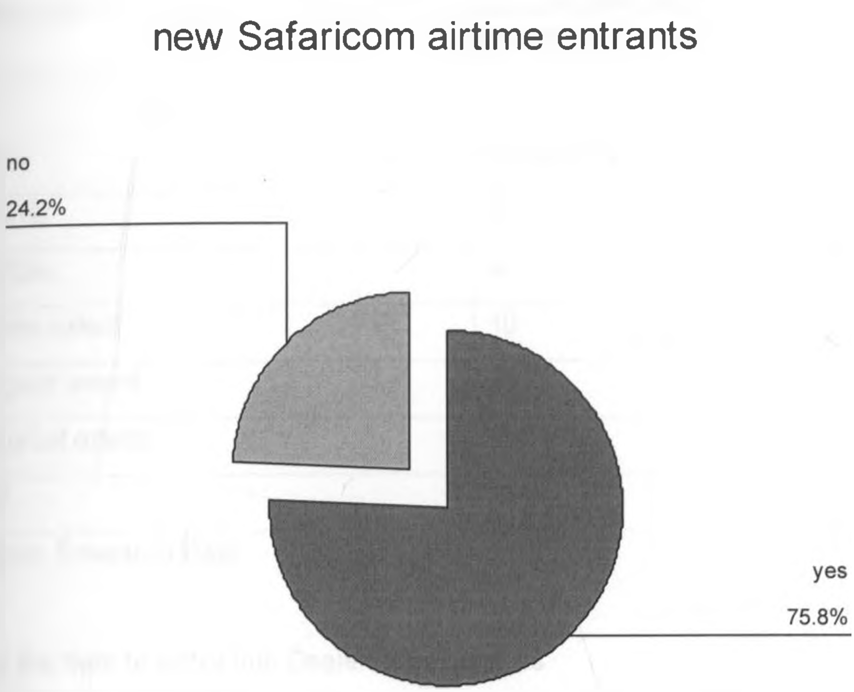
The researcher sought to find out if the respondent had any knowledge of any new entrants into the Safaricom airtime dealership business in the last one year at the central business districts. The research findings indicated that the majority of the players had knowledge on the existence of new entrants. 75.8% of those interviewed indicated that they know of new entrants into the airtime dealership business while 24.2% indicated they do not know of new entrants. This implies that the existing dealers were sensitive to the prevailing competition in this particular industry. The results are as shown in table 4.8 below and further illustrated in figure 2.

Table 4.8: Knowledge of new entrants

Knowledge of new entrants	Frequency	percentage
Yes	25	75.8
No	8	24.2
Total	33	100.0

Source: Research Data

Figure 2 - Knowledge of new entrants



4.4 Knowledge of New Entrants

The researcher further wanted find out how many such new entrants the participants knew. It was established that the majority (71.9%) knew of 1-10 such entrants. The results are as shown in table 4.9

Table 4.9: Knowledge of such new entrants

Number of new entrants	Frequency	Percent
1-10	23	71.9
11-20	6	18.8
21-30	3	6.3
above 30	1	3
Total	33	100.0

Source: Research Data

4.5 The Extent to which increased Competition affected Businesses

The researcher sought to establish the extent to which the increased competition affected businesses. The research findings revealed the following as shown in table 4.10

Table 4.10: To what extent has this increased competition affected your business?

Extent	Frequency	Percentage
not at all	2	6.1
very little	4	12.1
to some extent	10	30.3
to a great extent	13	39.4
very great extent	4	12.1
Total	33	100.0

Source: Research Data

4.3.2 Barriers to Entry into Dealership Business

The study sought to find out how the participant would rate various aspects as barriers to entry into the dealership business at the central business district. The research findings indicated that start up costs has the greatest influence as far as entry barriers are concerned. Price war has been depicted to have very little impact on this industry; dealership in particular This is because the prices for scratch cards are determined by their main supplier Safaricom. The cards are sold in denominations of shs 20, shs 50, shs 100, shs 250, shs 500, shs 1000, shs 5000 & shs 10000This is shown in table 4.11

Table 4.11 Barriers to entry into dealership business

Barrier	Number	Mean	Std. Deviation
Start up costs	33	4.55	.67
High operating costs	33	3.73	.67
Access to markets	33	3.00	.90
Lack of technology	33	3.09	.98
Price wars	33	2.85	1.09

