EFFECTIVENESS OF POSITIONING STRATEGIES USED BY MOBILE PHONE PROVIDERS IN KENYA

BY

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DECLARATION

STUDENT

I, the undersigned, declare that this proposed project is my original work and that it has not been presented in any other university or institution for academic credit.

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SUPERVISOR

This Management Research Project has been submitted for examination with my approval as university supervisor.

SUPERVISOR: DR T.M MUTUGU

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DEDICATION

I dedicate this work first and foremost to my Wife Jane for her support and prayers, my sons Mike Stephen and Andrew for encouragement and strength. You all taught me the value of hard work and selflessly supported me morally and materially. Surely, you gave me the best that you could have afforded thank you and may the almighty God bless you all.

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ABSTRACT

Positioning is concerned with the attempt to modify the tangible characteristics and the intangible perceptions of a marketable offering in relation to the competition. In the mobile industry, the positioning involves communicating value of a service which is more difficult than positioning a product because of the need to communicate vague and intangible benefits. The mobile phone companies in Kenya are Safaricom, Zain Kenya, Telkom Kenya and Yu.

This study on the effectiveness of positioning in Kenya's mobile phone shed light on the various positioning strategies used by the four players and what impact these strategies have had on mobile phone users in Kenya. This was done due to market share, ad recall among consumers and company reference were important indicators in understanding the efficacy of the various positioning strategies.

The research is a field survey whose variables were positioning strategies and consumer choice. The population of the study was the mobile phone users in Nairobi. A sample size of 150 mobile phone subscribers within Sarit Centre was chosen. Systematic sampling which involved a random start and then proceeds with the selection of every kth element from then onwards. The study collected primary data using a structured questionnaire and the data analyzed using descriptive statistics with the help of SPSS. The analyzed data was summarized and presented in the form of simple frequency distribution tables and percentages.

The conclusion is that the positioning strategies employed by the mobile providers are effective and appropriate. They include offering certain benefits such as ring tones, good services and wallpapers; use of promotions and discount offers was also noted through offering free airtime and use of certain symbols that the client can identify with. This made the respondent be loyal to the provider as there was provision of good quality of services and the value of their money. The recommendations are that the mobile providers should provide good services of good quality at cheaper rates so as to retain the customers and also have an increase in number. The use of data services provided by the mobile provider should also be marketed and customer awareness created especially in the rural areas so as to target them. Also the promotion durations given is too short hence should be lengthened so as to deliver the message right and on time.

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CHAPTER ONE:

INTRODUCTION

1.1 Background

From a continent where you would struggle to find a phone ten years ago, to one that is on the forefront of a telecommunications revolution, the growth of Africa's mobile phone connectivity has been phenomenal. Prior to this runaway mobile phone growth, Kenyan consumers had to do with an unreliable landline network managed by a state-run firm. Connection to the landline system was slow and riddled with corruption while the public booths provided by the firm were often faulty. Today more than 50 percent of Kenyan adults have access to mobile phones. And the market is still growing. The number of mobile subscribers has more than doubled the past two years, (Danida, 2006) the use of SMS (as an indicator for the versatility of the users) has almost trebled.

The mobile phone industry in Kenya is regulated by the Kenya Communications Act (No. 2 of 1998) which provides the framework for the regulating the communications sector in Kenya. Of Kenya's four mobile phone companies -Safaricom, Zain, Yu and Telkom - Safaricom has been the most successful in positioning itself in various levels of the market segments. Out of Kenya's sixteen million mobile phone subscribers, 80 % are Safaricom customers. This research shall be carried out among mobile phone users in Nairobi's Sarit Centre of Westlands.

1.1.1 The Concept of Positioning Strategies

Positioning is concerned with the attempt to modify the tangible characteristics and the intangible perceptions of a marketable offering in relation to the competition (Arnott, 1992, 1993). A company stresses only certain aspects of the brand and not others so that the consumer has a clear idea of what the brand stands for in the product category. Thus positioning is not what you do to the product but what you do to the consumer's mind (Batra, Myers and Aaker, 1996). In the mobile industry, the positioning involves communicating value of a service which is more difficult than positioning a product because of the need to communicate vague and intangible benefits (Assael,1985). Mobile phone companies in Kenya have attempted to build positive perceptions (such as "Attractive," "Service," "Value for money" and "Reliability) in the mind of the customer. Safaricom's consistent communication of its "Kenyanness" is a strategy of enhancing these perceptions. In its adverts, the company has used common people from all over Kenya as a unifying message. The temptation to use celebrities to use the service would probably have sent the message that mobile phones are for the elite- a message that would have worked against the company's efforts to lock in millions of subscribers. The Company's lush green colour is also consistent with Kenya's green identity (agriculture, environment, tourism etc). Zain, Telkom and Yu have also attempted to communicate these perceptions with lesser degrees of success.

The study farther evaluated the effectiveness of the various strategies used in the Kenyan mobile industry, providing an assessment of the degree to which desired positioning has been accomplished. (Blankson, 2004). There are various forms of positioning strategies (Rajev, 2007) and the Kenyan mobile industry has used several to position their companies in the market. Positioning strategy has included the use of cultural symbols such as Safaricom's depictions of a Maasai elder, Mt. Kenya etc. This is a well known symbol that reinforces the 'Kenyanness' of the brand.

The most common strategy among the four players has been based on price. All the companies have consistently communicated their price cuts in tariffs and cost of phones. Yu even provides free SMS services to users within its network while Telkom charges subscribers 4/= to call five preferred numbers. This strategy could be a replay of Safaricom's strategy of billing per second that allowed them to gain an upper hand at market entry. The effectiveness of price based positioning is debatable, given that even with price cuts, the other networks have not overtaken Safaricom.

Positioning by application has most commonly targeted the upper market especially in regard to data service. Here, claims have been value for money in a market segment that values reliability. It is interesting to note that positioning by competitor has not been very common for obvious reasons. In the early years, when Safaricom and Kencell were the only players, the latter carried adverts poking fun at Safaricom's more (at the time) congested service. The ads read, "Are you connected or congested?" By refusing to be drawn into the battle, Safaricom reinforced its underdog status and mass appeal while also maintaining a moral high ground in a comparatively conservative market. Kencell on the other hand emerged as a snobbish, rich man's brand.

1.1.2 General Overview of the Mobile Phone industry

The story of Kenya's mobile phone industry has been nothing less than phenomenal. In its annual report for the year 2000 / 2001, the CCK reported that the number of mobile cellular subscribers increased to a "staggering" 330.000 within a period of one year. Three years later (2004) the number had shot to 3,400,000 and was 16.8 million by end of 2008 -- a growth of more than 5000 % in less than a decade.

1.1.3 The Mobile Phone Industry and its Growth in Kenya

Ever since the telecommunications industry was liberalized in 2001, the number of mobile phone subscribers has risen from a measly 330 000 to about 17 million today. By end of 2008, the population coverage stood at 83% while geographical coverage expanded to 32% by the end of 2008. The annual revenue generated by mobile communication services increased by 25.2% between 2007 and 2008. The sector's revenue has continued to rise, propelled by increased range of services across all market segments, innovations such as money transfer as well as high subscription rate. Mobile revenue per inhabitant increased by 25.22% from 2007 to 2008 while the annual revenue generated by mobile communication services increased by 25.2% between 2007 and 2008. The leading service provider – Safaricom - reported annual profits of Kshs 12 billion. The two tables below show this growth.

Table 1. 1: Key indicators for mobile phone industry growth (2004 – 2008)

	2004	**2005**	**2006**	**2007**	**2008**
Mobile Phone Subscribers	3,400,000	5,500.000	7,200,000	8,700.000	10.000,000
Mobile Phone Users	8,500,000	10,000,000	12,000,000	14,000,000	16,000,000
SMS sent	1.2 billion	2.2 billion	3.4 billion	4.8 billion	6.3 billion

Source: DANIDA. (2008)

Table 1. 2: Kenya's Mobile Telephony Subscription (Cumulative)

Indicator	Sept-07	Dec-07	Change %	Sep-08	Dec-08	Change (%)
No. of subscribers	10,777,102	11,349,412	5.3%	14,503,964	16,233,833	11.9%
Mobile penetration (%)	28.97	30.51	5.3%	41.7%	43.64	4.6%

Source: CCK Database. (2008)

The registered growth of the industry is set to continue. The global economic crisis is expected to have a limited impact on the region's telecommunications market. Relative market maturity and limited exposure to global markets should see African telecommunications continue on its current growth path.

1.1.4 Regulation of the Mobile Phone Industry

The mobile phone industry in Kenya is regulated by the Kenya Communications Act (No. 2 of 1998) which provides the framework for the regulating the communications sector in Kenya. The Act established the Communications Commission of Kenya to assume the regulatory functions of the sector. The management of the Commission is vested in a Board of 10 Directors, nine (9) of whom are voting members. The Act emanated from the need to optimize the sector's contribution to the development of the economy as a whole by ensuring the availability of efficient, reliable and affordable communication services throughout the country. The CCK also requires that all CCK licensed ICT companies must have a significant component of local ownership, (i.e. 20%) must be held by a Kenyan citizen.

