COMPETITIVE STRATEGIES ADOPTED BY TELEVISION BROADCAST MEDIA STATIONS IN KENYA

BY

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DECLARATION

This research project is my original work and has not been presented for examination in any other university.

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D61/63265/2011

The research project has been submitted for examination with my approval as University Supervisor.

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DEDICATION

This research project is dedicated to my family and close friends. Mum and dad, for the financial and moral support you gave me during this season. To Christine, Kim, Jacob and Esther, for your love and understanding. To my late brother Mwangi, for your advice and courage that has kept me going since you departed from us. To my close friends Rahab and Kelvin, I will forever be indebted to you.

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ABBREVIATIONS AND ACRONYMS

FM	Frequency Module
FTA	Free To Air
KBC	Kenya Broadcasting Corporation
K24	Kenya 24 Hours
KTN	Kenya Television Network
NTV	Nation Television
EATV	East Africa Television
SYR	Sayare TV
GBS	Good News Broadcasting Systems
TV	Television
FTA	Free To Air

ABSTRACT

One of the challenges presented by a dynamic environment is increased competition. Competition is indeed a very complex phenomenon that is manifested not only in other industry players but also in form of customers, suppliers, potential entrants and substitute products. It is therefore necessary for a firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies to respond to competitive forces. Competitive strategy specifies the distinctive approach which the firm intends to use in order to succeed in each of the strategic business area. Competitive strategy gives a company an advantage over its rival in attracting customers and defending against competitive forces. The objectives of this study were to determine the dimensions of competition faced by television media stations in Kenya and also establish the competitive strategies that television media stations has adopted to cope with the challenges of increased competition in the television broadcast media industry in Kenya. The researcher used cross- sectional survey in the study. The target population of interest in this study was the fully operational television channels in Kenya. There are currently over 16 fully operational television channels in Kenya. The researcher applied proportionate stratified sampling during data collection to select the managers from the study population. Proportionate stratified sampling was appropriate since it identifies sub groups in the population and in their proportions and selected from each subgroup a sample. A sample size of 14 was targeted and data was collected using a questionnaire that allowed for uniformity of responses of questions. Besides, secondary data was collected from documentations from these companies. Data collected was processed through computer software SPSS (Statistical Package for Social Studies) and presented in the report in form of tables and graphs. The study found out that the competitive strategies used by television media stations were cost leadership and differentiation. The strategies according to the study findings have placed the companies in a favorable position relative to the competition. These strategies have also made television media stations to not only achieve high levels of efficiency and effectiveness, but to also gain and sustain competitive advantage. The study also found out that the dimensions of competition for television media stations were threats of new entrants, threat of substitutes, power of suppliers, bargaining power of buyers and intensity of rivalry.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The business world is encountering an unprecedented pace of change, radical technologies and massive entries of new competitors. The key concern of organizations has been and still is their continued existence and survival over time. For organizations to achieve their goals and objectives, they have to constantly adjust to the environment. In such a rapidly changing environment, the only competitive advantage is the ability to continuously create new sources of competitive advantage. It is imperative for organizations to continuously adapt their activities in order to ensure survival (Porter 1980; Aosa, 1997; Pearce & Robinson, 1997).

Competitive strategies are underpinned by a number of prominent theories including game theory, Porters generic strategies and resource based theory. Game theory proposes that strategic interactions in which the outcome of one's choices depends upon the choices of others (howe 1986). This view has also been advanced by other scholars including (Drucker, 1986; Nash, 1950). The Resource Based Theory (RBT) advanced by among others (Mahoney and Pandian 1992; Barney 1991; and Grant, 1991) views firms as a unique bundle of assets and resources which can create competitive advantage if exploited to the maximum. Porter's Generic strategy advanced by among others (Porter, 1985; Lynch, 2003; Thompson & Strickland, 1998and Pearce and Robinson) identifies three generic strategies for the achieving performance in an industry and these are cost leadership, differentiation and focus approach.

Organizations exits as open systems and hence they are in continuous interaction with the environment in which they operate. The environment in which the organizations operate is never static. All organizations lend themselves to this environment which is highly dynamic, chaotic and turbulent and it is not possible to predict what will happen and /or when it will happen. Consequently, the ever changing environment continually presents opportunities and challenges. To ensure survival and success, firms need to develop capacity to manage threats and exploit emerging opportunities promptly. This requires formulation of strategies that constantly match capabilities to environmental, requirements. Success therefore calls for a proactive approach to business (Pearce & Robinson, 1997). Television media houses just like other organizations have the key concern of being in continued existence overtime. Since this is not guaranteed, the firms have to justify their continued existence by their activities. The organizations external environment consists of all conditions and forces that affect its strategy options and defines its competitive situations. The environment for the television broadcasting media companies is constantly changing and the players have responded with strategic planning as key to combating their competitors.

1.1.1 Competitive Strategies

Mintzberg & Quinn (1991) perceive strategy as a pattern or a plan that integrates organization's major goals, policies and actions into a cohesive whole. Porter (1998) has defined strategy as a creation of a unique and vulnerable position of tradeoffs in competing, involving a set of activities that neatly fit together, that are simply consistent, reinforce each other and ensure optimization of efforts. Johnson, Scholes& Whittington (2005) defines competitive strategy as the bases on which a business unit might achieve competitive advantage in the market. Organizations achieve competitive advantage by providing their customers with what they want or need, better or even more effectively than competitors and in ways which competitors find difficult to imitate. Porter (1998) defines competitive strategy as being different. It means deliberately choosing to perform activities differently or to perform different activities better than rival to deliver unique mix of value. He attributes this to a number of possible approaches, i.e., positioning the firm so that its capacities provide the best defense against the existing array of competitor forces; influencing the balance of forces through strategic moves, thereby improving the firm's relative position; or anticipating shifts in the factors underlying the forces and responding to them, thereby exploiting change by choosing a strategy appropriate to the new competitive balance before rival recognizes it.

Firms develop competitive strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 1998). The competitive aim is to do a significant better job of providing what buyers are looking for, thereby enabling the company to earn a competitive advantage and outsmart rivals in the market place. The core of a company's competitive strategy consists of its internal initiatives to deliver superior value to customers. But it also include offensive and defensive moves to counter the maneuvering of rivals; actions to shift resources around to improve the firm's long term competitive capabilities and market position, and tactical efforts to respond to prevailing market conditions. Assuming that there are a number of providers, customers will choose which offering to accept on their perception of value of money.

