EFFECT OF STRATEGIC MARKETING PRACTICES ON PERFORMANCE OF TELECOMMUNICATION COMPANIES IN NAIROBI COUNTY

BY

DENNIS MURITHI KIRIGIA

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF A DEGREE IN MASTERS OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

October, 2013

DECLARATION

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

Signed: ………………………………………….. Date: ……………………………..

Dennis Murithi Kirigia

REG NO: D61/62863/2011

This proposal has been submitted for examination with my approval as a university supervisor.

Signed: ………………………………………….. Date: ……………………………..

Dr.Raymond Musyoka

ACKNOWLEDGEMENT

My gratitude goes to God who’s stood by me throughout the entire MBA course. I am indebted to my supervisor Dr.Raymond Musyoka as well as moderator Mr.Victor Monayo for their insight, time, encouragement as well as support right from the time of conception up to the final submission of the project. Gratitude to all MBA colleagues with whom I interacted with as well.

DEDICATION

To my family for your overwhelming support and encouragement all the way. To my dear mother Ruth Karambu, thank you for your prayers, love as well as resilience in raising me up.

God bless you all.

ABSTRACT

This study sought to establish strategic marketing practices adopted by elecommunication companies as well as the effect on their performance in Nairobi County. In undertaking the study, four firms were targeted who provide GSM services as well as subscribers selected from thirty shopping centers within the County. Primary data was collected using questionnaires as well as secondary data collected from articles in regards to performance of the firms. The research instrument was administered by the researcher. Data results was presented using list of tables, pie charts as well as bar graphs for quantitative analysis as a representation of the qualitative results. Findings from the study indicate that strategic marketing practices have an effect on performance of telecommunication firms on Nairobi County. All the firm's mission statements' are based on strategic marketing practices thus its vital for their continuous adoption in order to have a sustained performance. The study has established that strategic marketing practices as adopted by the telecommunication firms determine their performance. Firms need to continuously adopt frameworks that creatively churn out endless marketing practices in order to remain competitive. In addition, they need to have remarkable marketing as well as mass market departments in order to remain afloat

TABLE OF CONTENTS

LIST OF TABLES

ABBREVIATIONS AND ACRONYMS

ARPU – Average revenue per user

CCK – Communications commission of Kenya

GDP - Domestic Product

GNP – Gross National Product

GSM - Global System for Mobile Communications

ICT - Information and Communications Technology

ISP - Internet service providers

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Organizations whether private or public depend on strategic marketing practices in order to remain relevant in their respective business environment. The interaction between an organization, marketing practices as well as its respective environment occurs in a system. A system as defined by Naylor (1996) is a set of parts which are connected together in a significant way. In an organization, the market environment is a marketing term and refers to factors and forces that affect a firm's ability to build and maintain successful relationships with customers. Marketing practices involve full range of marketing activity that include branding, direct marketing programs as well as account based marketing.

Strategic marketing practices are vital in such environments prompting companies to remain competitive by developing and engaging in them so as to remain on the competitive edge. Competitive strategic marketing practices also rely on how they are implemented effectively. Clients are more loyal to professionals who are proactive about providing service than ones who just react. Great service is dependable. Success in service excellence happens when you develop a system that delivers consistent, dependable responses every time.

Since the beginning of the liberalization of the telecommunications sector in 1999, Kenya has seen fast internet growth and even faster mobile phone growth. Encouraged by this development, the government has plans to turn Kenya into East Africa's leader in Information and Communications Technology (ICT). Since1999, Kenya has experienced radical changes as the liberalization process of the telecommunications sector began. Of vital importance to the process was the establishment of the Communications Commission of Kenya (CCK) in February of that same year through the Kenya Communications Act, 1978. CCK's role is to license and regulate telecommunications, radio communication and postal services in Kenya. Since then a visible boost has gripped the industry. Kenya's internet sector has managed to grow considerably over 10 years with what started as a handful of dial-up modems in 1995 evolving into a dynamic industry with numerous internet hosts, nearly 100 licensed internet service providers (ISPs) and roughly 2.7 million Internet users in the country. There is an abundance of internet cafes in the main urban centers and wireless technologies are available throughout Nairobi (Embassy of the republic of Kenya in Japan, 2013).

1.1.1 Concept of Strategic Marketing Practices

Wilson (2008) states that strategic marketing practice entails matching of an organization's activities to opportunities of its substantive environment thus a link to market development. They are influenced by the firm’s values as well as expectations and affect its long term direction. Their complex nature makes them non – routine while involving a large number of variable thus extending implications throughout the firm. The marketing environment is not a static one implying: environment becomes poorer when customers are lost, or when new competitors enter the market, when resources become scarce and more valuable, or when uncertainty is likely to increase. These factors describe the industry environment in which general conditions for competition influence all businesses that provide similar products and services.