The CCK is mandated to protect the interest of all users of telecommunications services in Kenya through maintaining fair competition in the industry. It also encourages private investment in the telecommunication sector. It is mandatory for persons seeking to operate telecommunications systems or services to apply for necessary licenses from the Commission. The Commission is empowered to review the applications and grant such licenses. The Act also provides for the protection of communication facilities and information conveyed through such facilities and also gives the procedures for the grant of licenses issued by the Commission. The Kenya Communications Act has provided a legal framework as Kenya's mobile phone industry has undergone a transformation from a closed monopolistic market structure, to a liberalized multi-operator market structure.

1.1.5 Licensing Procedures and Requirements

Part III of the Kenya Communications Act entitled "Telecommunication Services" deals with licensing and regulatory role of the Commission with regard to telecommunications. In this regard, the Commission is mandated to: protect the interest of all users of telecommunications services in Kenya with respect to prices charged for and the quality of and variety of such services; maintain and protect effective competition between persons engaged in commercial activities connected with telecommunication services, encourage private investment in the telecommunication sector, promote international transit services and enable persons providing telecommunication services and producing telecommunication apparatus to compete effectively in the provision of such services and apparatus outside Kenya.

This Act makes it mandatory for persons seeking to operate telecommunications systems or services to apply for necessary licenses from the Commission. The Commission is empowered to review the applications and grant such licenses. The Act also provides for the protection of communication facilities and information conveyed through such facilities.

Applicants for mobile phone licenses must meet the following basic requirements: be a registered entity in Kenya. The applicant is required to have a registered office, permanent premises and an office premise, the company to have twenty percent (20%) of its shares owned by Kenyan citizens, applicants are required to have qualified and competent workforce, applications should be made through the relevant application forms, each application shall be accompanied by the prevailing non-refundable application fee. Application are subjected to a (60) day gazette notice followed by a CCK Board approval. Successful applicants shall pay the appropriate initial license fee. The company must give two different and independent referees.

1.1.6 Mobile Phone Licensing Enforcement

In its website the CCK gives a list describing its mandate, and one of them is telecommunications licensing enforcement (Enforcing all telecommunications license conditions and regulations that have been agreed upon). This is done through fines or even cancellation of licenses for errant operators.

1.1.7 Mobile Phone Companies in Kenya

Safaricom

Of Kenya's four mobile phone companies -Safaricom, Zain, Yu and Telkom - Safaricom has been the most successful in positioning itself in the market. The Company has employed various loyalty programs for its subscribers backed by a creative and elaborate media campaign. Kenya's price sensitive market has responded well to these loyalty programs – such as **Bonga**, a scheme where customers can redeem points for prizes. Another one involves giving customers 50% bonus airtime for credit purchased.

Safaricom currently dominates the Kenyan mobile business with a market share of more than 80%. In 2008. the firm had a net income of Kshs 13.853 billion ((about US$170 million). Currently Safaricom has 2,837 employees with a customer base of 13.36 million customers. Safaricom was incorporated on 3rd April 1997 under the companies act as a private limited liability company. It was converted into a public company with limited liability on 16th May 2002. Safaricom is owned by Vodafone (40 percent stake) and other shareholders and has succeeded in cultivated an image as a firm with a rich Kenyan heritage and resonance with its over 13 million subscribers all over the country on a personal, intimate level. In 2008. the telecommunications companies spent about 4.7 billion Kenyan shillings (or about $72 million) on advertising. Safaricom alone (through its ad agency Redsky) accounted for 42% of ad expenditure in the market to drive its tagline **The Better Option**.

The Company's success is partly as a result of its image as a Kenyan Company and its innovation. Courtesy of Safaricom, Kenya became the first country in the world to have a widespread money transfer system using a mobile phone. The M-PESA innovation reached many unbanked people and is supported by numerous M-PESA agents countrywide. Moreover, Safaricom subscribers do not have to sign up with MPesa to receive money through the service. The Company in its website describes itself as a "one stop shop" for integrated and converged data and voice communication solutions. It has effectively managed to build and locked in a nationwide network of vendors.

Zain

The Kuwaiti owned Zain (17% market share) was the second mobile Company to enter the Kenya market in 2000 under the name Kencell. Its theme is, **A Wonderful World.** The Company was perceived as targeting the high-end of the market, given their billing (per minute) and the high cost of their calling cards (Minimum was Kshs 250/=) at a time when the battered Kenyan economy had spawned what was known as a '**kadogo economy**' with companies making the bulk of their profits from satchet-packed products. Kencell then was perceived as being the company of the rich. The company's positioning has been eroded by its repeated change of names from (from Kencell to Celtel to Zain) as the Company changed hands two times in the last five years. Worse still was the Company's failure to lock in their initially targeted high end of the market and rushing to try and beat Safaricom for the lower end of the market. Management woes have also beset Zain. In June 2008, while it was still Celtel Kenya, the company lost its top management in unclear circumstances. Among those who left were the head of regulatory and corporate affairs, corporate affairs manager, marketing Director. The then CEO David Murray had resigned in January 2008, after a year with the firm.

Telkom

To position itself with the tagline **Together, we can do more**, Telkom Kenya has contracted the ad agency, Access Leo Burnett (part of Publicis Groupe) and is spending on rolling out a countrywide network of agents. In the first six months of 2008, Telkom spent more than 5.5 billion Kenya shilling (US$82 million) on infrastructure and maintenance of projects. The major shareholders in Telkom are France Telecom group, which has operations in 15 countries in Africa. France Telecom paid US$390 million for a 51 percent stake in Telkom in November 2007. Telkom Kenya's great challenge has been to shed off its civil service image with its overtones of bureaucracy and sloth. Telkom has aligned the brand with the international positioning of Orange. It ditched its old logo and adopted a new logo with orange as the dominant color. These changes are meant to symbolize a fresh and competitive start for the Company. For example, the firm has started an enterprise division that is expected to offer stiff competition to mobile-phone providers Safaricom and Zain, who are offer data and voice services to corporate customers.

Yu

The Yu brand is owned by Econet Wireless International and Essar.The Essar Group multinational has interests in the sectors of steel, energy, power, communications, shipping ports & logistics, and construction and in 2008 / 2009 had annual revenues of over USD 14 billion in FY08-09. In the India mobile market, the company trades as Vodafone-Essar a joint venture of Essar Communication Holdings Ltd and the UK-based Vodafone Group. In Kenya, Yu was the country's fourth telecom operator. It remains to be seen what impact the company's financial muscle will make on the YU positioning in Kenya.

1.2 Statement of the Problem

This study on the effectiveness of positioning in Kenya's mobile phone shed light on the various positioning strategies used by the four players and what impact these strategies have had on mobile phone users in Kenya. The studies also endeavored to examine if some positioning strategies had achieved greater success in the market than others. For obvious reasons, market share, ad recall among consumers and company reference were important indicators in understanding the efficacy of the various positioning strategies.

Previous research on positioning has been done by Ndeto (2005) (Positioning Strategies on Consumer Choice: The case for laundry detergents in Kenya) but no study has been done on positioning by the mobile phone providers in Kenya. The current study therefore fills this gap.

Given that the African consumer is price sensitive (Ongaga, 2004) does it follow that in the mobile phone sector, the positioning by price is more effective than other positioning strategies? Which positioning strategy has the greatest impact on customers? Do mobile phone companies know which positioning strategies are effective with the customers? These and similar questions about the effectiveness of positioning strategies by mobile phone providers must be answered by surveying the response of the users, by researching on the various positioning used and by exploring the way forward for mobile providers in the Kenyan market. The proposed study will concentrate on the experience of the customer in the context of the Kenyan market, as captured from respondents at Sarit Centre Westlands.

1.3 Objectives of the Study

The aim of this research is to identify the positioning strategies pursued by mobile phone industry and attempt to determine the effectiveness of those strategies. More specifically, the objective was to determine the positioning strategies used by mobile phone companies in Kenya and rank them in order of effectiveness.

1.4 Importance of the Study

Since the ultimate objective of products'/services'/brands' (offerings') advertising emanate from positioning activities, the main concern in evaluating the effectiveness of offerings' positions in the market place ought to be the assessment of the degree to which desired positioning has been accomplished. (Blankson 2004).

This study is important to academicians as it shed more light on the relevance of positioning strategies used by the mobile phone industry and the causes of any dissonance between positioning strategies and their outcomes. The study also provides an empirical foundation for consumer perceptions and how far these perceptions are influenced by the mobile providers' positioning strategies.

For the mobile service providers, this study is important as it facilitated an understanding of the psychology of the mobile phone customer and what role loyalty plays in their purchase decisions. The study will establish the benefits offered by Safaricom (the market leader) to maintain its customers and how sustainable this strategy is on the Company's long-term profitability. Through the study, the players in the mobile phone industry will gain an insight into data that could significantly enable them to reach the consumer and to have them increase mobile phone consumption. The mobile phone companies will learn how effective their loyalty programs are and recognize what they need to do to increase their market share.

The study is important to government as the regulator of the mobile phone industry. Taxation of the mobile phone services by government affects the price – an important component in positioning. The study shall inform government and enable it to adjust its tax policies as a way of stimulating more consumption of mobile phone services and products. It shall provide the consumer's feedback to the government and provide a yardstick of the mobile phone providers' quality of service(s). Government shall therefore make policies from an informed position.