4.3.4 Impact of Competitors

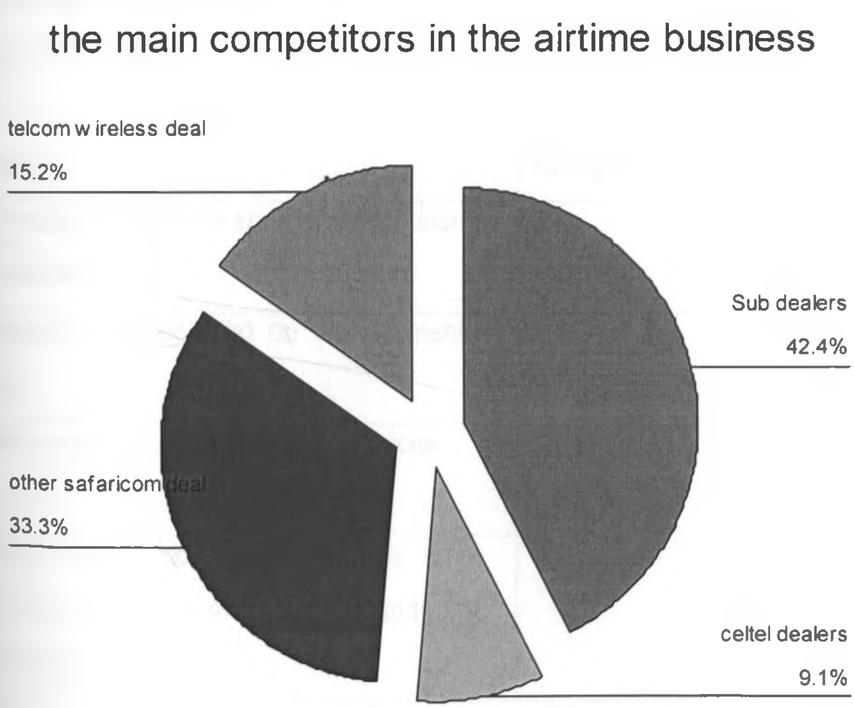
The researcher sought to establish the extent to which various competitors have any impact on their airtime business. The following was revealed by the study. They are listed in order of their magnitude: sub dealers dealers, other Safaricom dealers, telecom Kenya wireless services and Celtel dealers. The respondents cited the following as the effect of competition: it reduces the volume of sales, it reduces the market share, it leads to price reduction which ultimately reduces the profit margin. This is shown in table 4.12 below and a pie chart in figure 3

Table 4.12 Impact of Competitors

Main competitors	Frequency	Percentage
Sub dealers	14	42.4
Celtel dealers	3	9.1
Other Safaricom dealers	11	33.3
Telkom kenya wireless dealers	5	15.2
Total	33	100

Source: Research Data

Figure 3 – The main Competitors in the Airtime Business.



4.3.5 Extent the Demand for Your Airtime Sales been affected by these other Network Operators

The sought to establish to what extent demand for airtime sales been affected by other network operators. The study findings indicated that the majority cited that the airtime sale has been affected to some extent. This is shown in table 4.13

Extent	Frequency	Percentage
Not at all	2	6
Very little	8	25
To some extent	15	45
To a great extent	6	18
Very great extent	2	6
Total	33	100

Source: Research Data

4.3.6 Rating of Various Aspects of Competition in the Airtime Business

The respondents were required rate the various aspects of competition in the airtime business as shown in table 4.14

Table 4.14: Rating of the state of competition in the airtime business

Factors	Number	Mean	Std. Deviation
How would you rate the state of competition in the airtime business	33	3.30	1.53
Influence your supplier(s) on the payment terms	33	3.18	.92
Influence your supplier(s) on their services	33	3.18	1.13
To what extent do you experience any difficulties in trying to meet the demands of your supplier(s	33	2.82	1.07

4.3.6 To what extent do the following Factors Contribute to the liking of your Products by Customers?

The researcher wanted to establish extent to which various factors contribute to the liking of the products by customer. The study findings indicated that low prices and the design characteristics have greatest influence than quality of products. This is as shown in table 4.15

Table 4.15: extent to which the following factors contribute to the liking of your products

Factors	Number	Mean	Std. Deviation
Low prices	33	2.76	1.35
Quality of products is good	33	2.58	1.12
The designs are attractive	33	2.76	1.20

Source: Research Data

4.3.7 Rating of Various Aspects of Competitive Strategies in the Airtime Business

The researcher wanted to find out the extent to which the respondent's organization applies the various approaches in their business. This include of targeting a particular class of customers, offering differentiated products and services, focusing in areas in a market with least competition and undertaking cost controls The research findings indicated that application for the approach of targeting the entire class of customers was applied to a very large extent.