In the television broadcasting Media industry, competitive strategies may involve taking into account four factors that may determine the limits of what a company can achieve given enough resources. This includes the firm's weaknesses and strength and industry's opportunities and threats caused by other forces, personal values of the key implementers of proposed strategies and broader societal expectations.

1.1.2 Media Organizations in Kenya

An industry can be defined as a group of firms that offer products that are close substitute of each other to a market Grant (2000). The media industry is generally composed of media firms that engage in print media (daily newspapers, the magazines, and the regional newspapers), broadcast (Radio and television) and electronic media (Internet). Kenya's media industry is noteworthy given the continent's history that has a devastating effect on the industry. At independence, most African states had media that could have been developed into vibrant institutions (De Beer, Megwa & Steyn, 1995). In most cases, however, as Ayittey (1992) observes, African nations engineered systematic schemes that decimated the industry.

According to Abuoga and Mutere (1998), the media industry in Kenya was largely state controlled during the period 1963(when Kenya achieved independence) to the late 1990's. the Kenya government had total control over the one and only television and radio network, the then Voice of Kenya (VoK) now the Kenya Broadcasting Station (KBC) which has both radio and television broadcasts in both English and Kiswahili, as well as most local languages of Kenya (Gethii, 1971).

Kenyans if compared to people in other developing countries, now enjoy a vibrant media industry, offering opportunities for entrepreneurs, both local and foreign. The Kenyan media industry describes the once very distinct, but today interactive, mass media business of newspapers, magazines, books, radio, internet and TV industries. Kenyans today have access to over fourteen TV channels (KBC, KTN, NTV, EATV, Family TV, Kiss TV, Q TV, K-24, UTV, God TV, KASS TV, GBS, SYR TV, CNBC and Citizen TV); up to twenty eight radio stations including vernacular stations; the print media is at seven with four alternative media i.e. The independent, The Leader, The confidential and Citizen.

The Kenyan media industry has undergone tremendous growth. The late 1990's saw the liberation of the media industry. Internal and external pressures have brought about the positive change. The FM stations especially have increased drastically and are providing the audience and advertisers a wide range of choices. The government continues to keep a close eye on these developments. The print media has improved over the last ten years especially after the government opened the economy to market forces. By 1994, the government had dismantled most foreign exchange rates, removed importer licensing and liberalized domestic marketing of major products. The Kenyan media has since become vibrant, dynamic and economically sound. The issue of growth presents both opportunities and threats for the media houses. Any media houses must therefore formulate appropriate strategies to exploit the emerging opportunities and face the inherent threats in order to reap the potential benefits. Some of such firms areKTN, Citizen, Nation TV and QTV.

1.1.3 Television Broadcast Media Stations in Kenya

The original Kenya television station is the Kenya Broadcasting Corporation (KBC), and they are still broadcasting today. They were first a radio station during the British colonial period, offering news for the white ranchers who had settled in Kenya and needed a way to get news from Europe. By 1962 they began to broadcast television as well. With the independence of Kenya, the name of the corporation was changed to the Voice of Kenya. In 1989, the name was changed back to the original Kenya Broadcasting Corporation. KBC is the most offers the most wide-spread television service in Kenya, being available in all major cities and a number of rural areas as well.

In the 1990s, the field began to expand and modernize. The KBC started to improve its capabilities with new equipment and expanded services. During this time, competition began to appear as new stations were launched. The second one was the Kenya Television Network, started in 1990. The KTN was private, unlike the government-owned KBC which gave them greater freedom with regards to their content. Today, KTN is still a news station that focuses on business news rather than the more aggressive journalism style it was founded on. The network broadcasts in the major cities, including Nairobi, Mombasa, Nakuru and Eldoret.

By 2000, more stations began to broadcast and further broaden the options available for Kenyans. Additional stations are Nation TV (renamed NTV), Family TV, Sayare TV and Citizen TV. Both Family and Sayare networks are predominantly Christian or gospel themed, reflecting the strong missionary influence in Kenya. In the recent past, we have had the introduction of K-24, QTV, Kiss TV among others in the market. With more competition on the airwaves, KBC also chose to expand by creating a new channel for sports and entertainment, called Metro Television.

1.2 The Research Problem

Kenya has witnessed a growth in demand for information and media companies are seeking to concentrate in areas of core strength. Access to information through the media is critical in transforming political, economic and social systems. With rising competition within the media industry reaching fever pitch, a successful competitive strategy is needed as it helps focus on assessing an organization's unique strengths, identifying growth opportunities, collecting competitive intelligence and responding to competitive threats. It effectively supports the organization's top- line growth objective by helping develop a differentiated and sustainable position.

Television media stations are one of the independent media players in Kenya and their operations are supported by advertising revenue. This profitability is now threatened by strategic and tactical moves among these competing stations among other competitors. Their market share is also under threat from competitors who are offering substitute products. Consumers of media products and services have a large pool of choices. The competition is not just in the form of product offering and advertising revenue but competition for human capital as well. There are many TV stations chasing too few talented presenters and program hosts. Competition from new entrants into the market such as K-24, CNBC and Kiss TV also threaten to eat into the existing TV stations revenue by under- pricing in order to attract advertising. It is therefore necessary to study how these diverse television stations have responded to these competitive pressures.

Previous research has been done on the media and effects that competition has on different segment of media. i.e. competitive intelligence Practices by FM stations in Kenya, Sang(2001), there was a survey on advertising agencies in Kenya (Mbuthia, 2003), competitive strategies adopted by KTN of the Standard Group (Karoney, 2008), competitive strategies adopted by mainstream daily print media firms in Kenya(Mbugua, 2006) and Competitive strategies adopted by Nation Media Group Limited (Muganda, 2007). Other studies by Kandie (2001) and Kiptugen (2003) show the effects of environmental changes to firms in specific industries. However, very few studies have been done specifically on broadcast Television media stations and the effects competition has on their operational activities and management styles and those that are available, though the context is the same; the content has changed due to changing environment. This study sought to bridge the gap and specifically the questions addressed were: what dimensions of competition is faced by Television media houses in Kenya? What competitive strategies have television media stations in Kenya adopted to cope with increased competition in the media industry in Kenya?

1.3 The Research Objectives

The study addressed the following objectives:

i. To determine the dimensions of competition faced by Television media houses in Kenya.

ii. To establish the competitive strategies adopted by television media stations in Kenya to cope with the challenges of increased competition from other media players in Kenya.