Waugh (2004) states that strategic marketing practice changes its focus from equilibrium management that is why and how markets settle down to disequilibrium management. This forms the modern frontier of strategic marketing practices. Its drivers are basically; the customer satisfaction drive, the process cost reduction drive and the process improvement drive. Marketing practices encompass several stages in its implementation: strategic planning, market decision making, analyzing the organization, analyzing competition, analyzing market channels, analyzing customers, market intelligence, planning strategy, positioning strategy as well as branding strategy. Attracting customers, improving down the line chain ensures that there is more revenue over time than the cost of the campaign while there's an improvement in the business's financial outlook. Attracting investors, larger customer base and more viability will be more attractive to investors. However, when competition is stepped up, competitors may open up new locations or launch their own advertising campaigns in an attempt to gain/regain market share. They could also lower prices, which could force other businesses to do the same in order to maintain customers.

1.1.2 Concept of performance

Kotler (2003) states that each firm has to set specific performance goals and measures for different marketing areas. He develops various performance measurements index that include: Percentage of new customers to average number of customers, percentage of lost customers to average number of customers, percentage of win-back customers to average number of customers, percentage of customers falling into very dissatisfied, dissatisfied, neutral, satisfied, and very satisfied categories, percentage of customers who say they would repurchase from the firm, percentage of customers who say they would recommend the firm to others, percentage of customers who say that the company's products are the most preferred in its category, percentage of customers who correctly identify the company's intended positioning and differentiation, average perception of company's product quality relative to chief competitor as well as average perception of company's service quality relative to chief competitor.

Every company must set appropriate incentives for the achievement of different goals. Companies must avoid setting incentives that create short-term profit but long-term customer loss. Paying automobile salespeople a commission leads them to manipulate the customer in order to make the sale. Stockbrokers on commission have an incentive to churn the customer's holdings. Insurance claims representatives try to pay as little as possible. Telemarketers are paid for speed over service and this can hurt long-term relationship building. Incentive systems must be carefully monitored to avoid abuse.

Kotler, Jain and Macsincee (2007) advise that strategic marketing programs entail strategic options that go beyond action courses. Their evaluation may be based on evaluating the firms strengths or on overcoming its weaknesses. It entails selection of a preferred strategy that enables the firm to seize opportunities within its environment as well as counter competitors' threats.

1.1.3 Overview of the Telecommunication Industry

In essence, telecommunications sector in the county has been significant both economically as well as business wise. The first extension of the telegraph line reached the county in 1898 while public telephone network began service in 1908 with 18 subscribers.

In 1999, the industry's regulatory body was formed when Kenya Posts and Telecommunication Company was split into Communications Commission Kenya, the Postal Corporation of Kenya as well as Telkom Kenya. This was facilitated in parliament by enactment of Kenya Communications Act No.2 of 1998. The industry is regulated by CCK (Communications Commission of Kenya) which is an independent regulatory authority for the communications industry in the country. It regulates as well as issues licenses to telecommunications, radio communication, postal/courier services, ISP (Internet Service Providers) as well as other communication devices that go beyond unlicensed frequencies. It's also responsible for developing and coordinating policies as well as strategies with respect to development and operation of telecommunications services in Kenya.

By 1999, the county had only slightly over 200,000 landline telephones phones. Telkom Kenya handled the landline telephones part and started a department named Safaricom that concentrated on wireless technology (GSM). Kencell now Airtel, was soon launched in 2001 but didn't manage to out maneuver Safaricom leaving it to enjoy wireless monopoly. Telkom Kenya later launched a wireless service dubbed Telkom wireless in 2006 as a backup system to increasing vandalism on its landline service. Afterwards other competitors launched additional networks namely Orange (2008) as well as YU (2009). New fibre optic networks have also been launched thus enhancing telecommunications capacity inclusive of reducing internet connections charges which was extremely high via satellite. Major global technological firms such as HP, Siemens and Samsung have set up operations in Kenya. Chinese firms for instance ZTE and Huawei have launched competitive bids versus these major firms and at some point out maneuvered them in managing systems belonging to the mobile service providers. Fibre optic cabling has improved connectivity while the government in on the verge of implementing legal and regulatory reforms to make the sector competitive.