CHAPTER TWO:

LITERATURE REVIEW

2.1 Introduction

The present chapter details the various views of scholars and branding practitioners and attempts at providing present literature on empirical studies conducted on the effectiveness of brand positioning and consumer choice. The main contributors in this subject include: Batra, Meyers and Aaker(2007), Kotler(1999) and Sengupta (1990).

2.2 Meaning of positioning

Ever since the 1970s when Al Ries and Jack Trout popularized the term positioning, scholars and marketing practitioners have held to the interpretation that positioning is what you do to the consumer's mind to influence his perception of a brand favorably.

2.3 Positioning Process

Kotler (1999) defines positioning as the act of designing the company product and marketing mix to fit a given place in the consumer's mind. Batra, Myers and Aaker (1996) assert that the brand's position in the consumer's mind is a relative concept in that it refers to a comparative assessment by the consumer of how the brand is similar or different from the brands that it competes with. Every consumer has a perceptual map of the product category, the location of the brand in that map being determined by the associations the consumer makes with each brand. Sengupta (1990) offers very useful insights on perceptual mapping as a starting point in any positioning strategy. He correctly asserts that the first decision when taking a positioning decision is to have a clear picture of how target consumers view the brands in a product category; in other words, drawing a perceptual map. Sengupta then details the various techniques of perceptual mapping – including factor analysis, image profile analysis and cluster analysis.

The word positioning was popularized in the early 1970s by two advertising agents – Al Ries and Jack Trout – who published articles and a book on the subject. The two pioneers were crucial in shaping the history of positioning thought and significantly clarified that positioning is not what you do to the product but positioning is what you do to the consumer's mind. Though acknowledging that altering a product's features or price may sometimes occur in positioning; Ries and Trout asserted that such changes were cosmetic, employed to secure a worthwhile position in the prospect's mind.

The two industry practitioners were therefore exalting psychological positioning in a consumer's mind at the expense of product positioning in the market. Aaker (1991) sees positioning as necessarily implying a frame of reference, the reference point usually being the competition, for example, where a consumer may perceive product X as being more durable than product Y. In positioning, a consumer ranks a brand against competitors but his motive is the perceived benefit of a brand.

Sengupta (1990) interprets positioning as the consumer's shorthand for sizing up a brand, its physical and emotional benefits, and where it fits into her framework of needs and wants. Sengupta thus implies that a brand must have certain identifiable benefits for the consumer if its positioning strategy is to hold. He gives an example of a magazine publisher who looked at the world of magazines through the consumer's eyes and located a promising vacant position in the minds of a certain segment. Armed with this knowledge, the firm designed a magazine that became an instant success within the identified market segment. This is not far fetched; consumers may be drawn to a good brand positioning but it is questionable if they will remain loyal to the brand. A weak product (or one perceived as such) is unlikely to have a sustainable market success – regardless of the positioning strategy.

Ries and Trout (1982) further argue that strong brands generally hold a distinctive position in the minds of consumers. They argued the case for positioning a brand number one because people easily remember number one. However, there are exceptions; where underdogs may deploy strategies to beat the giants in positioning as Avis did with its famous campaign "We are number two. We try harder." Another strategy is to find a dimension along which a brand can be positioned as the clear leader for example, Seven Up positioning itself as a noncola drink so that consumers think of it first when they want a noncola drink. Rather than weaken the case for differentiation, these exceptions further reinforce the belief that to position yourself is to differentiate yourself. Sengupta (1990) hold congruous views, that positioning is the pursuit of differential strategy.

Batra, Myers and Aaker (1996) stress that positioning involves a decision to stress only certain aspects of the brand and not others. The consumer must have a clear idea of what your brand stands for in a cluster of brands. The brand cannot be sharply and distinctly positioned if it tries to be everything to everyone. Assael (1985) emphasizes that products are developed and advertised to establish qualities that set them apart from the competition and relate to the target market needs. In other words, if a brand is not setting itself apart from competitors, it most probably is not positioning itself in the consumer's minds. Acclaiming the wisdom of brands finding a strong position (in the consumer's mind) and sitting on it. Sengupta gives real life examples of such companies as Food Specialties (a subsidiary of Nestle) which successfully positioned its noodles as a two-minute snack prepared at home.

2.4 Positioning Strategies

Sengupta (1990) offers various positioning strategies as expounded by Professors Aaker and Shansby.

Positioning by attribute where a brand is positioned based on some quality for example, the strongest. However, positioning that involves too many attributes can confuse the consumer.

Positioning by Price-Quality where a brand is positioned based on some high quality.

User / Application where a brand is positioned as the best for a specific use.

Product User Positioning where a brand is associated with a user or a class of users.

Competitor Positioning where a brand suggests superiority or difference with a competitor.

Another one is **Product Class Dissociation** where a brand seeks to differentiate itself with the competitor, for example, Uncola, tubeless tyres and lead free gasoline).

Kotler(1999) cautions that firms against pitfalls in their positioning campaigns. These errors include:

Under positioning where a brand positions on a benefit the market does not consider as important. This is also the case where the brand fails to present a strong benefit / reason for the consumer to buy.

Over positioning where a brand positioning may adopt such a narrow position that some potential consumers may overlook the brand.

Confused positioning where consumers end up having a confused image of the brand because the company makes numerous (sometimes conflicting) claims about the brand.

Doubtful positioning where consumers find it hard to believe the brand claims in relation to their own perception of the brand.

Irrelevant positioning- claiming a benefit that few prospects do not care about, for example by emphasizing the compact design of a cell phone while the market is interested in the phone's utilities.

Kotler (1999) argues that companies should not merely, engage in specific positioning but should also position the brand in terms of value; because buyers purchase goods and services that give them value for money. The seller must value position the brand. Kotler distinguishes five value positions:

More for more where firms produce a very upscale brand and charge a high price for it, for example, Rolls Royce cars.

More for same- firms adopt this value positioning by producing an upscale brand but charging less for it. The firm claims to offer the same quality but at a less cost to the buyer.

Same for less - firms adopt this positioning strategy by producing a brand that is a typical product for the category but charge less than the nominal price for the category.

Less for much less - firms adopt this value positioning strategy by offering a brand that delivers much less features / benefits than the typical brand in the category and charges much less than the nominal price of the category. A good example is the 'no frills' businesses such as airlines where customers make do without common features such as food and movies. Less for less supermarkets stock only basic good and buyers are charged for packing bags.

More for less – this is the winning value positioning and involves offering the buyer much more than is typical of the product category but for less price.

Less for more – Here a product offers less than the product category and charges much more. In terms of customer retention, this strategy is not viable in the long term.

As a way of achieving holistic understanding of positioning strategies, it is essential to focus on positioning strategies in greater detail. Batra, Myers and Aaker (1996) detail the following positioning strategies: **positioning by customer benefits, by price and quality, positioning by use or application, positioning by product user, positioning by competitor and by cultural symbols**. A more detailed examination of each of these strategies follows:

2.4.1 Positioning using customer benefits

Batra, Myers and Aaker (1996) say that this is the most commonly employed positioning strategy, whereby a brand is positioned based on benefits that users derive from its use, for example Energizer battery's tagline that 'it goes on and on and on' to communicate longevity. A brand may be positioned alongside a benefit that competitors have ignored but one that is appealing to the targeted market segment. The urge to position a brand along several benefits or characteristics – though tempting - may result in undesirable outcomes, such as confusion about the brand, eventually hurting the brand. Sengupta (1990) asserts that successful products should promise a maximum of two benefits and create brand franchises around those benefits. This focus leaves the possibility of differentiating the products based on yet untapped benefit positions.

A significant observation is that consumers who are similar in important ways cluster around the same benefits (Russel 1963) while other consumers would cluster around other benefits, leading to 'benefit segmentation.' For example, people seeking reliability in a Mercedes Benz vehicle will be a specific benefit segment, regardless of their demographics. Aarker (1996) brings to the fore the issue of programs that enhance the loyalty of customers, especially fence-sitters. Safaricom has effectively used a redeeming points loyalty program (Bonga Points) to not only enhance the value proposition of its brand but also to affirm its commitment to loyal customers. Humans are self-centred beings which makes the benefit positioning such an effective and compelling approach. Sengupta (1990) notes that consumers buy benefits not features, unless the features somehow lead to the benefit sought by the consumer. Among the Kenyan mobile phone providers, benefit positioning has been commonly deployed; ease of communication with loved ones, convenient topping up and the benefits of the mobile-based money transfer.

2.4.2 Positioning by Price and Quality

Batra, Myers and Aaker (1996) hold that in every product category, there exist brands that intentionally attempt to offer more benefits and features. The makers of these brands charge more for them to recoup their costs and to communicate the high quality of the products. An example is the Swiss watch Rolex which is positioned based on its exceptional craftsmanship. Some Rolex watches cost more than $20 000. The justification of this price is that a Rolex lasts upto 50 years and only requires servicing every 5 years. The market has responded well to the Rolex positioning; the company sells every watch that they make and they have a waiting list for some of their models of up to two years.

In Kenya, Kencell mobile provider (the predecessor of today's Zain) entered by using the price/quality positioning. It used per minute billing on a superior network. The lowest denomination available for its airtime was Kshs 250/=. The wisdom of this strategy arose when Kencell's main competitor, Safaricom registered swift growth by positioning itself as the provider for the mass market. According to Batra, Myers and Aaker (1996), it is tricky to attempt to retain an image of low price while communicating a quality message. They argue that when the price is low, there is a risk that consumers will infer that the quality is low. Definitely there are exceptions as Safaricom has not fallen into this trap.