1.4 Value of the Study

The study will provide policy makers with relevant information on competitive strategies adopted by television media stations. It will assist them gain insight into the basis of competition faced as well as help them develop policies that will regulate the sector as well as understand the extent to which the policy they develop will affect the sector. The findings of the research are also expected to contribute to the building of game theory and Resource based theory of strategic management.

The study is considered significant because company executives and players in the Media industry can use the findings in formulating strategies and plans to gain competitive advantage in the Kenyan market. With this knowledge, they will be in a better position to steer their businesses in the right direction. Investors can also use the information to make investment decisions. Furthermore, the findings of the study will contribute to the existing body of knowledge in the area of competition and strategy in broadcast Media stations in Kenya. Therefore, future scholars may find the study useful for reference purposes as they carry out further related studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature review in this study is discussed under the following sub topics: the concept of strategy, the concept of competition, competitive advantage, Competitive strategies, and Porter's generic strategies that will have the following sub-topics: Cost leadership strategy, differentiation strategy and focus strategy.

2.2 Theoretical Framework

2.2.1 Competitive Strategies

According to Porter (1998), competition is very critical for the success or failure of a firm. Competitive strategies are thus the search for a favorable competitive position, in an industry, the fundamental arena in which competition occurs. Competitive strategy aims at establishing a profitable and sustainable position against the forces that determine industry competition. Porter (1980) argues that a firm can achieve a higher level of performance over a rival in one of two ways: either it can supply an identical product or service at a lower cost, or it can supply a product or service that is differentiated in such a way that the customer is willing to pay a price premium that exceeds the additional cost of the differentiation. In the former case, the firm possesses a cost advantage. In the latter, the firm possesses a differentiation advantage.

Firms pursuing cost leadership strategies attempt to gain advantage by increasing the perceived value of the product or service they provide to customers. Firms pursuing product differentiation strategies attempt to gain advantage by increasing the perceived value of the product or service they provide to the customers. Firms may however seek to adopt a hybrid strategy. This strategy seeks to simultaneously achieve differentiation and a price lower than that of competitors. The success of the strategy depends on the ability to deliver enhanced benefits to customers together with low prices whilst achieving sufficient margins for reinvestment to maintain and develop the bases of differentiation (Johnson, Scholes and Whittington 2005). Focused differentiation is a strategy that seeks to provide high perceived product/ service benefits justifying a substantial price premium, usually to a selected market segment or niche market. The backbone of a company's competitive strategy consists of its internal initiatives to deliver superior value to customers. It also includes offensive and defensive moves to counter the maneuvering of rivals, actions to shift resources around to improve the firm's long term competitive capabilities and market position and tactical efforts to respond to whatever market conditions prevail at the moment (Thompson and Strickland, 2003).

2.2.2 Game Theory

The game theory assesses strategic interactions in which the outcome of one's choices depends upon the choices of others. For a situation to be considered a game there must be at least two rational players who take into account one another's actions when formulating their own strategies. If one does not consider the actions of the other players, then the problem becomes one of standard decision analysis and one is likely to arrive at a strategy that is not optimal. Game theory assumes that one has opponents who are adjusting their strategies according to what they believe everybody else is doing. The exact level of sophistication of the opponents should be part of one's strategy. If the opponents make his/ her decisions randomly, then one's strategy might be very different than it would be if the opponent is considering others moves. To analyze such a game, one puts oneself in the other player's shoes, recognizing that the opponent, being very clever, is doing the same. When considering of the other player's moves continues indefinitely, player's moves continues indefinitely, the result is an infinite regress. Game theory provides the tools to analyze such problems (Howe, 1986).

Game theory can be used to analyze a wide range of strategic interaction with the environment including oligopolies, sports, and politics. Many company failures can be attributed to the failure to consider adequately the responses of competitors. Game theory forces one to consider the range of a rival's responses. Elements of a game are: players, actions, information, strategies outcomes, payoffs and equilibrium. When evaluating a situation in which game theory is applicable, the following framework is useful: Defining the problem, identify the critical factors, build a model, search a bi- matrix game or an extensive form game, develop intuition by using the model and formulate a strategy. A sound strategy could be used as a set of instruction for someone who knows nothing about the problem. It specifies the best action for each possible observation. The best strategy may be formulated by first evaluating the complete set of strategies. The complete set of strategies is a list of all possible actions for each possible observation (Drucker, 1986).

2.2.3 Porter's Generic Strategies

The primary determinant of a firm's profitability is the attractiveness of the industry in which it operates and another determinant is its position within the industry. The aim of any firm should be to develop a distinctive competence that is greater than its competitors. Porter (1985) identifies three generic strategies for the achieving performance in an industry and these are cost leadership, differentiation and focus approach. Each of the strategy is a different approach to creating and sustaining competitive advantage. These strategies are applied at the business unit level. They are called the generic strategies because they are not firm or industry dependent.

Cost leadership strategy focuses on gaining competitive advantage by having the lowest cost in the industry. Low cost leadership requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reduction from experience, tight cost curve control, and cost minimization, Porter (1980). The cost leadership strategy requires the sale of a "standard or no-frills" product (Porter, 1985) combined with "aggressive pricing" (Porter, 1980). Thus, the strategy involves making a "fairly standardized product and under pricing everybody else." In order to achieve this, an organization must have a low-cost leadership strategy, low- cost manufacturing, and a work force committed to the low cost strategy. The cost leadership strategy usually targets a broad market. Some of the ways in which firms acquire cost advantage include improving process efficiencies, gaining unique access to a large source of lower cost materials, optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. Firms that succeed in cost leadership often have the following internal strengths: access to capital required to make a significant investment in production assets; skills in designing products for efficient manufacturing; high level of expertise in manufacturing process engineering and efficient distribution channels (Lynch, 2003).

The company with the lowest cost would earn the highest profit in the event that the competing products are essentially undifferentiated, and selling at a standard market price. 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). In pursuing low cost leadership, managers must take care to include features and services that the buyers consider essential. The value of cost advantage depends on its sustainability, whether rivals find it easy or inexpensive to imitate the low cost methods will determine the duration of the advantage (Thompson and Strickland, 1998).