1.1.4 Telecommunication companies in Nairobi County.

The industry has two major players in the county namely Safaricom in the mobile services as well as Telkom Kenya in the fixed line segment (CCK, April 2013). Currently there are four providers in the cellular services; Safaricom, Essar, Airtel as well as Telkom Kenya. Statistical report by CCK (January – March, 2013), highlights individual providers market share as follows; Safaricom 65%, Airtel 17%, Essar 11% as well as Orange 7%. As highlighted by Waburi (2009), the growth in mobile telecommunication industry has had a very positive impact on our economy and has substantially benefited people more than any other industry before. This study found that telecommunication firms in Nairobi have adopted three major strategies, namely: giving customers more value, being low cost producers, and selling differentiated products. There is a continuous launch of various offers inclusive of modems in order to tap into data revenue. Mobile payments revolution was birthed in 2007 by Kencell in order to use it as a micro lending program. However it wasn't popular until Safaricom launched it and piloted it in Nairobi County.

Nearly 70% of the adults in the county transfer money to each other via their mobile phones. According to (The economist, Jan 2013), this adds up to a quarter of Kenya's GNP. Cash payments have been replaced by mobile phone payments in virtually every sector of the county's economy. Offers of loans as well as savings products, disbursement of salaries or pay bills have enriched its (VAS value added services). Additional reliability of the mobile payments platform has spawned a host of start up in Nairobi whose businesses models build on money transfer foundations (The Economist, May 2013). As of February 2012, allafrica.com noted that the telecommunication sector could become the greatest contributor to Nairobi's Gross Domestic Product (GDP) in a few years, surpassing the contribution even by agriculture. In essence it will be at 30 percent in the next 7 years.

1.2 Research problem

All firms in the telecommunication industry have to fit in the same competitive environment. Strategic marketing strategies outline outright framework for them to thrive in. The main objective of these organizations entails maximizing profit from investments put in place that are hugely capital intensive due to technological infrastructure as well as network maintenance. The impact of these strategies is capped by various factors for instance previous precedence, intensity of campaigns, content of communication as well as timing clearly outlined by Samoilenko and Osei-Bryson (2004). Vital practices ensure that service consistency is a goal most midsized professional firms strive towards promptness in dealing with clients' concerns as well as maintaining clients' comfort in difficult circumstances.

According to the Business daily, August 2010, the last entrant into the industry YU slashed its calling rates by 75% in what has turned into a two year bloody and grueling price war that has reverberated across the country. This was seen by the consumers as a brave move that also drew other it players in into it. These moves have lead to unexpected painful consequences over the next 3 years. An industry report released by Communications Commission of Kenya in October 2011 indicates that in 2010, the average revenue per user (ARPU) per month went down which was attributed to lower calling tariffs. ARPU is revenue from services provided divided by the number of users buying the services. The price war has benefited consumers but cast a shadow on the sustainability of the low – cost model in a market like Kenya that has a low population as compared to countries like India. There has been an increase in number of subscribers but a decrease in minutes of usage. Notably, the cost of acquiring new subscribers has gone up compared to that of maintaining older ones due to increased competition in addition to existing rivalry that has created a big headache for operators who are yet break even.

Mensah (2012) notes of factors influencing customer service loyalty in the Kenyan Mobile telecommunication industry. Tyler, Hughes as well as Renfrew (1994) foresee a strong base for future growth due to skills of Kenya's numerous as well as sophisticated and demanding telecommunications users. A study by university of Nairobi on responses of Safaricom limited to changes in the Kenya's telecommunication industry highlights that the organization is facing intensive competition which results in promotional and price wars, technology innovations to support new products and services, to meet the changing customer needs. A study by Danish Federation of Small and Medium-Sized Enterprises in collaboration with Growth Africa, Kenya (2006) highlights companies in the Kenyan industry being quite optimistic about the its future as well as the country's utilisation of ICTs. The above abstract(s) outlines for instance a gap in the industry which hasn't given empirical studies addressing strategic marketing practices in the county in regards to telecommunication industry. It would be vital to conduct a study to establish strategic marketing practices as well as their extent in order to influence the performance of telecommunication companies in the county.

Based on the above background, the study shall undertake to answer the question: What is the impact of strategic marketing practices on performance of telecommunication companies in Nairobi County?

1.3Research Objective

The main objective of this study is to determine the effect of strategic marketing practices on performance of telecommunication companies in Nairobi County.

1.4 Value of the study

The study will be of importance to the consumers, brand managers, academicians as well as policy makers.

Consumers will be able to evaluate the different strategies in terms of marketing practices on how they meet their expectations as well as influence the choice of their service provider.

Brand managers will have a deeper insight into the County's dynamics thus a basis to launch effective campaigns. The transitions can be successful or a failure based on the prevailing circumstances and tactics used in ensuring the process is completed bringing new insights into the factors which might enhance or impede mobile subscriber connectivity.

Academicians and other researchers will have visibility on strategic marketing practices as well as its effects on performance. This study is likely to generate gaps of knowledge that can be used by other researchers to explore more in this area.

The results of the investigation attempts to offer valuable insights to decision and policy makers tasked with the responsibility of improving marketing strategies of investments in telecommunication for instance the Communications Commission of Kenya (CCK).