2.4.3 Positioning by Use or Application

According to Batra, Myers and Aaker (1996), another way to communicate an image is to associate it with a use or application. An example is Apple computers which are positioned as using graphics more easily than others. The Apple brand is positioned based on how the computer will be used and consumers seeking this particular function (for example, graphic designers) will be thus attracted to this brand.

2.4.4 Positioning by product user

Firms may position brands according to the user or class of users. For example, the social marketing site, Facebook was initially used exclusively by college students. Nike has been successfully associated with Michael Jordan. Batra, Myers and Aaker (1996) say that the expectation is that the model or personality will influence the product's image by reflecting the characteristics and image of the model or personality communicated as a product user. Johnson and Johnson repositioned its shampoo from one used for babies to one used by people who wash their hair frequently. This repositioning, done after a careful market survey, saw the company's market share increase from 3% to 14% when they broadened their positioning strategy.

2.4.5 Positioning by competitor

Keller (1998) says that one critical success factor for a brand is that it has some favourable evaluated associations that function that imply superiority over competing brands. These potential differences should be judged on the basis of desirability (from a consumer's perspective) and deliverability (from a firm's perspective). For Sengupta (1990), positioning is the pursuit of differential strategy while Aarker (1991) maintains that positioning implies a frame of reference, the reference point usually being the competitor. A most well known positioning by competitor was by Avis with the 'We are number two, we try harder." campaign. Avis implied that the market leader, Hertz was so big that they did not need to try harder. Interestingly, Kencell's campaign against Safaricom was "Are you connected or congested' poking fun at Safaricom's perceived inferior network. By refusing to respond, Safaricom reinforced its underdog status, deepening is hold on the mass market. Kencell's campaign was thus the opposite of Avis; it was conducted from a point of superiority and it was not successful. However when employed strategically, this approach to positioning can be quite useful. Sengupta (1990) offers an interesting insight; a large competitor has most probably used lots of resources to build their brand. When another is positioned by the lead competitor, it benefits from the investment by the big company as log as they use the big competitor as a point of reference. It is easier for example to direct someone to a place by telling them that it's next to Barclays Bank because this is a well known brand.

2.4.6 Positioning by symbols

A symbol or set of symbols can have strong associations that should be considered when making positioning decisions (Batra. Myers and Aaker: 1996). They give the examples of the Marlboro cowboy and the Wells Fargo Stagecoach- symbols which have been used because of their associations. Among the Kenyan mobile phone providers, Safaricom has consistently used symbols in its positioning. These include Mt. Kenya, Lake Victoria and a Maasai elder in a game park. By using such well known symbols, the firm has positioned itself as a Kenyan company for anyone in Kenya. The Company's colour (Safaricom green) can also be viewed as a symbol of life, environment and growth which are very vital in an agricultural country. Its important to note that Safaricom seems to employ this approach to positioning more than its competitors, though how much of this contributes to the firm's market success may not be readily concluded.

2.4.7 Consumer Choice

It is clear that firms need to engage in analyzing consumer choice and designing appropriate strategies for marketing and communications. Keller (1998) notes that favourable associations will occur when consumers believe that the brand possesses attributes and benefits that satisfy their needs and wants in such a way positive overall brand attribute is formed. Williamson and Zeng (2009) argue that with the negative economic environment firms are operating in, they have little choice but to give consumers value for money as a strategic imperative. They argue that smart companies perceive not just threats in a recession but also opportunities. The duo draw parallels between today's environment and the Great Depression of the 1930s when companies like General Electric, Kellogg, and Procter & Gamble outmaneuvered rivals to become leaders.

These companies turned adversity into advantage in different ways. A quick analysis reveals one common thread: During the Depression, these companies developed value-for-money strategies: They grew by delivering products and services that enabled hard-hit consumers to do more with the same resources and become more effective; to do the same with fewer resources, thereby improving their efficiency; or to do less with far fewer resources, which helped them economize. Herrington, J. Duncan (2001) asserts that increasing competition and "cherry picking" among grocery shoppers is at an all time high in the U.S. while customer loyalty is at an all time low. Some 80 percent of consumers in the U.S. shop two or more supermarkets each week. As a result, retail grocers are faced with both shrinking profit margins and an increasingly non-loyal customer base.

According to Williamson and Zeng (2009). consumers in developing countries, are traditionally value conscious. Many have entered the consuming class recently and have limited disposable income. For instance, Credit Suisse projects that the number of Chinese households whose income exceeds their basic needs will rise from around 55 million in 2008 to 212 million by 2013. However, many of them will earn only a little over $5,000 a year. By 2020 in India, the market research firm Information Resources predicts, 5% of the population will be part of households that earn more than $4,000 per annum. but they, too. are unlikely to have much excess income. Meanwhile, upper- and middle-class consumers in both countries must stretch limited earnings to cope with rising aspirations and inflation. Business buyers in developing countries depend on low costs to gain competitive advantage. so they always look for value when purchasing equipment and services. This is a truth even in the mobile phone market.

A brand that is perceived as arrogant and beyond the reach of consumers will attract no one (Mburu, 2001). So how should companies position their services to emerge as offering value to ever demanding customers? Mburu (2001) maintains that one of the major benefits of appreciating consumer buying process is that brands can be developed and presented in such a way that consumers perceive them as having added value over and above the basic commodity presented by the brand.

Williamson and Zeng (2009) assert that innovation is traditionally associated with developing new products and services or with adding more functionality and features to existing ones. In both cases. companies expect customers to pay a premium. They observe (and rightly so) that the idea of innovating to develop offerings that provide greater. or almost the same. functionality but at a lower price is unconventional. However, smart companies in emerging markets are doing just that to appeal to the great mass of value-conscious customers in their markets.

This seems like a central question that brand managers and marketing practitioners will continue grappling with for some time; the giving of more for less. It's not like they have a choice given that – owing to trade liberalization – there is now intense competition from companies and countries that are ready and willing to offer better value to consumers. Kotler (1999) says that consumers choose products and businesses that give them the greatest value, therefore the key to winning and keeping customers is to understand their needs and buying processes better than competitors and delivering more value.

Sengupta (1990) introduces the relation between position strategies and brand choice by bringing to the fore the interplay between positioning by price –quality and the consumer choice. When a consumer is satisfied with the value for money brand which he has purchased, he is likely to feel reinforced in his decision when the advertising for the brand creates an image that places it above its perceived niche on the price-quality order. Wind (1982) adds that the brand position should be assessed by the measuring of consumer perceptions and the preference for the brand in relation to its competitors.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Research Design

The research is a field survey whose variables were positioning strategies and consumer choice. The research was designed to get empirical findings on the relation between variables (Cooper and Schindler, 2003).This research design is suitable as it engaged people who are the target of the mobile phone providers positioning strategies. This is a quantitative research where the structured questionnaire captured data to enable an analysis that accurately determine the effectiveness of positioning strategies.

3.2 The Population

Cooper and Schindler (2003) defined a population element as the subject in which the measurement is being taken and is the unit of study. A population is the total collection of elements about which we wish to make some inferences. The population of the study was the mobile phone users in Nairobi. Segmentation and choice of sample population was based on perceived income and mobile phone usage levels with average mobile usage rate being an indicator of the usage level.

3.3 The Sampling Method and Sample Size

To avoid high costs and complex logistics in the research, we had a sample size of 150 mobile phone subscribers within Sarit Centre and the systematic sampling method was used. This approach relies on arranging the target population according to some ordering scheme and then selecting elements at regular intervals through that ordered list. It is really a random sampling with a system. From the sampling frame, a starting point was chosen at random, and thereafter at regular intervals.

Systematic sampling involved a random start and then proceeds with the selection of every kth element from then onwards. In our case, the kth element was the tenth person in a number of passersby at Sarit Centre; where the research conducted. To ensure randomness, the starting point of systematic sampling is usually not the first item in the list. We therefore randomly choose from within the first to the kth element in the list. The randomizing of the starting point ensured that the systematic sampling is a type of probability sampling. While being easier to conduct than a simple random sample, this systematic sampling enabled us to spread the sample more evenly over the population. Given the occasion of probability sampling--obtaining samples with known probabilities—this is one method that assured these results. The selected respondents also had to meet the requirements of being a mobile phone subscriber.

3.4 Data Collection

The study collected primary data using a structured questionnaire whose design was based on the research questions (Appendix II). This method of collection involved research assistants interviewing the respondents. The assistants were stationed on 3 entry points at Sarit Centre in Westlands, preferably on Saturday and Sunday when respondents are relaxed and likely to spare time for the survey. The choice of Sarit was informed by the need to have a balance in targeting respondents in various income area levels.

Questionnaires were useful because one could reach a wider number of respondents. In surveys, it was important to reach as many respondents as possible. Questionnaires allowed a more objective (quantitative) analysis which led to results that are more generalized to the situation at hand. Furthermore, questionnaires saved time and costs. With the help of research assistants, the questionnaires were administered to the respective respondents in Sarit Centre, Nairobi. It took about ten minutes on each questionnaire.