The airtime dealers also offer differentiated services to gain a competitive advantage. The findings also indicate that the dealers only experience a number of customers who bargain a lot to a little extent. This is because they mostly deal with similar products whose prices are fixed by their suppliers. This is shown in table 4.16

Table4.16 Rating of various aspects of competitive strategies in the airtime business

Extent	Number	Mean	Std. Deviation
To what extent do you experience customers who bargain a lot	33	2.56	1.16
Application for the approach of targeting a particular class of customers	33	2.94	1.09
Application for the approach of targeting the entire class of customers	33	4.06	1.00
Offer differentiated products and services to satisfy the needs of your customers	33	3.45	1.06
Focus on the areas in a market where there is least amount of competition	33	3.42	1.15
Serve customers who are willing to be charged a premium price for superior quality products and services	33	2.88	.99
Undertaking cost controls	33	3.18	1.26

Source: Research Data

4.3.8 Extent you undertake Cost Controls

The respondents were required to indicate the extent to which they control cost in the various areas of their business while maintaining the same quality of their products and services. The findings revealed the following: They are listed in order of their magnitude: overhead office costs (e.g rent), customer service and treatment, research and development, Advertising Number of staff employed and innovativeness

4.3.9 Intensity of Competition Among the Airtime Dealers

The respondents were required to indicate the extent to which they resort to various aspects when there is intense competition among airtime. The findings revealed the following: They are listed in order of their magnitude: looking for new markets, carrying out market promotions, offering innovative products/services, keeping prices same as competitors, carrying out market promotions and charging fair prices that are lower that competitors. By looking for new markets and conducting marketing promotions the dealers are able to increase their sales.

4.3.10 Counter Challenges of New Entrants

The respondents were required to indicate the extent to which they resort to various resort to various strategies to counter challenges of new entrants. The findings revealed the following: They are listed in order of their magnitude: Lowering prices, improving quality of products products/services, offering discounts to customers and aggressive marketing of services

4.3.11 Extent to which you resort to the following when faced with a fall in demand for your products/services

The researcher was supposed to establish the extent to which they resort to the various aspects when faced with a fall in demand for your products/services. They are listed in order of their magnitude. Improving quality of products/services, looking for new markets, providing differentiated products/services and giving price discounts

4.3.1.2 To what Extent does your Organization lay Emphasis on the following Issues?

The respondents were required to indicate the extent to which their organization lay emphasis on the various issues. The research findings revealed the following: They are listed in order of their magnitude. Reputation on quality of products/services, community and public relations initiatives, rewards on creativity among employees, competitive reward and remuneration package to attract and retain highly skilled labour. This is shown in table4.17

Table 4.17: Initiatives for airtime dealers to remain competitive

Strategy	Number	Mean	Std. Deviation
Rewards on creativity among employees	33	3.67	1.11
Reputation on quality of products/services	33	3.88	.99
Community and public relations initiatives	33	3.67	1.16
Competitive reward and remuneration package to attract and retain highly skilled labour	33	3.70	1.05

Source: Research Data

4.3.1.3 Extent of Adoption of Various Strategies over the past two years to stay Competitive

The researcher wanted to find out the extent to which the respondent's organization adopts various strategies over the past two years in order to stay competitive. The research findings indicated the following: They are listed in order of their magnitude diversification, adopting modern technology in their operations, increasing the number of branches, forming strategic alliances, Franchising and Entering into joint ventures. The dealers have diversified their businesses by offering other products and services in addition to selling airtime. This includes services like selling mobile phones and accessories, selling mobile lines, providing local and international telephone services, M-pesa services, and offering sim replacement services.