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section reviews various theoretical foundations. It also reviews literature as well as empirical strategic marketing practices.

2.2 Strategic Marketing

Wilson and Gilligan (2008) state that understanding the strategic situation in an organization is an essential starting point in developing a marketing strategy. Strategic marketing focuses on a business's intentions in a market, the means as well as timing in order to realize those intentions. It's also applicable to businesses within defined boundaries. However they do change thus strategy at any one time is confined to actions pertaining a specific area of demand as well as competition. By assessing organizational capabilities, threats from environmental forces, competitors strengths and weaknesses as well as competitor needs one is able to develop a marketing mix in which a competitive strategy is derived. The process undergoes planning, decision making as well as control. In addition, strategic marketing does the following: guides the a firm in its relationship with its immediate environment, affects internal structure as well processes and ultimately affects the firms performance.

It has been developed in recent years according to Dickson (1997) and talks about strategic critical thinking that focuses on entrepreneurship inside and outside the organization, on the creation of opportunities by being proactive and innovativeness at every decision-making level as well as the having the premises to manage and shape their environments.

2.3 Strategic Marketing Practices

All business strategies must be justified by the availability of a viable market. When there is no viable market, even the best strategy will flop. In addition, the development of marketing strategies for each business should be realistically tied to the target market. Wilson et al (2008) advises that in practice of a marketing strategy, a firm has to choose between being a market leader strategy, a market follower strategy, a market challenger strategy and a market nicher strategy. In addition, gaining market share is vital for every firm thus they stated below findings: market share and profitability are strongly tied, a firms relative product service singly affects long run performance as well as most strategic marketing practices that affect return on investment contribute to the long term value. Markets, nature of rules as well as competition have changed thus forming bases for competitive advantage that incorporate marketing mix elements namely: product, price, promotion, place, people, physical evidence as well as process management.

2.3.1 Product strategy

Wilson et al (2008) explains that product strategies reflect the mission of the business unit and the business it is in. It entails placing a brand in that part of the market where it will have a favorable reception compared with competing brands. Its objectives include: to position the product in the market so that it stands apart from competing brands; to position the product so that it tells customers what you stand for, what you are, and how you would like customers to evaluate you. It also states that product strategies specify market needs that may be served by different product offerings.

Clark and Fujimoto (1990) put across different product perspectives. Product repositioning strategy rreviews the current positioning of the product and its marketing mix while seeking a new position for it that seems more appropriate. Its aims at increasing life of the product as well correcting original positioning mistake. At the end, there should be an increase in sales growth and profitability among existing customers. Among new users there is enlargement of the overall market, thus putting the product on a growth route, while increasing profitability. Development of new product uses increases sales, market share as well as profitability.

Product overlap strategy aims at competing against one's own brand through introduction of competing products, use of private labeling, and selling to original-equipment manufacturers. It deals with the degree of standardization of a product. The company has a choice among the following strategic options: standard product, customized product, and standard product with modifications.

Product elimination strategy cuts in the composition of a company's business unit product portfolio by pruning the number of products within a line or by totally divesting a division or business.

New product strategy encompasses set of operations that introduces: within the business, a product new to its previous line of products; on the market, a product that provides a new type of satisfaction. Three alternatives emerge from the above: product improvement/modification, product imitation, and product innovation. Diversification strategy develops unfamiliar products and markets through: concentric diversification (products introduced are related to existing ones in terms of marketing or technology); horizontal diversification (new products are unrelated to existing ones but are sold to the same customers), and conglomerate diversification (products are entirely new). Value marketing strategy strategy concerns delivering on promises made for the product or service. These promises involve product quality, customer service, and meeting time commitments.

2.3.2 Promotion strategy

Promotion strategies are concerned with the planning, implementation, and control of persuasive communication with customers. These strategies may be designed around advertising, personal selling, sales promotion, or any combination of these. Kotler et al (2006) advices of clear-cut objectives and a sharp focus on target customers are necessary for an effective promotional program. An integrated communication plan consisting of various promotion methods should be designed to ensure that customers in a product/market cluster get the right message and maintain a long-term cordial relationship with the company. Promotional perspectives must also be properly matched with product, price, and distribution perspectives. Strategies for development of promotional strategies include promotional expenditure strategy. Practitioners have developed rules of thumb for determining promotion expenditures that are strategically sound: either take the form of a breakdown method or they employ the buildup method.

Another approach regards marketing mix factor; the promotion decision should be made in the context of other aspects of the marketing mix, Porter (1976). The price and quality of a product relative to competition affect the nature of its promotional perspectives. Higher prices must be justified to the consumer by actual or presumed product superiority. Thus, in the case of a product that is priced substantially higher than competing goods, advertising achieves significance in communicating and establishing the product's superior quality in the minds of customers. An empirical study on this topic has shown that consumers prefer incentives other than price. Price cuts also appear to have little lasting effect on sales volumes.