3.5 Data Analysis

Statistical Package for Social Scientists (SPSS) was used to analyze the data. The descriptive statistics was employed to analyze the quantitative data in terms of the percentages and frequency distribution. Analyzed data was summarized and presented in the form of simple frequency distribution tables, charts and percentages. This form of data organization facilitated the research to obtain a pattern of the effectiveness of mobile phone strategies to mobile phone subscribers.

CHAPTER FOUR:

DATA FINDINGS, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter discusses the research findings, analysis and interpretation. The study aimed at identifying the positioning strategies pursued by mobile phone industry and attempt to determine the effectiveness of those strategies. The study in specific focused on the 150 mobile phone subscribers within Sarit Centre. The researcher took a sample of 90 mobile phone subscribers responded to the questionnaire constituting 60% response rate. Data analysis was done through Statistical Package for Social Scientists (SPSS). Frequencies, percentages and Likert Scales were used to display the results which were presented in tables.

4.2 Bio data

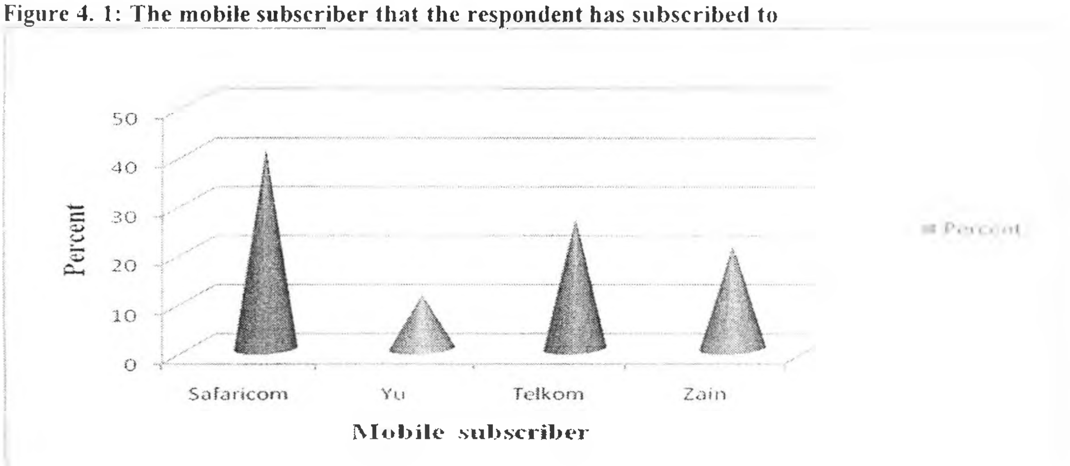
4.2.1 The mobile subscriber that the respondent has subscribed to

Table 4. 1: The mobile subscriber that the respondent has subscribed to

	Frequency	Percent
Safaricom	37	41.1
Yu	10	11.1
Telkom	24	26.7
Zain	19	21.1
Total	**90**	**100.0**

Table 4.1 shows the responses on the mobile in which they have subscribed to. 41.1% said that they are Safaricom subscribers. 26.7% said that they are Telkom, 21.1% said that they are Zain subscribers while 11.1% said that they are Yu subscribers.

Figure 4. 1: The mobile subscriber that the respondent has subscribed to



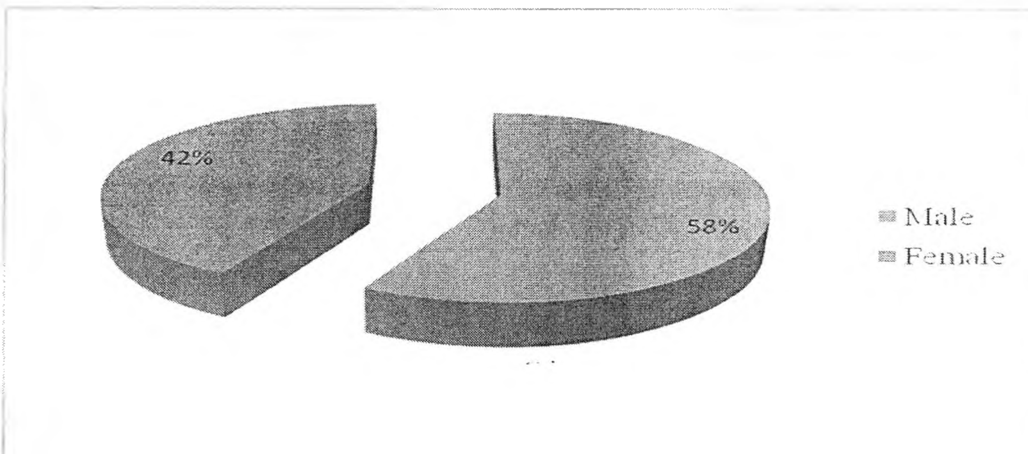
4.2.2 Respondents gender

Table 4. 2: Respondents gender

	Frequency	Percent
Male	52	57.8
Female	38	42.2
Total	**90**	100.0

The respondents were asked to indicate their gender whereby. From table 4.2; 57.8% said that they are male while 42.2% said that they were female.

Figure 4. 2: Respondents gender



4.2.3 Respondents age bracket

Table 4.3 shows the respondent`s age bracket. 35.6% said that they were 26 to 35 years, 28.9% said that they were 19 to 25 years, 15.6% said that they were 46 years and above, 14.4% said that they were 36 to 45 years while 5.6% said that they are below 18 years.

Table 4. 3: Respondents age bracket

	Frequency	Percent
Below 18 years	5	5.6
26 – 35 years	32	35.6
19 – 25 years	26	28.9
36 – 45 years	13	14.4
46 years and above	14	15.6
Total	**90**	**100.0**

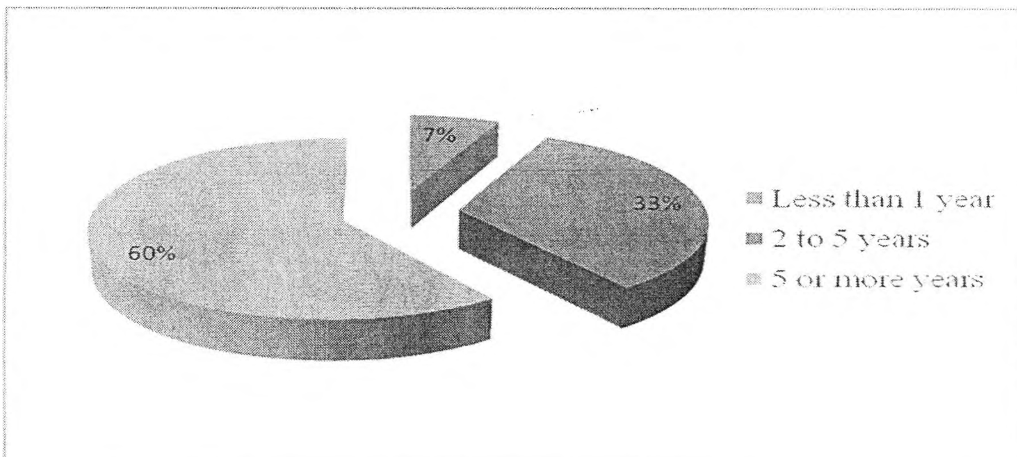
4.2.4 The length of time the respondents has used the mobile phone

Table 4. 4: The length of time the respondents has used the mobile phone

	Frequency	Percent
Less than 1 year	6	6.7
2 to 5 years	30	33.3
5 or more years	54	60.0
Total	**90**	100.0

On the length of time the respondents have been using a mobile phone is shown by the table 4.4, 60% said that they have been using the mobile phone service 5 or more years, 33.3% said that they have been suing it for 2 to 5 years while only 6.7% said that they have been using it for less than 1 year.

Figure 4. 3: The length of time the respondents has used the mobile phone



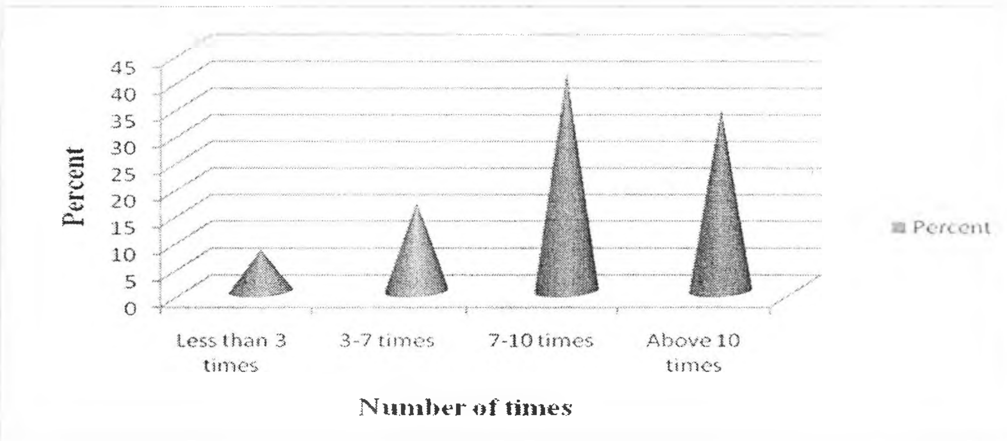
4.2.5 Number of times the respondent purchases airtime in a month on average

Table 4. 5: Number of times the respondent purchases airtime in a month on average

	Frequency	Percent
Less than 3 times	7	7.8
3-7 times	15	16.7
7-10 times	37	41.1
Above 10 times	31	34.4
Total	**90**	**100.0**

The researcher wanted to know the number of times the respondent purchases airtime in a month on average. Out of the respondents 41.1% said that they purchase 7 to 10 times a month on average, 34.4% said that they purchase above 10 times in a month, 16.7% said that they purchase 3 to 7 times in a month on average, 7.8% said that they purchase less than 3 times on average in a month.