This is shown in table4.18

Table 4.18: Other competitive strategies

Strategy	Number	Mean	Std. Deviation
Increasing the number of your branches	33	3.42	1.39
Adopting modern technology in your operations	33	3.82	1.04
Forming strategic alliances	33	2.48	1.46
Entering into joint ventures	33	2.27	1.33
Diversification	33	3.73	1.33
Franchising	33	2.52	1.35

Source: Research Data

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary and conclusions

The aim of the study was to find out how the mobile phone airtime dealers are applying the competitive strategies to cope with the challenges of increased competition in Nairobi central business district. The study indicated that there are various challenges of increased competition facing mobile phone airtime dealers. Competitive rivalry among the dealers was witnessed in the dealers fight for market share. Most airtime dealers looked for new markets to increase their sales and gain market share.

Although start up cost has the greatest influence as far as entry barriers are concern, new entrants are a threat to the airtime dealership business. This is witnessed in the number of new entrants that these dealers have known over the past two years. 75.8% of the dealers interviewed said that they know of new entrants into the business. Since the core business of these dealers is selling airtime there main supplier is Safaricom, this gives Safaricom a great deal of influence over the dealership business. The company however has to exercise a reasonable degree of influence given that there are a number of substitute products and the need to satisfy their subscribers to avoid a situation where its subscribers switch to the competitors due to unavailability of it's products.

The findings from the research indicate that the availability of substitute products from other network operators have affected the safaricom dealers sales only to some extent. This means that the pressure from substitute products is not a serious threat to the airtime business in the central business district. The customers bargaining power was not witnessed much as the dealers are mainly dealing with undifferentiated products/services and similar markets for their offering with prices being fixed by the suppliers.

The second objective sought to determine the competitive strategies applied by safaricom mobile phone airtime dealers in Nairobi central business district to cope with competition. One of the strategies applied was targeting the entire class of customers in their business.

The research findings indicated that the application of targeting the entire class of customers was applied to a very large extent. Those interviewed said the application of cost leadership was only to a certain extent. This is because most of their costs are usually incurred by their main supplier Safaricom. The dealers however undertake cost controls in areas of overhead office costs line rents and minimal salary expenses. The findings from the research indicated that since the dealers stock undifferentiated products they only apply the differentiation strategy in offering unique & distinct services over what others are providing while serving their customers. This was witnessed from the great extent that they have invested in offering excellent customer service and treatment. Differentiators such as quality of service and organizations image are some of the most commonly used differentiation aspects by the airtime dealers.

Most airtime dealers have adopted market expansion strategies. These dealers sought new markets for their products offering in other towns in Kenya. This is aimed at increasing the number of customers and market share. Majority of the dealers interviewed indicated they had other branches elsewhere in the country. The safaricom airtime dealers also have adopted other strategies like participating in community and public relations initiatives, offering competitive rewards to attract retain their highly skilled labor. According to Ansoff (1987) the marketing environment is constantly changing and so it makes it imperative for organizations to constantly adapt their activities in order to succeed. The study revealed that indeed mobile phone airtime dealers have adopted modern technology in their operations with the changes in the airtime business environment.

The study indicated that the mobile phone airtime dealers have also applied diversification strategy in their businesses. Apart from selling airtime, these dealers have diversified into offering other services like selling mobile phones and accessories, selling mobile lines, providing local and international telephone services, M-pesa services, and offering sim replacement services. It was witnessed from the study that other strategies like forming strategic alliances, franchising and entering into joint ventures are not common practices in the airtime business.

In conclusion the mobile phone airtime dealers in Nairobi central business district have witnessed an increase in competition. This is due to an increase in the number of players in this business who are mainly attracted by the rapid growth in the mobile phones industry in Kenya. The challenges greatly experienced by the respondents were identified to be mainly rivalry among competitors and the easy of new entrants. Competition from sub dealers was also an issue of great concern to the safaricom airtime dealers. From the research findings of the study it was identified that the most popular types of competitive strategies were on the basis on expanding branch network, offering differentiated services targeting the entire class of customers and diversification. This is aimed at the airtime dealers strategically positioning themselves and maintaining competitive advantage in the face of increased competition.