Pearce and Robinson (1997) define differentiation as where the business creates differential advantage through features or services that sets it apart from others in the market. The essence of differentiation is to be unique in ways that are valuable to customers and that are sustained. This uniqueness should translate to profit margins that are higher than the industry average. In addition, some of the conditions that should exist to support a differentiation strategy include strong marketing abilities, effective product engineering, creative personnel, the ability to perform basic research and a good reputation. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's unique attributes, if the suppliers increase their prices, the firm may be able to pass along the costs to its customers who cannot find substitute product easily (Lynch, 2003).

For a company to be successful in this strategy, it must study the buyers' needs and behavior carefully to learn what they consider important with value and what they are willing to pay for it. There is almost no limit to a firm's opportunities depending on the nature and characteristics of the product. However, it has been claimed that anything can be turned into a value added product or service for a well-defined or newly created market. The advantage or uniqueness may be in the form of customer service, design, brand image or technology, (Porter, 1980). Differentiation extends beyond the characteristics of the product or service to encompass every possible interaction between the firm and its customers. Differentiation strategies are not about pursuing uniqueness for the sake of being different but are about understanding the product or service and the customer (Grant, 2000).The differentiation strategy 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, a successful differentiation strategy may attract competitors to enter the company's market segment and copy the differentiated product (Lynch, 2003).

Focus strategy involves the identification of a particular customer segment or geographical market and coming up with products suitable for the segment. It is built around serving a particular target very well and once the segment is identified, then the firm may pursue either cost or differentiation strategies according to Porter (1980). The target segment may be defined by geographical uniqueness, specialized requirements in using the product or by special product attributes that appeal only to segment members. Cost focus is a low competitive strategy that focuses on particular buyer group or geographical market and attempts to serve only this niche. It seeks a cost advantage in its target segment (Hunger and Wheelen, 1995). A firm using a focus strategy often enjoys a high degree of customer royalty, and this entrenched loyalty discourages other firms from competing directly. Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers (Lynch, 2003).

According to Porter (1980), the target market segments must either have buyers with unusual needs or else the production and delivery systems that best serve the market segment must differ from that of other industry segments. Focusing is attractive where the segment has good growth potential and the focusing firm has the capabilities and resources to serve the targeted niche effectively. For most firms, the ultimate aim is to make profit and to develop a distinctive competence greater than its competitors. However, firms pursuing a differentiation- focus strategy may be able to pass higher costs on to customers since close substitute products do not exist. Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad- market cost leader to adapt its products in order to compete directly (Pearson, 1999).Therefore, competitive advantage can only be achieved in the company’s target segments by employing the focus strategy. The company can make use of the cost leadership or differentiation approach with regard to the focus strategy.

2.2.4 Resource Based Theory

The resource- based theory argues that competitive advantage lie in the heterogeneous firm's specific resources possessed by the firm. Resources include all asserts, capacities, organizational processes, firms attributes, information, knowledge e.tc controlled by the firm to conceive of and implement strategies that improve efficiency and effectiveness (Barney, 1991).

A firm achieves rents not because it has more or better resource but because the firm's distinctive capabilities allow it to make better use of available resources. Resource- based theory therefore attributes priority to the content aspect of strategy and leaves the managerial aspect that underlies the creation and management of resource-based strategies (Mahoney and Pandian 1992). Although capabilities are resource dependent, resources do not exclusively determine what the firm can do and how well it can do it. A key ingredient in this relationship is entrepreneurial key decision maker of the firm (Grant, 1991).

According to Jiang (2002), a firm that wants to obtain strategic competitive advantage should possess the capabilities to adapt its operations to the dynamics of the market environment in which it positioned. In addition, the capacity to develop new forms of competitive advantage before the decline of the previous or current form of competitive advantage is necessary. In this sense, while innovation must be a consistent and continuous process, a degree of "creatively destructive innovation" is also a necessary ingredient. Hence, managers off firms must conceive of and develop a competitive advantage as if it was on a continuum.

2.3 Dimensions of Competitive Strategies

Factors that influence competitive strategies are varied but the main factors are changes in competition and customer demand. Competition will increase the supply of comparable or alternative products thus forcing a firm to differentiate. Change in customer wants and demands can cause a firm to suddenly have a change in the products they offer. These factors are critical to monitor and a firm's competitive strategy must adapt quickly to these changes.

New entrants to an industry can raise the level of competition thereby reducing its attractiveness. The threat of new entrants largely depends on the barriers to entry. High barriers exist in some industries (e.g. shipbuilding) whereas other industries are very easy to enter (e.g. restaurants). Key barriers to entry includes: economies of scale, capital investment requirements; customers switching costs; Access to industry distribution channels and the likelihood of retaliation from existing industry players (Grant, 1998).

The presence of substitute products can lower industry attractiveness and profitability because they limit price levels. The threat of substitute products depends on: Buyers' willingness to substitute; the relative price and performance of substitutes and the costs of switching to substitutes (Grant, 1998).

Suppliers are the businesses that supply materials and other products into the industry. The cost of items from suppliers (e.g. raw materials, services) can have a significant impact on a company's profitability. If suppliers have high bargaining power over a company, then in theory, the industry is less attractive (Grant, 1998).

Buyers are the people/ organizations who create demand in an industry. The bargaining power of buyers is greater when: there are few dominant buyers and many sellers in the industry; products are standardized; buyers threaten to integrate backward into the industry; suppliers do not threaten to integrate forward into the buyer's industry and the industry is not a key supplying group for buyers (Grant, 1998).

The intensity of rivalry between competitors in an industry will depend on: the structure of competition- for example, rivalry is more intense where there are many small equally sized competitors and rivalry is less when an industry has a clear market leader; the structure of industry cost- for example, industries with high fixed costs encourage competitors to fill unused capacity by price cutting; degree of differentiation- industries where products and commodities (e.g. steel, coal) have greater rivalry; switching costs- rivalry is reduced where buyers have high switching costs i.e. there is a significant cost associated with the decision to buy a product form an alternative suppliers; strategic objectives- when competitors are pursuing aggressive growth strategies, rivalry is more intense. Where competitors are "milking" profits in a mature industry, the degree of rivalry is less; exit barrier- when barriers to leaving an industry are high, then competitors tend to exhibit greater rivalry (Grant, 1998).

Being the low cast provider of a good or service can be a quick path to gaining more business or market share than your competitors. But this strategy has serious risks. A lower labor, materials or overhead cost is necessary. From the literature above, it is clear that the competitive environment is continually changing. Such changes have led to increased competition forcing many firms to respond by adopting strategies to ensure they achieve sustainable competitive advantage.