Figure 4. 4: Number of times the respondent purchases airtime in a month on average



4.3 Positioning Strategies

4.3.1 Respondent's perception of positioning strategies by mobile phone services

Table 4.6 shows respondent's perception of positioning strategies by mobile phone services. A Five point Likert scale was used to interpret the respondent's extent. Accorded to scale those factors the respondents strongly disagreed on were awarded 1 while those which they strongly agreed on were awarded 5. Within the continuum are 2 for disagree, 3 for neither agree nor disagree and 4 for at agree. Mean and standard deviation were used to analyze the data. According to the researcher those factors with a mean close to 3.0 were strongly disagreed on while those with a mean close to 4.0 were strongly agreed. On the same note the higher the standard deviation the higher the level of disagreement or dispersion among the respondents. The perception that the respondent is aware of an advert by a Kenyan mobile phone provider to target customers to use their services with a mean of 3.9 and the perception of choosing the provider because of a certain benefit I cannot find in other providers e.g. ringtones, wall paper, good service with a mean of 3.8 were strongly agreed. This was followed by the perceptions that; In the last 6 months, I have changed the times I bought airtime after a promotion / campaign by a mobile provider, I use my provider because I believe they are better than other providers and I feel that my provider offers me a particular benefit had a mean of 3.7. I use my provider because I don't like something in other providers and I think the strategies are timely and appropriate with a mean of 3.6 each and I believe that my provider offers value for money with a mean 3.5 were neither agreed nor disagreed on. The perception that the respondent would change providers if I felt another provider had more benefits had a mean 3.4 and in their marketing, my provider uses symbols I know e.g. places, people with a mean of 3.3 were disagreed on.

Table 4. 6: Respondent's perception of positioning strategies by mobile phone services

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean	Std. Dev.
I am aware of an advert by a Kenyan mobile phone provider to target customers to use their services	2	5	20	35	28	3.9	1.0
In the last 6 months, I have changed the times I bought airtime after a promotion / campaign by a mobile provider.	5	8	23	31	23	3.7	1.1
I think the strategies are timely and appropriate.	5	10	25	29	21	3.6	1.1
I feel that my provider offers me a particular benefit.	3	9	21	33	24	3.7	1.1
I believe that my provider offers value for money	6	13	21	29	21	3.5	1.2
I choose my provider because of a certain benefit I cannot find in other providers e.g. ringtones, wall paper, good service	3	8	21	33	25	3.8	1.1
I use my provider because I believe they are better than other providers.	3	13	25	32	21	3.7	0.8
I use my provider because I don't like something in other providers	4	11	19	36	20	3.6	1.1
In their marketing, my provider uses symbols I know e.g. places, people	7	15	24	33	11	3.3	1.1
I would change providers if I felt another provider had more benefits	6	16	21	29	18	3.4	1.2

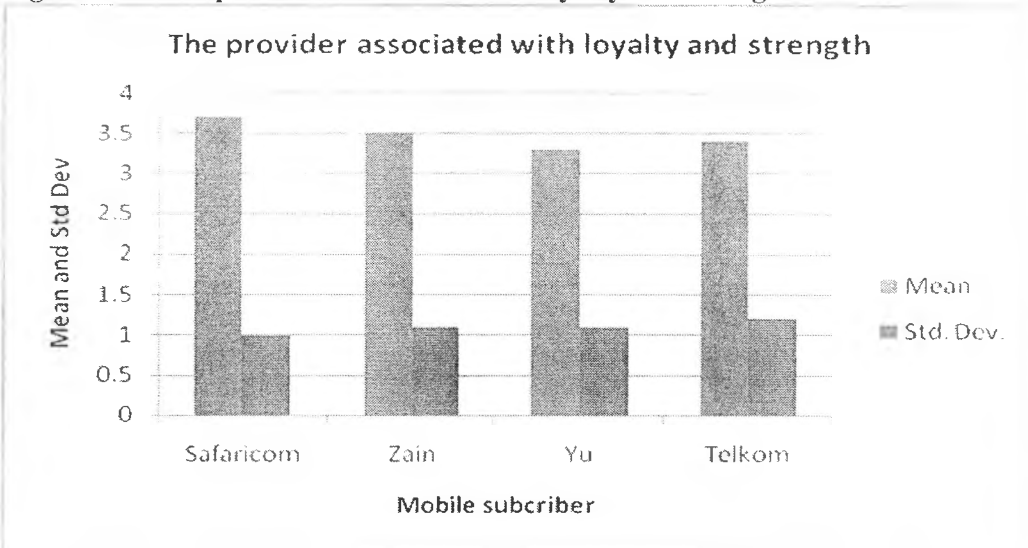
4.3.2 The provider associated with loyalty and strength

Table 4. 7: The provider associated with loyalty and strength

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean	Std. Dev.
Safaricom	3	8	23	36	20	3.7	1.0
Zain	4	12	25	32	17	3.5	1.1
Yu	9	10	27	33	11	3.3	1.1
Telkom	9	11	23	31	16	3.4	1.2

The researcher wanted to know the provider associated with loyalty and strength and the results are shown by Table 4.7. A Five point Likert scale was used to interpret the respondent's extent. Accorded to scale those factors which were strongly agreed on were awarded 5 while those which were strongly disagreed on were awarded 1. Within the continuum are 2 for disagree, 3 for neither agree nor disagree and 4 for at agree. Mean and standard deviation were used to analyze the data. According to the researcher those factors with a mean close to 3.0 were strongly disagreed on while those with a mean close to 4.0 were strongly agreed on. On the same note the higher the standard deviation the higher the level of disagreement or dispersion among the respondents. The provider strongly agreed on that associated with loyalty and strength was Safaricom with a mean of 3.7, Zain Kenya followed with a mean of 3.5, then Telkom with a mean of 3.4 and finally YU with a mean of 3.4.

Figure 4. 5: The provider associated with loyalty and strength



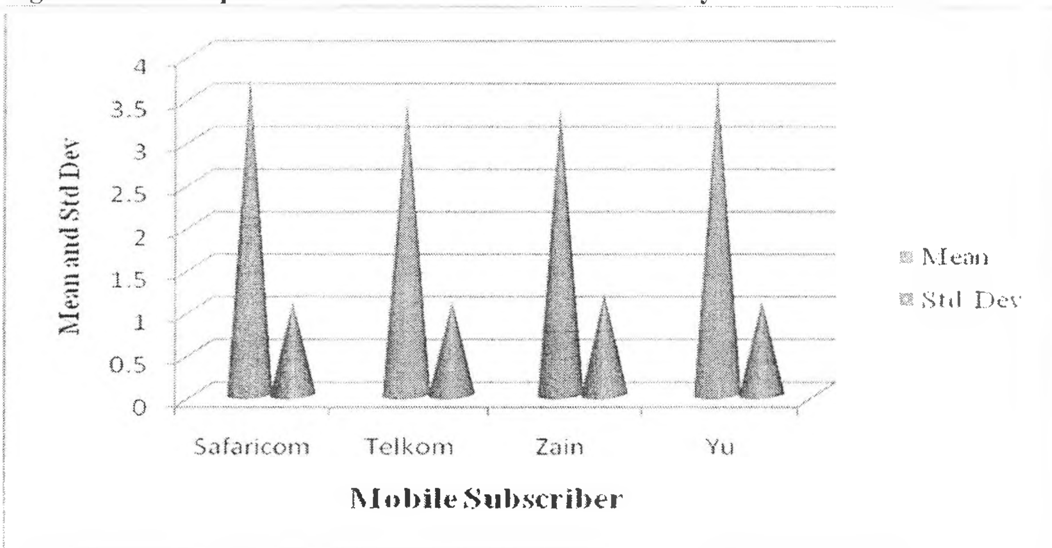
4.3.3 The providers associated with affordability

Table 4. 8: The providers associated with affordability

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean	Std. Dev.
Safaricom	3	9	21	30	27	3.8	1.1
Telkom	5	11	28	28	18	3.5	1.1
Zain	8	13	24	29	16	3.4	1.2
Yu	3	10	21	33	23	3.7	1.1

For the providers associated with affordability the results are shown by table 4.8; a five point likert scale was used to interpret the respondent's extent. A Five point Likert scale was used to interpret the respondent's extent. Accorded to scale those factors which were strongly agreed on were awarded 5 while those which were strongly disagreed on were awarded 1. Within the continuum are 2 for disagree, 3 for neither agree nor disagree and 4 for at agree. Mean and standard deviation were used to analyze the data. According to the researcher those factors with a mean close to 3.0 were strongly disagreed on while those with a mean close to 4.0 were strongly agreed on. On the same note the higher the standard deviation the higher the level of disagreement or dispersion among the respondents. Safaricom was agreed on strongly as the provider with a mean of 3.8 that is most affordable, Yu followed with a mean of 3.7 while Telkom Kenya with a mean of 3.5 and Zain Kenya with a mean of 3.4 were neither agreed nor disagreed on.