5.2. Limitations of the Study

A major limitation to the study was that the researcher had difficulties getting adequate explanations from some directors/managers as they thought that I was collecting information on behalf of their competitors. Others cited tight work schedules and hence could not give in depth information about their businesses. Some data obtained was subjective such as the rate at which their sales have reduced over time as it was only based on the particular respondents' views and could not be verified independently.

5.3. Recommendations for Further study

I recommend that a similar study be conducted on the application of competitive strategies to the challenges faced by airtime dealers from other networks like Celtel and Telkom Kenya to find out if there is a similarity in terms for the competitive strategies applied by other networks mobile phone airtime dealers. A similar study on other main towns like Kisumu, Nakuru and Mombasa give valuable insight to the mobile airtime business. Most of the work in this study was based on the five forces framework by porter. I therefore recommend others studies based on other models in strategic management.

5.4 Implications of the Study for Policy and Practice

The government through its environmental conservation agencies should develop a policy to deal with proper disposal of used scratched cards. This will help in keeping our environment clean by ensuring the used scratch cards are either recycled or encourage the mobile telephony companies to manufacturer environment friendly cards. The Nairobi central business district airtime dealers need to form an association to help them address their challenges in an organized manner. The association can also help them to ensure that they develop standards that each member should adhere to in ensuring that they conduct their businesses professionally and take action against any member compromising on the accepted operational standards.

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Appendix 1 - letter to Respondents

P.o.Box 35443 - 00200

Nairobi,

8th July, 2008

Dear sir/Madam,

<u>RE: REQUEST FOR RESEARCH DATA</u>

I am a final year postgraduate student in the Faculty of Commerce, University of Nairobi majoring in Strategic Management. I am undertaking a research on the challenges facing mobile phone airtime dealers due to increased competition and the strategies they have adopted to cope with competition.

In order to undertake the research, you have been selected to form part of my study. This is therefore to request your assistance in filling the attached questionnaire as truthfully as you can. The information required is needed purely for academic purpose and will be treated in strict confidence. Even where a name has been provided, it will not under any circumstances appear in the final report.

Your assistance and co-operation will be highly appreciated

Yours sincerely

Harrison Michieka

Appendix 2 - Questionnaire

Part 1: Dealer's general information.

1, What is your name (optional)? ....

2, Gender: male [ ] female [ ]

3, How old are you ?

Age in years

(a) less than 20 years [ ]

(b) 20 - 30 years [ ]

(c) 31- 40 years [ ]

(d) 41- 50 years [ ]

(e) More than 50 years [ ]

4, What level of training did you achieve?

(Please tick appropriately)

None [ ] Primary [ ] Secondary [ ]

Professional/Technical

None [ ] College [ ] University [ ]

Name of the business?

5, Nature of the business (please tick appropriately)

Sole proprietorship [ ]

Partnership [ ]

Company [ ]

Other (please specify) ....

6, How many years have you been in operation?..

7 (a) Do you have any other branches? (Please tick where appropriate)

Yes [ ] No [ ]

(b) If your answer to question7 (a) is yes please give the actual number and their location

Number of branches ------- where found ....

8, please list the range of your products

....

....

9, Please indicate the number of employees you currently have

---------- Employees

10, How many employees did you have when you started operating?

---------employees

Part 2 : challenges of increased competition

11(a) Do you know of any new entrants into the Safaricom airtime dealership business in the last one year at the central business districts?

Yes [ ] No [ ]

(b) If your answer to question 11(a) is yes, about how many such new entrants do you know ?

1 – 10	
11-'20	
21 – 30	
Above 30	

For questions 12 to 15 use a five (5) point scale where 1 = not at all 2 =very little 3 =to some extent
4 = to a great extent 5 = very great extent .

Please tick where appropriate in the below boxes

	1	2	3	4	5
12, (a) To what extent has this increased competition affected your business?					
12(b) Briefly explain how the increased competition has affected your business					
	1	2	3	4	5
13, How would you rate the following aspects as barriers to entry into the dealership business at the central business district? Start up costs					
High operating costs					
Access to markets					
Lack of technology					
Price wars					
14, To what extent do the following have any impact on your business?					
Telkom Kenya wireless services					
Landline telephone lines					
Celtel dealers					
Internet					
15, To what extent has demand for your airtime sales been affected by these other network operators in question number 14?					