Gibson (1991) talks of advertising strategies being concerned with communication transmitted through the mass media. Promotional mix strategy involves determination of a judicious mix of different types of promotion. Its objective is to adequately blend the three types of promotion to complement each other for a balanced promotional perspective. Media selection strategy entails choosing the channels (newspapers, magazines, television, radio, outdoor advertising, transit advertising, and direct mail) through which messages concerning a product/service are transmitted to the targets. Its objective is to move customers from unawareness of a product/service, to awareness, to comprehension, to conviction, to the buying action. Advertising copy strategy designs the content of an advertisement with an objective of transmitting a particular product/service message to a particular target. Selling strategy entails moving customers to the purchase phase of the decision-making process through the use of face-to-face contact. Its objective entails achievement of stated sales volume and gross margin targets and the fulfillment of specific activities. Sales motivation as well as supervision strategy entails achieving superior sales force performance with an objective of ensuring optimal performance of the sales force. At the end business objectives are met adequately at minimum expense.

2.3.3 Pricing strategy

Broadly speaking, pricing objectives can be either profit oriented or volume oriented as outlined by Alpert (1971). The profit-oriented objective may be defined either in terms of desired net profit percentage or as a target return on investment. The latter objective has been more popular among large corporations. The volume-oriented objective may be stated as the percentage of market share that the firm would like to achieve. Alternatively, it may simply be stated as the desired sales growth rate. Many firms also consider the maintenance of a stable price as a pricing goal. Particularly in cyclical industries, price stability helps to sustain the confidence of customers and thus keeps operations running smoothly through peaks and valleys. Fixed and variable costs are the major concerns of a pricer. In addition, the pricer may sometimes need to consider other types of costs, such as out-of-pocket costs, incremental costs, opportunity costs, controllable costs, and replacement costs.

Dolan (1995) notes that pricing strategy for a new product should be developed so that the desired impact on the market is achieved while the emergence of competition is discouraged. Two basic strategies that may be used in pricing a new product are skimming pricing and penetration pricing. Skimming pricing is the strategy of establishing a high initial price for a product with a view to “skimming the cream off the market” at the upper end of the demand curve. It is accompanied by heavy expenditure on promotion. A skimming strategy may be recommended when the nature of demand is uncertain, when a company has expended large sums of money on research and development for a new product, when the competition is expected to develop and market a similar product in the near future, or when the product is so innovative that the market is expected to mature very slowly. Penetration pricing is the strategy of entering the market with a low initial price so that a greater share of the market can be captured. The penetration strategy is used when an elite market does not exist and demand seems to be elastic over the entire demand curve, even during early stages of product introduction. High price elasticity of demand is probably the most important reason for adopting a penetration strategy. The penetration strategy is also used to discourage competitors from entering the market. When competitors seem to be encroaching on a market, an attempt is made to lure them away by means of penetration pricing, which yields lower margins. A competitor's costs play a decisive role in this pricing strategy because a cost advantage over the existing manufacturer might persuade another firm to enter the market, regardless of how low the margin of the former may be.

Changes in the marketing environment may require a review of the prices of products already on the market. An examination of existing prices may lead to one of three strategic alternatives: maintaining the price, reducing the price, or increasing the price. If the market segment from which the company derives a big portion of its sales is not affected by changes in the environment, the company may decide not to initiate any change in its pricing strategy. The strategy of maintaining price is appropriate in circumstances where a price change may be desirable, but the magnitude of change is indeterminable. If the reaction of customers and competitors to a price change cannot be predicted, maintaining the present price level may be appropriate. Alternatively, a price change may have an impact on product image or sales of other products in a company's line that it is not practical to assess (Stern, 1989). An increase in price may be implemented for various reasons. Strategically, the decision to minimize the effects of inflationary pressures on the company through price increases should be based on the long term implications of achieving a short-run vantage.

A price-flexibility strategy usually consists of two alternatives: a one-price policy and a flexible-pricing policy. Influenced by a variety of changes in the environment, such as saturation of markets, slow growth, global competition, and the consumer movement, more and more companies have been adhering in recent years to flexibility in pricing of different forms. Pricing flexibility may consist of setting different prices in different markets based on geographic location, varying prices depending on the time of delivery, or customizing prices based on the complexity of the product desired.