Figure 4. 6: The providers associated with affordability



4.3.4 Providers do you associate with quality and value

The table 4.9 shows the providers do you associate with quality and value; whereby a five point likert scale was used to interpret the respondent's extent. A Five point Likert scale was used to interpret the respondent's extent. Accorded to scale those factors which were strongly agreed on were awarded 5 while those which were strongly disagreed on were awarded 1. Within the continuum are 2 for disagree, 3 for neither agree nor disagree and 4 for at agree. Mean and standard deviation were used to analyze the data. According to the researcher those factors with a mean close to 3.0 were strongly disagreed on while those with a mean close to 4.0 were strongly agreed on. On the same note the higher the standard deviation the higher the level of disagreement or dispersion among the respondents. Zain Kenya with a mean of 3.7 and Safaricom with a mean of 3.6 were strongly agreed on as the providers that have the best quality and value. Telkom Kenya was agreed on with a mean of 3.5 while Yu was neither agreed nor disagreed on with a mean of 3.2.

Table 4. 9: Providers do you associate with quality and value

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean	Std. Dev.
Safaricom	6	10	23	29	22	3.6	1.2
Telkom	4	13	26	30	17	3.5	1.1
Zain	3	8	26	33	20	3.7	1.0
Yu	9	15	27	26	13	3.2	1.2

4.3.5 The factor rated as important when choosing a mobile phone provider

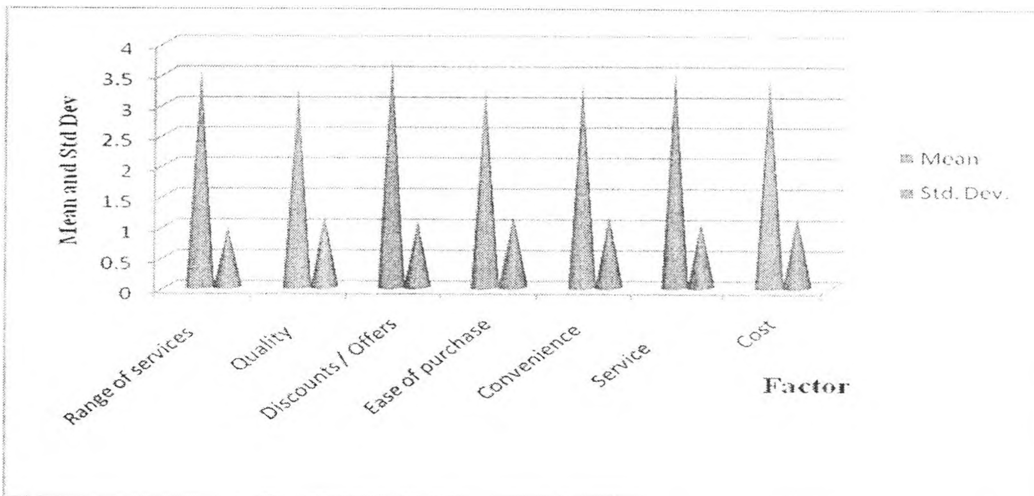
Table 4. 10: The factor rated as important when choosing a mobile phone provider

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean	Std. Dev.
Range of services	2	9	28	32	19	3.6	1.0
Quality	8	16	21	27	18	3.3	1.2
Discounts / Offers	2	9	23	29	27	3.8	1.1
Ease of purchase	9	17	21	28	15	3.3	1.2
Convenience	8	16	18	29	19	3.4	1.2
Service	4	11	21	33	21	3.6	1.1
Cost	8	11	19	29	23	3.5	1.2

The respondent was asked to rate the factors that they consider important when choosing a mobile phone subscriber. A Five point Likert scale was used to interpret the respondent's extent. Accorded to scale those factors which were strongly agreed on were awarded 5 while those which were strongly disagreed on were awarded 1. Within the continuum are 2 for disagree. 3 for neither agree nor disagree and 4 for at agree. Mean and standard deviation were used to analyze the data. According to the researcher those factors with a mean close to

3.0 were strongly disagreed on while those with a mean close to 4.0 were strongly agreed on. On the same note the higher the standard deviation the higher the level of disagreement or dispersion among the respondents. Discount and / or offers was strongly agreed on with a mean of 3.8, range of services and providers service with a mean of 3.6 each and the cost with a mean of 3.5 were agreed on. Convenience with a mean of 3.4, ease of purchase and quality with a mean of 3.3 were neither agreed nor disagreed on.

Figure 4. 7: The factor rated as important when choosing a mobile phone provider



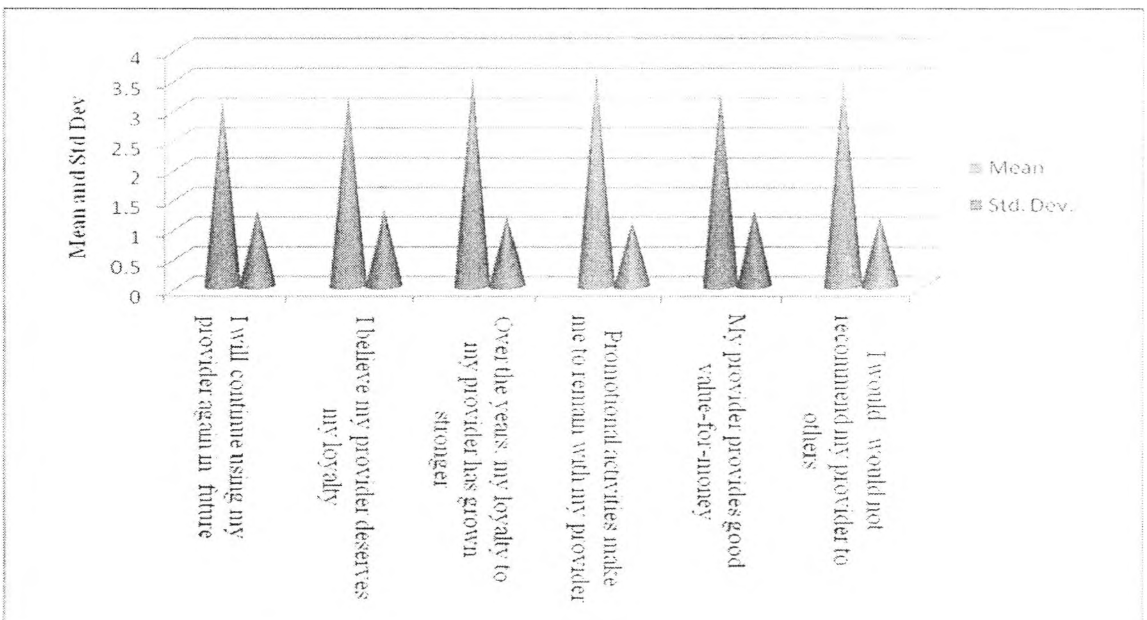
4.3.6 The rating on the level of agreement

Table 4. 11: The rating on the level of agreement

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean	Std. Dev.
I will continue using my provider again in future	11	17	21	24	17	3.2	1.3
I believe my provider deserves my loyalty	10	17	21	24	18	3.3	1.3
Over the years, my loyalty to my provider has grown stronger	7	11	19	30	23	3.6	1.2
Promotional activities make me to remain with my provider	3	10	23	31	23	3.7	1.1
My provider provides good value-for-money	9	12	20	28	21	3.4	1.3
I would / would not recommend my provider to others	6	11	18	31	24	3.6	1.2

The researcher wanted to know the rate on the level of agreement on various issues. A Five point Likert scale was used to interpret the respondent's extent. Accorded to scale those factors which were strongly agreed on were awarded 5 while those which were strongly disagreed on were awarded 1. Within the continuum are 2 for disagree, 3 for neither agree nor disagree and 4 for at agree. Mean and standard deviation were used to analyze the data. According to the researcher those factors with a mean close to 3.0 were strongly disagreed on while those with a mean close to 4.0 were strongly agreed on. On the same note the higher the standard deviation the higher the level of disagreement or dispersion among the respondents. Promotional activities make me to remain with my provider with a mean of 3.7 and over the years, my loyalty to my provider has grown stronger and I would / would not recommend my provider to others with a mean of 3.6 were strongly agreed on. Followed by the factor that my provider provides good value-for-money with a mean of 3.4 while I believe my provider deserves my loyalty with a mean of 3.3 and I will continue using my provider again in future with a mean of 3.2 were neither agreed nor disagreed on.

Figure 4. 8: The rating on the level of agreement



The mobile providers should provide cheaper rates, more discounts, offer other different services especially on data and decongest the network. This will make the services affordable, convenient and affordable. The data services provided should be well marketed especially in the rural areas and also the network distribution should equally done both in rural and urban. The promotion time given to most products is too short for it to create the impact required.

CHAPTER FIVE:

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter is devoted to summarizing the findings of the study, conclude, provide recommendations of the researcher and give suggestions for the mitigation and further research that he deems fit in this field of study.