Sustainable competitive advantage leads to long term success of firms. This study therefore seeks to establish the dimensions of competition faced by television broadcasting media Industry in response to increased competition in the Media industry in Kenya (Grant, 1998).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The researcher used research methods in data gathering. This part of the study expounds on the research design, population sampling and sample design, data collection and data analysis. This information was instrumental in identifying the competitive strategies adopted by television broadcast Media houses in Kenya.

3.2 Research Design

According to Borg (1996) postulates that a research design is a logical and valuable way of looking at the world. The research design used was descriptive cross sectional survey design. Mugenda and Mugenda (2003) define survey method where data was collected from members of a population in order to determine the current status of that population with respect to one or more variables and generalize the findings.

Questionnaires and structured interviews were used with the intent of generalizing from a sample of population. This was suitable because respondents gave their own opinions and also enabled the researcher to describe the state of affairs as it exists.

3.3 Population of Study

Population in statistics is the specific group of items about which information is desired. According to Mugenda and Mugenda (2003), population is a complete set of individuals, cases or objects with some common observable characteristics.

There are currently 16 fully operational television channels while 54 TV stations licensed to operate in Kenya. The target population of interest in this study was the 16 fully operational television channels in Kenya.

3.4 Data Collection

Both primary and secondary data was used. Primary data will be collected by means of structured questionnaires, while secondary data was obtained from both internal and external documentation. The focus of the study was carrying out an intensive study of the competitive strategies adopted by television broadcast Media houses in Kenya. To achieve this, questionnaires were administered to Management of the various television media houses sampled for the study.

The questionnaires were sent to the respondents through email and after filling, the sent back their responses using the same channel. Document analysis technique was also used to collect secondary data which were obtained from media house's policy and/ strategy documentations.

3.5 Data Analysis

According to Ogula (1998), data analysis involves reducing the data into summaries. The researcher used SPSS to enter both quantitative and quantitative data and analyze data using descriptive statistics to generate frequencies and percentages. This data was presented in form of tables, and pie charts.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The objective of this study was to determine competitive strategies adopted by television broadcast media stations in Kenya. Out of the population 12 main stream TV media houses, 10 TV stations representing 83% responded to the questionnaires. This was considered adequate for the objective of this study.

4.2 Demographic Information of the Companies

The analysis of the characteristics of the companies was as to determine the average age of TV media stations companies in Kenya.

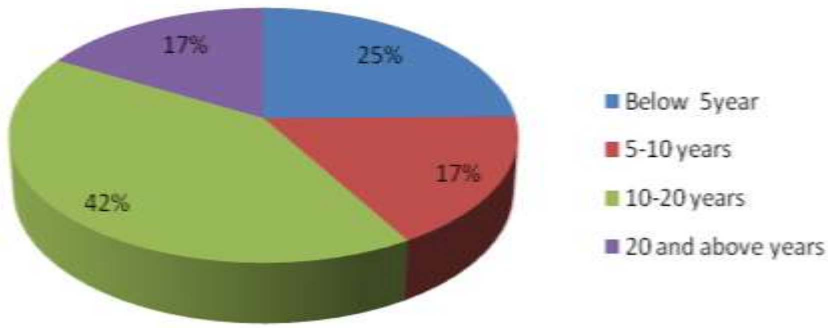
4.2.1 Age of the Company

It was necessary to find the age of TV stations operating in Kenya. The findings shows that 25% of the companies had operated for a period below 3 years, 17 % for a period of between 5 to 10 years, 42% had operated for/ more than 5 years and 12% had operated for a period of less than 1 year. The findings are shown in the table and figure below.

Table 1: Age of Companies

Category	**Frequency**	**Percentage**
Below 5year	3	25
5-10 years	2	17
10-20 years	5	42
20 and above years	2	17
Total	12	100

Figure 1: Age of Companies



From the findings, it is evident that most of the television media stations have been operation for a period of between 10- 20 years.

4.3 Dimensions of competition

The objective of this study was to establish the dimensions of competition influencing the competitive strategies adopted by television media stations in Kenya. In order to meet this objective, the researcher asked several questions and these are represented in the following section.

The respondents were asked to indicate to what extent the following factors influenced their companies' competitive strategies. The answers were ranked on a 5 point liker scale where 1= Not at all, 2= little extent, 3= Moderate extent, 4= Great extent and 5= Very great extent in order to show the extent of how the factors affect the choices of competitive strategies. The results are shown in the tables below.

4.3.1 Threats of new entrants

Table 2: Threats of new entrants

Statement	Mean	STDEV
Strengthened ability to retain staff	3.28	0.755929
highly trained staff	4.43	0.534522
Entry of new firms is very costly due to high licensing costs.	2.86	1.676163
Grand Mean	**3.52**	**0.605419**

Table 2 shows how television media stations are affected by new entrants which are one of the dimensions of competition that have influenced their competitive strategies. As shown, these ways are strengthened ability to retain staff (Mean=3.28), highly trained staff (Mean= 4.43) and entry of new firms is very costly due to high licensing costs (mean=2.86). These strategies have a combined mean of 3.52 and a standard deviation of 0.605419. A combined mean of 3.52 indicates that these factors affect the choice of competitive strategies to a great extent. This shows that this dimension of competition from threats of new entrants is a significant consideration when developing competitive strategies.

4.3.2 Threats of substitute

Table 3: Threats of substitute

Category	Mean	STDEV
Introduction of Pay TV channels	3.43	0.9759
Radio as a programming substitution	4	0.816497
Internet introduction	3.29	1.253566
Grand Mean	**3.57**	**0.221185**

Table 3 shows how television media stations have been affected by threats of substitutes which is one of the dimensions of competition that influences their competitive strategies. As shown, these ways are introduction of Pay TV channels (Mean=3.43), radio as a programming substitution (Mean= 4) and Internet introduction (mean=3.29). This dimension of competition has a combined mean of 3.57 and a standard deviation of 0.221185. A mean of 3.57 indicates that these factors affect the choice of competitive strategies to a great extent. This shows that this dimension of competition from threats of substitutes is an important consideration when developing competitive strategies.