A modern business enterprise manufactures and markets a number of product items in a line with differences in quality, design, size, and style. Products in a line may be complementary to or competitive with each other. The relationships among products in a given product line influence the cross-elasticity's of demand between competing products and the package-deal buying of products complementary to each other. The major emphasis of a pricing strategy is on buying a product outright rather than leasing it. Except in housing, leasing is more common in the marketing of industrial goods than among consumer goods, though in recent years there has been a growing trend toward the leasing of consumer goods.

Bundling, also called iceberg pricing, refers to the inclusion of an extra margin (for support services) in the price over and above the price of the product as such. This type of pricing strategy has been popular with companies that lease rather than sell their products. Thus, the rental price, when using a bundling strategy, includes an extra charge to cover a variety of support functions and services needed to maintain the product throughout its useful life. The price-leadership strategy prevails in oligopolistic situations. One member of an industry, because of its size or command over the market, emerges as the leader of an entire industry. The leading firm then makes pricing moves that are duly acknowledged by other members of the industry. Thus, this strategy places the burden of making critical pricing decisions on the leading firm; others simply follow the leader Nagle (1987).

2.3.4 Place strategy

According to Dickson (1997), although figures vary widely from product to product, roughly a fifth of the cost of a product goes on getting it to the customer. 'Place' is concerned with various methods of transporting and storing goods, and then making them available for the customer. Getting the right product to the right place at the right time involves the distribution system. The choice of distribution method will depend on a variety of circumstances. It will be more convenient for some manufacturers to sell to wholesalers who then sell to retailers, while others will prefer to sell directly to retailers.

Suppliers must be easily accessible to customers. Distance, time, and cost needed to reach a supplier can be a barrier, especially in rural areas, where transportation is often limited and expensive. One rule of thumb is that social marketing programs use is that consumers should not have to walk more than ten minutes to purchase a health product. While there is no equivalent for sanitation products, the principle remains. You can sell your product in many different places. Some companies use direct selling, sending their salespeople out to personally meet and talk with the prospect. Some sell by telemarketing. Some sell through catalogs or mail order. Some sell at trade shows or in retail establishments. Some sell in joint ventures with other similar products or services. Some companies use manufacturers' representatives or distributors. Many companies use a combination of one or more of these methods. In each case, the entrepreneur must make the right choice about the very best location or place for the customer to receive essential buying information on the product or service needed to make a buying decision. What is yours? In what way should you change it? Where else could you offer your products or services?

2.3.5 People strategy

Kotler et al (2002) emphasizes on managing people. Developing standards and processes, communicating those standards and processes, ensuring consistency in such things, for example, as how the phone is answered, “uniforms,” service standards, hand-offs between departments, how employees talk about each other, etc. Too often as we focus on other important elements of the brand – like the logo, the name, the “company colors,” the design templates, etc., etc., in the service arena we have a tendency to forget about what is most important about the brand (recognizability, performance and consistency) – the people. the most important factor applied by the best companies was that they first of all "got the right people on the bus, and the wrong people off the bus." Once these companies had hired the right people, the second step was to "get the right people in the right seats on the bus."

To be successful in business, you must develop the habit of thinking in terms of exactly who is going to carry out each task and responsibility. In many cases, it's not possible to move forward until you can attract and put the right person into the right position. Many of the best business plans ever developed sit on shelves today because the [people who created them] could not find the key people who could execute those plans. Develop the habit of thinking in terms of the people inside and outside of your business who are responsible for every element of your sales and marketing strategy and activities. It's amazing how many entrepreneurs and businesspeople will work extremely hard to think through every element of the marketing strategy and the marketing mix, and then pay little attention to the fact that every single decision and policy has to be carried out by a specific person, in a specific way. Your ability to select, recruit, hire and retain the proper people, with the skills and abilities to do the job you need to have done, is more important than everything else put together.

2.3.6 Process strategy

According to Waugh (2006), the process of how your products are delivered is very vital. This is generally the technical part of the equation. For this you are going to need an effective “sales system”. It’s how you are going to get paid, and deliver your products. For most digital products this is all done online. However, if one of your products or services happens to be physical, you might require the use of a distribution company.

There are several effective sales systems available on the market today. You'll want a system that is capable of handling your main offer and any possible up sell or downs ell offers. There are many to choose from, that fall into different budgets. Take the time to figure out what you think will best suit your needs. The process part of the mix is about being 'easy to do business with'. If you've ever become frustrated at call centers that can't answer your questions, or annoyed when you can't buy something in a shop because the computerized till doesn't recognize that it exists, even when you can see it on the shelves, you'll know how important this element can be. The more 'high contact' your product, and the more intangible, the more important it is to get your processes right. This should be looked from your customers' point of view. The process problems that are most annoying to a customer are those that are designed for the provider's convenience, not the customer