For questions 18 to 22 use a five (5) point scale where 1 = not at all 2 =very little 3 =to some extent
4 = to a great extent 5 = very great extent. Please tick where appropriate in the boxes below

16, Who do you consider as the main competitors in the airtime business?

Sub dealers [ ] Celtel dealers [ ] other safaricom dealer [ ] Telkom wiress dealers[ ]

Others (please specify)......................................

17, Do they sell to the same people?

Yes [ ] No [ ]

	Very stiff	not stiff	stiff	fairly stiff	not sure
18, How would you rate the state of competition in the airtime business?					

	1	2	3	4	5
19, How would you rate the extent to which you influence your supplier(s) on the payment terms					
19 (b) How would you rate the extent to which you influence your supplier(s) on their services?					
20, To what extent do you experience any difficulties in trying to meet the demands of your supplier(s)					
21. To what extent do the following factors contribute to the liking of your products by customer?					
Low prices					
Quality of products is good					
The designs are attractive					
22, To what extent do you experience customers who bargain a lot?					

23, Approximately how many customers do you deal with in a day?

Part 3a competitive strategies: porter's generic strategies

For questions number 24 to 28 please tick where appropriate in the boxes below

Use a five (5) point scale where 1 = not at all 2 =very little 3 =to some extent 4 = to a great extent 5 = very great extent

	1	2	3	4	5
24,To what extent does your organization apply the approach of targeting a particular class of customers?					
25. To what extent does your organization apply the approach of targeting the entire class of customers?					
26, To what extent does your organization offer differentiated products and services to satisfy the needs of your customers?					
27,To what extent does your organization focus on the areas in a market where there is least amount of competition?					
27, To what extent do you serve customers who are willing to be charged a premium price for superior quality products and services?					
28, To what extent do you undertake cost controls in the following areas of your business while maintaining the same quality of your products and services?					
Advertising					
Research and dévelopment					
Overhead office costs (e.g rent)					
Customer service and treatment					
Number of staff employed					
Innovativeness					

Part 3b competitive strategies: other strategies

For questions number 29 to 33 please tick where appropriate in the below boxes

Use a five (5) point scale where 1 = not at all 2 =very little 3 =to some extent 4 = to a great extent 5 = very great extent

	1	2	3	4	5
29, When there is intense competition among the airtime dealers, to what extent do you resort to the following?					
keeping prices same as competitors					
Carrying out market promotions					
Looking for new markets					
Carrying out market promotions					
Offering innovative products/services					
charging fair prices that are lower than competitors					
30, To what extent do you resort to the following to counter challenges of new entrants?					
Offering discounts to customers					
Aggressive marketing of services					
Improving quality of products products/services					
Lowering prices					
31,To what extent do you resort to the following when faced with a fall in demand for your products/services?					
Providing differentiated products/services					
Improving quality of products/services Looking for new markets					
Giving price discounts					

	1	2	3	4	5
32, To what extent does your organization lay emphasis on the following issues?					
Rewards on creativity among employees					
Reputation on quality of products/services					
Community and public relations initiatives					
Competitive reward and remuneration package to attract and retain highly skilled labour					
33 , To what extent has your organization adopted the following strategies over the past two years to stay competitive.					
Increasing the number of your branches					
Adopting modern technology in your operations					
Forming strategic alliances					
Entering into joint ventures					
Diversification					
Franchising					

Appendix 3 - list of safaricom's mobile phone airtime dealers at Nairobi central business district