4.3.3 Power of Suppliers

Table 4: Power of Suppliers

Category	**Mean**	**STDEV**
competitive position in the market	2.43	0.9759
Number of suppliers in our disposal	3.29	1.253566
Offer better prices to our suppliers	3.29	1.380131
Grand Mean	**3**	**0.206769**

Table 4 shows how television media stations have been affected by power of suppliers which is one of the dimensions of competition that influences their competitive strategies. As shown, these ways are competitive position in the market (Mean=2.43), Number of suppliers in our disposal (Mean= 3.29) and Offer better prices to our suppliers (mean=3.29). This dimension of competition has a combined mean of 3 and a standard deviation of 0.206769. A mean of 3 indicates that these factors affect the choice of competitive strategies to a moderate extent. This shows that this dimension of competition from the power of suppliers is an important consideration when developing competitive strategies to counter competitors.

4.3.4 Bargaining power of buyers

Table 5: Bargaining power of buyers

Category	Mean	STDEV
Wide range of programmes for customers/viewers to choose from	4.43	0.786796
High quality of programmes provided	3.71	1.112697
Wide geographical coverage of station	3.86	1.345185
Grand Mean	**4**	**0.280494**

Table 8 shows how television media stations have been affected by bargaining power of buyers which is one of the dimensions of competition that influences their competitive strategies. As shown, these ways are the wide range of programmes from which customers/viewers are to choose from (Mean=4.43), high quality of programmes provided (Mean= 3.71) and wide geographical coverage of station (mean=3.86). This dimension of competition has a combined mean of 4 and a standard deviation of 0.280494. A mean of 4 indicates that the competitive dimension of the power of buyers/viewers affect the choice of competitive strategies to a very great extent. This shows that this dimension of competition from the power of buyers is a very important consideration when developing competitive strategies to counter competitors.

4.3.5 Intensity of Rivalry

Table 6: Intensity of Rivalry

Category	Mean	STDEV
programming conform to the highest customer expectations	4.23	0.755929
consult with other TV stations to set prices	1.43	0.786796
consult with other TV stations for some their programming	1.72	0.755929
Grand Mean	**2.48**	**0.017821**

Table 6 shows how television media stations have been affected by intensity of rivalry which is one of the dimensions of competition that influences their competitive strategies. As shown, these ways are programming to conform to the highest customer expectations (Mean=4.23), consult with other TV stations to set prices (Mean= 1.43) consult with other TV stations for some their programming (mean=1.72). This dimension of competition has a combined mean of 2.48 and a standard deviation of 0.017821. A mean of 2.48 indicates that the competitive dimension of intensity of rivalry affect the choice of competitive strategies to a moderate extent that is increasing lately. This shows that this dimension of competition from the power of buyers is a very important consideration when developing competitive strategies to counter competitors.

Table 7: Dimensions of Competition

Factors	Mean	STDEV
Threats of new Entrants	3.52	0.605419
Threats of Substitutes	3.57	0.221185
Power of Suppliers	3	0.206769
Bargaining power of buyers	4	0.280494
Intensity of Rivalry	2.48	0.017821

Table 7 shows the dimensions of competition that influences the types of strategies that television media stations adapt to counter competition. As shown, bargaining power of buyers, threats of new entrants and power of suppliers are the dimensions that greatly affect the choice of competitive strategies adopted. The factor that least influences the choice of competitive strategies is intensity of rivalry in the market.

4.4 Competitive Strategies

The objective of this study was to determine the competitive strategies adopted by television broadcast media stations in Kenya. In order to meet this objectives, the researcher asked several questions and these are presented in the following sections.

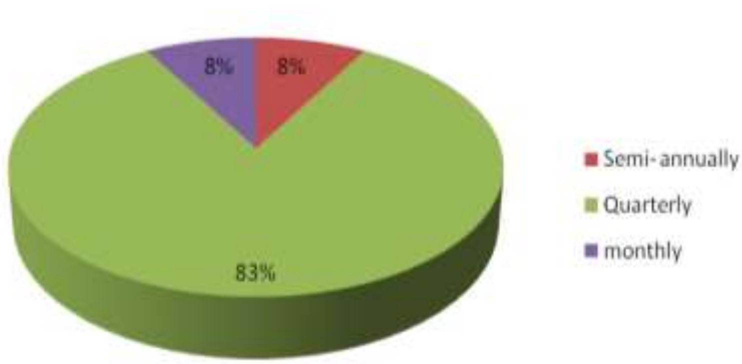
4.4.1 Strategy formulation period

It was necessary to find out the strategy formulation period of these companies. The findings show that 83.3% of the companies formulate their strategies quarterly, 8% semi-annually and 8% monthly.

Table 8: Strategy Formulation Period

Category	Frequency	Percentage
Annually	none	none
Semi- annually	1	8%
Quarterly	10	83.3%
monthly	1	8%

Figure 2: Strategy Formulation Period



The findings indicate that majority 33.3% are competitive on one market segment showing that these companies focus on only one market segment.

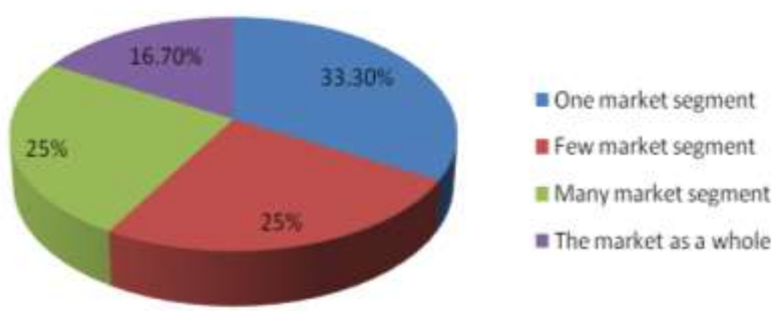
4.4.2 Competitive Scope

It was necessary to find out the competitive scope of these companies. The findings show that 33.3% of the companies compete in one market segment, 25% in few market segment, 25% of others in many market segment and 16.7% in the market as a whole.

Table 9: Competitive Scope

Category	Frequency	Percentage
One market segment	4	33.3%
Few market segment	3	25%
Many market segment	3	25%
The market as a whole	2	16.70%
Total	12	100%

Figure 3: Competitive Scope



The findings indicate that majority 33.3% are competitive on one market segment showing that these companies focus on only one market segment.

4.4.3 Use of Cost Leadership as a Competitive Strategy

The respondents were asked to indicate to what extent they used cost leadership as a competitive strategy. The answers were ranked as a 5 point scale where 1= Not at all 2= little Extent, 3= Moderate extent, 4= great extent and 5= very great extent in order to show the extent of cost leadership. The results are shown in the table below.