2.3.7 Physical evidence strategy

Waugh (2006) ascertains that this strategy pertains to how you, your products, or your company is presented in the market place. Branding is extremely important. This can include the professionalism in how your products, your logo, and the entire message that your "brand" is trying to get across to the public is perceived. It's important that your company and its products and services come across in a congruent manner, where each part can complement one another, to create the overall "brand". Let's face it, when you see the Nike swoosh, or a McDonalds sign, you know immediately what their logos stand for. When you can create an image that is immediately noticeable, it's definitely going to help you to stand out from the crowded noise that's online. If you can create a strong brand image, it's definitely going to help you to increase your sales, retain customers, and make you a force to be reckoned with. When you sell tangible goods, you can offer your customer the chance to 'try before they buy', or at least see, touch or smell. With services, unless you offer a free trial, your customer will often be buying on trust. And to help them do so you need to provide as much evidence of the quality you will be providing as possible. So physical evidence refers to all the tangible, visible touch points that your customer will encounter before they buy, from your reception area and signage, to your staff's clothing and they images you include in you corporate brochure. Think about how all the elements of your marketing mix hang together. Does your pricing reflect the quality of your product? Does your choice of promotional tools reinforce your choice of distribution channel? Do your people understand how to implement your process?

2.4 Firm performance

According to Kotler, Gregor as well as Rodgers (1989) a business does not perform well by accident. Good performances occur because the people directing its affairs interact well with the environment, capitalizing on its strengths and eliminating underlying weaknesses. To operate successfully in a changing environment, the business should plan its future objectives and strategies.

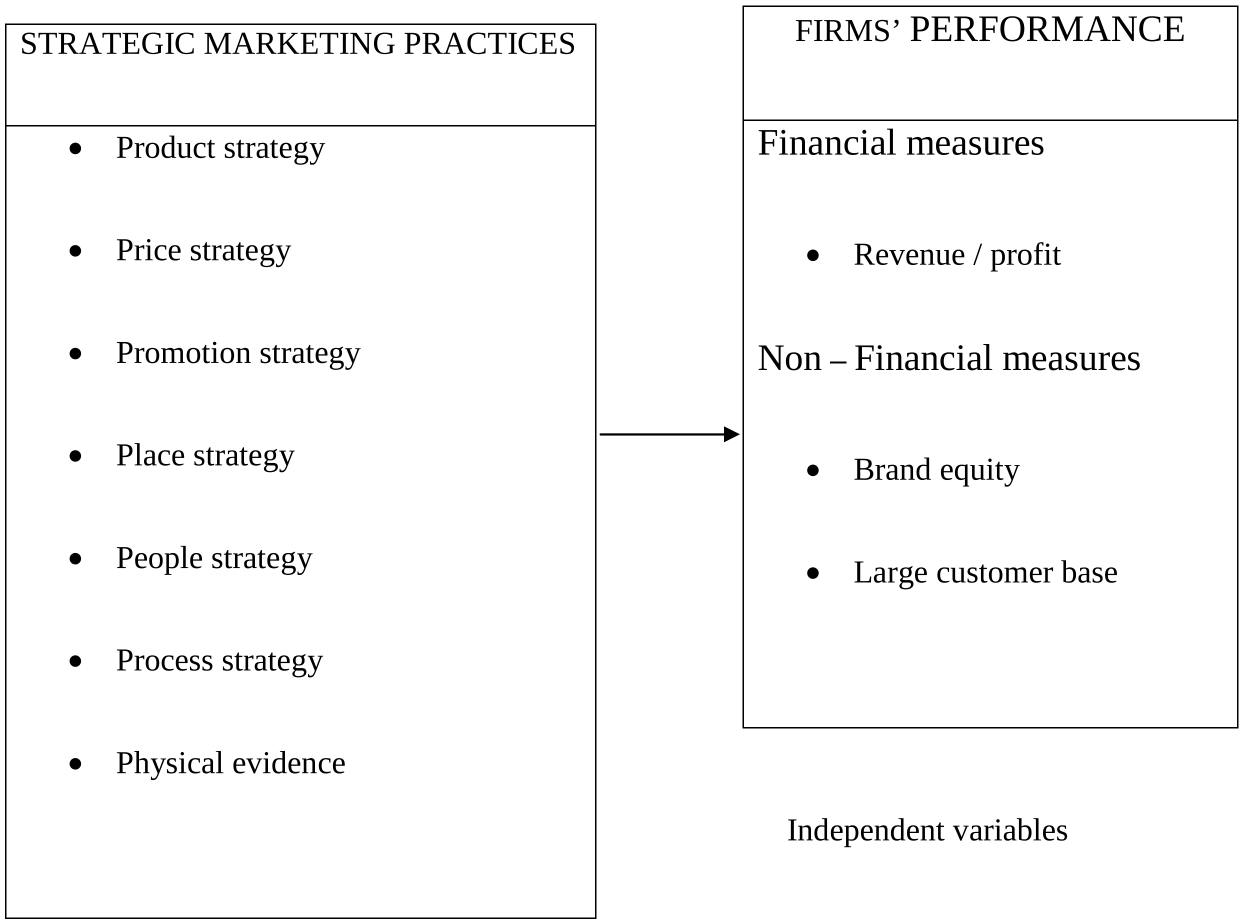
Wilson et al (2008) offers an approach to a firm's performance that it should incorporate the degree to which a specific practice satisfies strategic requirements, effort required to produce the satisfaction as well as the effect of uncontrollable variables on the program. He also identified a set of principles pertaining to quality marketing practices that entail doing it in an effective way rather than just the planning part of it. This entails tendency not to ignore managerial role as well as the causal link of strategy – causes – practice also has a reverse link in some circumstances which is similar to ex post – rationalization.