5.2 Summary of findings

Findings on the mobile provider which the respondents have subscribed to they have subscribed to. 41.1% said that they are Safaricom subscribers. 26.7% said that they are Telkom, 21.1% said that they are Zain subscribers while 11.1% said that they are Yu subscriber. Also, 57.8% said that they are male while 42.2% said that they were female. The majority of the respondents were male which could be due to their income endowment.
The respondents age bracket; 35.6% said that they were 26 to 35 years, 28.9% said that they were 19 to 25 years, 15.6% said that they were 46 years and above, 14.4% said that they were 36 to 45 years while 5.6% said that they are below 18 years. The majority said that they were aged between 26 to 35 years which could be due to the economic status as they tend to fall into the working class who have fewer responsibilities. Length of time the respondents have been using a mobile phone service 60% said that they have been using the mobile phone service 5 or more years, 33.3% said that they have been using it for 2 to 5 years while only 6.7% said that they have been using it for less than 1 year. Most of the respondents said that they have been using the mobile phone for a period of 5 or more years followed by 2 to 5 years this might be due to the need of retaining the subscriber due to the services they offer and the number. Also it could be due to lack of strategies that enhance growth within the industry as such that one opts to use one provider for long.

The researcher also wanted to know the number of times the respondent purchases airtime in a month on average. Out of the respondents 41.1% said that they purchase 7 to 10 times a month on average, 34.4% said that they purchase above 10 times in a month, 16.7% said that they purchase 3 to 7 times in a month on average, 7.8% said that they purchase less than 3 times on average in a month. The variation in terms of the number of times the respondents purchase the airtime could be due to the denomination of the airtime they buy. That is some respondents could be purchasing the small denominations hence they have to purchase many times while others could opt to buy the large denominations hence purchase several times in a month.

The positioning strategies used by various mobile phone companies: The perception that the respondent is aware of an advert by a Kenyan mobile phone provider to target customers to use their services with a mean of 3.9 and the perception of choosing the provider because of a certain benefit I cannot find in other providers e.g. ringtones, wall paper, good service with a mean of 3.8 were strongly agreed. This was followed by the perceptions that: In the last 6 months, I have changed the times I bought airtime after a promotion / campaign by a mobile provider, I use my provider because I believe they are better than other providers and I feel that my provider offers me a particular benefit had a mean of 3.7. I use my provider because I don't like something in other providers and I think the strategies are timely and appropriate with a mean of 3.6 each and I believe that my provider offers value for money with a mean 3.5 were neither agreed nor disagreed on. The perception that the respondent would change providers if I felt another provider had more benefits had a mean 3.4 and in their marketing, my provider uses symbols I know e.g. places, people with a mean of 3.3 were disagreed on.

The provider that is associate with loyalty and strength; Safaricom with a mean of 3.7. Zain Kenya followed with a mean of 3.5, then Telkom with a mean of 3.4 and finally YU with a mean of 3.4 while that provider associated with affordability the findings were that Safaricom was agreed on strongly as the provider with a mean of 3.8 that is most affordable, Yu followed with a mean of 3.7 while Telkom Kenya with a mean of 3.5 and Zain Kenya with a mean of 3.4 were neither agreed nor disagreed on. The respondents gave the findings on the providers associated with quality and value as Zain Kenya with a mean of 3.7 and Safaricom with a mean of 3.6 were strongly agreed on as the providers that have the best quality and value. Telkom Kenya was agreed on with a mean of 3.5 while Yu was neither agreed nor disagreed on with a mean of 3.2.

The respondent was asked to rate the factors that they consider important when choosing a mobile phone subscriber. Discount and / or offers was strongly agreed on with a mean of 3.8, range of services and providers service with a mean of 3.6 each and the cost with a mean of 3.5 were agreed on. Convenience with a mean of 3.4, ease of purchase and quality with a mean of 3.3 were neither agreed nor disagreed on. The ratings on the level of agreement on various issues like promotional activities make me to remain with my provider with a mean of 3.7 and over the years, my loyalty to my provider has grown stronger and I would / would not recommend my provider to others with a mean of 3.6 were strongly agreed on. Followed by the factor that my provider provides good value-for-money with a mean of 3.4 while I believe my provider deserves my loyalty with a mean of 3.3 and I will continue using my provider again in future with a mean of 3.2 were neither agreed nor disagreed on.

5.3 Conclusion

The objective of the study was to identify the positioning strategies pursued by mobile phone industry and attempt to determine the effectiveness of those strategies. From the findings the researcher concludes mobile phone subscribers should position strategies that target the male aged between 26 to 35 years as they are working class people who have fewer responsibilities. Most respondents having used the mobile phone service for duration of 5 or more years shows that there is less growth in the industry hence strategies should be put to enhance growth. Also, the mobile phone users tend to buy the small denomination of air times hence the large number of times that they purchase it. Therefore, the companies should place strategies that entice the respondents to purchase the large denominations.

However the strategies the mobile phone subscribers have already put in place are always timely and appropriate so as the subscriber can feel the value of the money. They include offering certain benefits such as ring tones, good services and wallpapers; use of promotions and discount offers was also noted through offering free airtime and use of certain symbols that the client can identify with. The strategies made the respondent made the respondent remain with the mobile subscriber that has the best strategies put in place as they are convenient, cheap and of good quality. The provider that the respondent associated with loyalty and strength is Safaricom followed by Telkom, Zain and finally Yu while the one regarded as most affordable was Safaricom followed by YU then Telkom Kenya and finally Zain Kenya. The provider associated with quality and value; Zain had the best quality followed by Safaricom.

5.4 Recommendations

The researcher recommends that the mobile providers should put positioning strategies in place in terms of provision of good quality at cheaper rates for the calls and sms so as to retain the customers and also have an increase in number. The strategies put in place should target the right consumer in terms of gender, age bracket and lifestyle of the consumer. Secondly, diversification of their services to include data services which should also be marketed and customer awareness created especially in the rural areas so as to target them. So as to experience the effectiveness of the strategies the mobile phone providers should put measures in place to deal with challenges especially in terms of promotion. The promotion durations given is too short hence should be lengthened so as to deliver the message right and on time. Also network should be made availed to all the rural areas as some do not have any network yet.

5.5 Areas for further study

This study has led to identification of areas that requires further research. The position strategies used by mobile phone providers are effective but very hard to maintain them due to the need of making sure that they clients remain loyal, one offers best quality services and of high value. More research should be done on ways in which this can be sustained.

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APPENDICIES

Appendix I: Cover Letter

UNIVERSITY OF NAIROBI
P.O. BOX 30197
NAIROBI

October 2009

Dear Respondent,

RE: MBA RESEARCH PROJECT

I am carrying out a research on the effectiveness of positioning strategies on the mobile phone industry in Kenya.

The study is being carried out for a Marketing project paper as a requirement in partial fulfillment of the degree of Masters of Business Administration, University of Nairobi.

Your response will be treated with strict confidentiality and in no instance will your name be required or disclosed in the research report.

Your cooperation will be highly appreciated.

Yours Sincerely,

Simon K. Kimani
MBA student
School of Business
University of Nairobi

Appendix II: Questionnaire

This questionnaire seeks information strictly for academic purposes only. Please assist by answering as genuinely as possible.

Part I: General Information on respondent

1: What mobile provider do you subscribe to?

□ Safaricom □ Yu □ Zain □ Telkom

□ More than one: *Please specify*

2: Please indicate your gender:

□ Male □ Female

3: Please indicate your age bracket

□ Below 18 □ 19 – 25 □ 26 – 35 □ 36 – 45 □ 46 and above

4: How long have you used a mobile phone?

□ Less than 1 year □ 2-5 years □ 5 years or more

5: How many times a month do you buy airtime on average?

□ Less than 3 times □ 3-7 times

□ 7-10 times □ Above 10 times

PART 2: Respondent's perception of positioning strategies by mobile phone services

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree
I am aware of an advert by a Kenyan mobile phone provider to target customers to use their services					
In the last 6 months, I have changed the times I bought airtime after a promotion / campaign by a mobile provider.					
I think the strategies are timely and appropriate.					
I feel that my provider offers me a particular benefit.					
I believe that my provider offers me value for money.					
I choose my provider because of a certain benefit I cannot find in other providers e.g. ringtones, wall paper, good service					
I use my provider because I believe they are better than other providers.					
I use my provider because I don't like something in other providers					
In their marketing, my provider uses symbols I know e.g. places, people					
I would change providers if I felt another provider had more benefits					

13. Which of these providers do you associate with loyalty and strength?

	Strongly agree	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly agree**
Safaricom					
Telkom					
Yu					
Zain					

14. Which of the following providers do you associate with affordability?

	Strongly agree	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly agree**
Safaricom					
Telkom					
Yu					
Zain					

15) Which of the following providers do you associate with quality and value?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly agree
Safaricom					
Telkom					
Yu					
Zain					

16. When choosing a mobile phone provider, I rate these factors as important.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly agree
Range of services					
Quality					
Discounts / Offers					
Ease of purchase					
Service					
Convenience					
Cost					
Other (Specify)					

17. Rate your level of agreement with the following statements:

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly agree
I will continue using my provider again in future					
I believe my provider deserves my loyalty					
Over the years, my loyalty to my provider has grown stronger					
Promotional activities make me to remain with my provider					
My provider provides good value-for-money					
I would / would not recommend my provider to others					

18) Say something specific that you think the mobile providers are lacking to make their services better?

Thank you for your time.