Table 10: Use of Cost Leadership as a Competitive Strategy

Statement	Mean	STDEV
Low cost producer	3.14	1.345185
Low advertising rates	3	1.290994
Low price of acquiring international programmes	3.57	1.618347
Use of Technology	3.29	1.380131
Outsource production	3.71	1.253566
Developing low cost production content	3	1.632993
Trade-off differentiation for cost	3	1.154701
Maximize capacity to reduce cost	3.71	1.380131
Grand Mean	**3.304**	**0.167614**

Table 8 shows the extent to which competitive strategies relating to cost leadership are used by TV media stations to deal with competition. As shown, the strategies include low cost production (mean= 3.14), Low advertising rates (mean= 3), Low price of acquiring international programmes (Mean =3.57), Use of Technology (mean=3.29), Outsource production (mean=3.71), Developing low cost production content (mean=3), Trading-off differentiation for cost (mean= 3) and maximizing capacity to reduce cost (mean=3.71). On average, these strategies had a mean of 3.304 and a standard deviation of 0.167614. A mean of 3.304 means that, the respondents believe that these strategies are used to moderate extent. These means that these strategies are significant in ensuring cost leadership.

4.4.4 Use of differentiation as a competitive strategy

The respondents were asked to indicate to what extent they used cost leadership as a competitive strategy. The answers were ranked as a 5 point scale where 1= Not at all 2= little Extent, 3= Moderate extent, 4= great extent and 5= very great extent in order to show the extent of cost leadership. The results are shown in the table below.

Table 11: Use of Differentiation as a Competitive Strategy

Statement	**Mean**	**STDEV**
Technology supports	4.43	0.534522
Use non tape formats	4	1
Use of tape formats	2.71	1.380131
Deploy live broadcast units differently.	3.57	1.397276
station run on analogue system	2	1
station run on digital system	4	1
Presentation of programmes is different	4	0.57735
News and current affairs are different	4.29	0.48795
Regional content news and current affairs are different	3.86	0.377964
Presenters and reporters news and current affairs are different	4.29	0.48795
Style of delivery of news and current affairs are different	4.43	0.534522
Advertising rates are better	2.86	1.069045
Programming is different	3.86	0.377964
Grand mean	**3.714**	**0.36797**

Table 9 shows the extent to which competitive strategies related to differentiation are used by TV media stations to deal with competition. As shown, the strategies include Technology supports (mean= 4.43), Use non tape formats (mean= 4), Use of tape formats (Mean =2.71), Deploy live broadcast units differently (mean=3.57), station run on analogue system (mean=2), station run on digital system (mean=4), Presentation of programmes is different (mean= 4), News and current affairs are different (mean=4.29), Regional content news and current affairs are different (mean=3.86), Presenters and reporters news and current affairs are different (mean=4.29), Style of delivery of news and current affairs are different(mean=4.43), Advertising rates are better (mean=2.86) and Programming is different (mean=3.86). These strategies had a mean of 3.714 and a standard deviation of 0.36797. A mean of 3.714 means that, the respondents believe that these strategies are used to a great extent. This shows that these strategies are competitive significant strategies. The results also indicate that differentiation is a more significant competitive strategy and most of the TV broadcast media stations use it.

4.5 Discussions and Findings

The study sought to find the dimensions of competition adopted by television media stations in Kenya. The study found out that the dimension related to threat of new entrants were lessened by ability to retain staff (Mean=3.28), highly trained staff (Mean= 4.43) and entry of new firms is very costly due to high licensing costs (mean=2.86). Dimensions relate to threats of substitutes were introduction of Pay TV channels (Mean=3.43), radio as a programming substitution (Mean= 4) and Internet introduction (mean=3.29). Dimensions of competition related to power of suppliers were competitive position in the market (Mean=2.43), Number of suppliers in our disposal (Mean= 3.29) and Offer better prices to our suppliers (mean=3.29) and dimensions of competition related to programming to conform to the highest customer expectations (Mean=4.23), consult with other TV stations to set prices (Mean= 1.43) consult with other TV stations for some their programming (mean=1.72).

The study also sought to establish the competitive strategies adopted by television media stations. The study found out that cost leadership related strategies were low cost production (mean= 3.14), Low advertising rates (mean= 3), Low price of acquiring international programmes (Mean =3.57), Use of Technology (mean=3.29), Outsource production (mean=3.71), Developing low cost production content (mean=3), Trading-off differentiation for cost (mean= 3) and maximizing capacity to reduce cost (mean=3.71).

The differentiation strategies were offering Technology supports (mean= 4.43), Use non tape formats (mean= 4), Use of tape formats (Mean =2.71), Deploy live broadcast units differently (mean=3.57), station run on analogue system (mean=2), station run on digital system (mean=4), Presentation of programmes is different (mean= 4), News and current affairs are different (mean=4.29), Regional content news and current affairs are different (mean=3.86), Presenters and reporters news and current affairs are different (mean=4.29), Style of delivery of news and current affairs are different(mean=4.43), Advertising rates are better (mean=2.86) and Programming is different (mean=3.86).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions, and recommendations of the study. The chapter is presented as follows: Summary of the findings, conclusion of the study, recommendation for policy and practice, the limitation of the study and finally suggestions for further research are presented.

5.2 Summary of the Findings

This study was designed to achieve two specific objectives: to determine the dimensions of competition of faced by Television media houses in Kenya and to establish the competitive strategies adopted by television media stations in Kenya to cope with the challenges of increased competition from other media players in Kenya. A review of the literature was therefore performed to understand the theories of competition in firms. These theories help to ascertain why competition takes place in firms. Secondly, a review on the competitive strategies that companies use literature was made. Finally, the dimensions of competition were also reviewed.

The study was therefore designed as a cross- sectional survey. The target population of interest in this study was the 16 fully operational television channels in Kenya. A sample of 14 television stations was selected using proportionate stratified sampling techniques to select the managers from the study population. Primary data was collected using questionnaires administered to the respective TV media stations. A total of 12 television media stations responded to the questionnaires giving a response rate of 85.7%. Data was analyzed using descriptive analysis.

The study found out that the dimensions of competition in the television media industry affecting choice of competitive strategies were threat to new entrants strategies (Strengthened ability to retain staff, highly trained staff, Entry of new firms is very costly due to high licensing costs) threats of substitutes (Introduction of Pay TV channels, Radio as a programming substitution, Internet introduction), powers of suppliers (competitive position in the market, number of suppliers in our disposal, offer better prices to our suppliers), bargaining power of buyers (Wide range of programmes for customers/viewers to choose from, high quality of programmes provided, Wide geographical coverage of station), and intensity of rivalry (programming conform to the highest customer expectations, consult with other TV stations to set prices, consult with other TV stations for some their programming).