	DEALER NAME	TOWN	REGION	PHYSICALADDRESS/STREET
1	Crescent telekom	Nairobi	CBD	Accra road
2	Watkins communication	Nairobi	CBD	Accra road
3	Commcorp	Nairobi	CBD	Amber house
4	El-moran communication	Nairobi	CBD	Banda Street
5	Laiser communication	Nairobi	CBD	Banda Street
6	Sunny electronics	Nairobi	CBD	Banda Street
7	Barwaqo	Nairobi	CBD	Biashara Street
8	Jays call mobile	Nairobi	CBD	Biashara Street
9	Ujuzi communication	Nairobi	CBD	Biashara Street
10	Peace communication	Nairobi	CBD	Commerce house
11	Cellmart	Nairobi	CBD	Gaberone Road
12	Strategic Mobiles	Nairobi	CBD	Gaberone Road
13	Tricom	Nairobi	CBD	Gill house
14	Phonz u want	Nairobi	CBD	Haille sellasie
15	Nahodha	Nairobi	CBD	Hakati lane
16	Marakim Ltd	Nairobi	CBD	Hilton Arcade
17	Telesoft communication	Nairobi	CBD	Hilton Arcade
18	Burda	Nairobi	CBD	Jamia mall
19	Kazimoni	Nairobi	CBD	Jamia mall
20	Mteja Phones communication	Nairobi	CBD	Jamia mall
21	Pwani Cellular	Nairobi	CBD	Jamia mall
22	Sabina communication	Nairobi	CBD	Jamia mall
23	Worldcom Connections	Nairobi	CBD	Jamia mall
24	mobile link	Nairobi	CBD	Jamia mosque
25	Safetech	Nairobi	CBD	Jamia mosque
26	Amal communication	Nairobi	CBD	Kigali lane
27	Instant communication	Nairobi	CBD	kigali lane
28	Smart mobile	Nairobi	CBD	kigali lane
29	Capital Cards	Nairobi	CBD	Koinange lane
30	Chesco comm	Nairobi	CBD	Koinange Street
31	Jazz communication	Nairobi	CBD	koinange Street
32	Phone Art	Nairobi	CBD	koinange Street
33	Traps Communication	Nairobi	CBD	Loita house
34	Simba Telecom	Nairobi	CBD	Loita street
35	Alaamana electronics	Nairobi	CBD	Luthuli
36	HalloHallo	Nairobi	CBD	Luthuli
37	Hotlines Connections	Nairobi	CBD	Luthuli
38	Karamarda co ltd	Nairobi	CBD	Luthuli
39	loc 7	Nairobi	CBD	Luthuli
40	Matrix Technologies	Nairobi	CBD	Luthuli
41	Power Networks	Nairobi	CBD	Luthuli
42	Scorpio Telecom	Nairobi	CBD	Luthuli
43	Target	Nairobi	CBD	Luthuli
44	Tiley communication	Nairobi	CBD	Luthuli
45	UA communications	Nairobi	CBD	Luthuli
46	Wataalamu	Nairobi	CBD	Luthuli
47	Worldwide	Nairobi	CBD	Luthuli
48	Cheche communication	Nairobi	CBD	Mama ngina street

49	com21	Nairobi	CBD	Mama ngina street
50	link base	Nairobi	CBD	Mama ngina street
51	Safaritel	Nairobi	CBD	Mama ngina street
52	Mambo communication	Nairobi	CBD	mfangano street
53	Equator Networks	Nairobi	CBD	Moi avenue
54	Mobicom	Nairobi	CBD	Moi avenue
55	Pacific Waves	Nairobi	CBD	Moi avenue
56	Hypermedia	Nairobi	CBD	Mokthar Dadda rd
57	Haraf Communications	Nairobi	CBD	Muranga road
58	Ridgeways	Nairobi	CBD	Muranga road
59	Samchi Telecom	Nairobi	CBD	nginyo towers
60	teletalk	Nairobi	CBD	off
61	commutel	Nairobi	CBD	Opp Twiga towers
62	Nomad	Nairobi	CBD	Racecourse road
63	Virtual Mobile	Nairobi	CBD	River road
64	Angels	Nairobi	CBD	Standard street
65	Satelite mobiles	Nairobi	CBD	standard street
66	Trio Luck	Nairobi	CBD	standard street
67	Epcomms	Nairobi	CBD	Tom mboya
68	Taicom	Nairobi	CBD	Tom Mboya
69	teleworks	Nairobi	CBD	tom mboya
70	teletext	Nairobi	CBD	Twiga towers
71	Fone solutions	Nairobi	CBD	Utalii lane
72	sovereign communication	Nairobi	CBD	Utalii lane
73	Centre Phones	Nairobi	CBD	
74	Forward Mobiles	Nairobi	CBD	
75	Generation Electronics	Nairobi	CBD	
76	Haas communication	Nairobi	CBD	
77	Service solution	Nairobi	CBD	
78	spiders	Nairobi	CBD	