The study also found out the competitive strategies used by TV media stations were cost reduction (Low cost producer, low advertising rates, Low price of acquiring international programmes, use of Technology, Outsource production, developing low cost production content, trade-off differentiation for cost and Maximize capacity to reduce cost) and differentiation (Technology supports, use non tape formats, use of tape formats, deploy live broadcast units differently, station run on analogue system, station run on digital system, presentation of programmes is different, News and current affairs are different, regional content news and current affairs are different, presenters and reporters news and current affairs are different, Style of delivery of news and current affairs are different, advertising rates are better, and programming is different).

5.3 Conclusions of the Study

The study concludes that the major dimensions of competition in the television media stations are threats of new entrants, threats of substitutes, power of suppliers, bargaining power of buyers and intensity of rivalry. Of these factors, bargaining power of buyers, threats of substitutes, and threats of new entrants are the key dimensions of competition that affect the formulation of strategies in the television media industry. To a smaller extent, power of substitute and rivalry in the market are dimensions contributing to strategy formulation.

The study further concludes that the major competitive strategies used by television media stations are cost leadership and differentiation. The study concludes that majority of the television media stations in Kenya has used differentiation strategy to remain competitive. This they have achieved by continuously reviewing their strategies quarterly and keeping in touch with their market segment to identify their changing needs.

5.4 Recommendations

The study recommends that television media stations should take into considerations the dimensions of competition in the media industry such as threat of new entrants, threats of substitutes, power of suppliers, bargaining power of buyers and intensity of rivalry when choosing the competitive strategies to use. The study also recommends that television media companies in Kenya should strive to be leaders in terms of cost management and differentiation. This will ensure good performance of these companies.

5.5 Limitations of the Study

This study focused on the television media stations in Kenya. The results may not apply to other firms in other industries. Such conclusions and interpretations should therefore be approached with utmost care.

Secondly, this study relied heavily only one research design where data was collected using one method. There are issues that might not have been captured using this methodology and therefore the study may have omitted some of the important issues on competitive strategies in the television media station industry.

5.6 Suggestions for Further Research

The study recommends that more studies be done on this subject to establish other factors other than competitive strategies that may significantly explain the variance in performance of television media stations in Kenya. this is important for the television media companies because they seem to operate on the same levels and most of them with the same intentions. A multi- step data collection method should also be employed in the future.

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APPENDICES

Appendix I: Letter of Introduction

July 2013

Dear Respondent.

I am a post graduate student in the school of business, University of Nairobi. I am currently undertaking my research project on competitive strategies adopted by Television media stations in Kenya.

In order to undertake the research, you have been selected to form part of the study. I therefore request you to kindly facilitate the collection of the required data by answering the questions herein. This information will be treated with strict confidence and is purely for academic purposes.

Your assistance and co-operation will be highly appreciated.

Yours Faithfully,

Njaaga Elizabeth Njeri

Dr Yabs

Supervisor

Appendix II : Questionnaire for Corporate Level Management

PART A: Demographic Information

1. Name and media station……………………………………………………………….
2. Age of the company……………………………………………………………........
3. Position Held…………………………………………………………………………..

PART B: Information on Basis of competition

4. To what extent do you consider the following factors to influence your competitive strategies: rate on a 5- point scale where: 1=Not at all 2= little extent 3= moderate extent 4= Great extent 5= Very great Extent

Threats of new entrants	1	2	3	4	5
We have strengthened our ability to retain staff					
We have highly trained staff					
Entry of new firms is very costly due to high licensing costs					
Threat of substitute					
Introduction of Pay TV channels					
Radio as a programming substitution					
Internet introduction					
Power of Suppliers					
Our competitive position in the market					
Number of suppliers in our disposal					
We offer better prices to our suppliers					
Bargaining power of buyers					
We have a wide range of programmes for our customers/viewers to choose form					
High quality of programmes that we provide					
Wide geographical coverage of our station					

Intensity of Rivalry	1	2	3	4	5
Our programming conform to the highest customer expectations					
we consult with other TV stations to set prices					
we sometimes consult with other TV stations for some our programming					

PART C: Information on competitive strategies adopted by TV stations

5. How often do you develop your media strategies?

Annually	
Semi- annually	
Quarterly	
monthly	
Others, specify	

6. What is your company's market segment(s) in the TV sector?

   i) one market segment ☐

   ii) Few market segment ☐

   iii) Many market segment ☐

   iv) The market as a whole ☐

7. To what extent do you use each of the following competitive strategies to deal with competition? Please indicate with a tick in the relevant column the extent to which you have used each of the following strategies to gain competitive advantage: rate on a 5- point scale where: 1=Not at all 2= little extent 3= moderate extent 4= Great extent 5= Very great Extent6= Not applicable

DIFFERENTIATION	**1**	**2**	**3**	**4**	**5**	**6**
Technology supports the presentation of our news and other programmes.						
We use non tape formats to film your news and programmes						
use of tape formats to film your news and programmes						
All main TV stations have outside/live broadcast units; we you deploy your live broadcast units differently.						
Our station run on analogue system						
Our station run on digital system						
Our presentation of programmes is different from the presentation style of our competitors.						
In terms of content, our news and current affairs are different from our competitors						
In terms of regional content, our news and current affairs are different from our competitors						
In terms of presenters and reporters, our news and current affairs are different from our competitors						
In terms of style, our news and current affairs are different from our competitors						
Our advertising rates are better than those of our competitors						
Our programming is different compared to our competitors						
COST LEADERSHIP	**1**	**2**	**3**	**4**	**5**	**6**
Low cost producer in terms of cost of production						
Low advertising rates						
Low price of acquiring international programmes determine our purchasing power						

Technology employed aims at the need of low cost production.						
Outsource production to reduce costs						
we are willing to invest in developing production content as long as we are the lowest rates in the market						
We are willing to trade-off differentiation for cost						

Appendix III: List of Television media houses in Kenya

1. CITIZEN TV
2. NTV
3. KTN
4. KBC
5. Q TV
6. KISS TV
7. K-24
8. GBS
8. FAMILY TV
10. UTV
11. SAYARE
12. KASS TV
13. GOD TV
14. EATV
15. Metro TV
16. CNBC

Source: Research Data (2013)