Boag (1987) defines a means of assessing the performance of marketing programs by avoiding limitations of measures that focus on either financial or non – financial measures for instance efficiency. This is done by focusing on the effectiveness via a measure of satisfaction. The effort includes skills that are exercised by a marketing programs manager and the support structures provided. Factors beyond the firm's control but affect performance of the marketing program such as competitor's actions, distribution channel changes as well as legal / economic / demographic variables are also considered.

Wilson et al (2008) operationalised a testable model of marketing performance assessment that is the adjudged quality of marketing programs, directed by strategy since they are executed at the market place. It seeks to combine effectiveness as well as efficiency in assessing performance.

2.5 Conceptual framework

Below is a model of the conceptual framework for this study: Figure 1



Dependent variables

Source: Research data

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter dealt with research design, population sample, measurement strategies and procedures that were used in the study. The survey method met objectives stated in chapter one of the study.

3.2 Research Design

The study adopted descriptive research design which is defined by Gay (1981) as a process of collecting data in order to test hypothesis or answer questions concerning the current status of the subjects under study. In doing so, the design aimed at answering those questions regarding who, what, where, how often, how many, amongst others. The study employed a cross-sectional design which was used to examine relations between properties as well as dispositions and attempted to approximate the post test only control group design.

3.3 Population

The population included subscribers from thirty shopping centres in Nairobi County as well as employees from telecommunication firms.

3.4 Sample

The study employed random sampling method. This was done by systematic sampling of thirty shopping centres in Nairobi County as per appendices as well as randomly sampling two respondents from each shopping centre. Two employees were randomly selected from each of the four telecommunication firms namely Safaricom, Airtel, Orange as well as YU. A sampling frame comprised of two respondents being picked randomly in each shopping centre as well as applying random numbers. The total sample size comprised of sixty eight respondents. Random numbers were assigned electronically using Microsoft Excel. This method ensured that every member of the population had an equal and independent chance of being selected.

3.5 Data Collection

Data collection was based on both primary as well as secondary data. In primary data collection, questionnaires were used. The questionnaires included both open ended questions in which respondents gave their views as well as closed ended questions in which responses were limited in their responses. While administering the questionnaires, the researcher distributed them to randomly selected population. The centres were thirty shopping centres with each receiving two questionnaires as per appendices. In addition, the four firms had two of its employees sampled. Respondents picked filled them in while the forms were picked the same day. Secondary data was sourced from published reports thus elaborating the firms' performance.

3.6 Data Analysis

Raw data collected from the field was rearranged, serialized, coded and analysed by the use of Microsoft excel. After analysis, interpretation was done according to results attained. The analysed data was presented in the form of frequency tables, graphs and pie charts. This outlined occurrence frequency of phenomena under investigation thus enabling comparison of these phenomena. The comparisons accurately depict the frequency of occurrence of phenomena.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents the analysis of the data findings. The objective of the research project was to determine the effect of strategic marketing practices on performance of telecommunication companies in Nairobi County. The research targeted telecommunication companies in Kenya as well as their respective subscribers. In data collection, questionnaire was used as the main instrument to sample 60 subscribers who included 8 employees from four firms namely Safaricom, Airtel, Telkom Kenya as well as YU.

Table 1: Response rate

SUBSCRIBERS			FIRMS' EMPLOYEES		
RESPONSE	**FREQUENCY**	**%**	**RESPONSE**	**FREQUENCY**	**%**
Respondents	50	83	Respondents	8	100
Non - respondents	10	17	Non - respondents	0	0
TOTAL	60	100	TOTAL	8	100

Source: Research data

Table 1 outlines that out of the total population of 68 subscribers, only 60 accepted to participate in filling out the questionnaires. 8 employees from the 4 firms filled in the questionnaires thus a response rate of 100%. Out of a possible 60 subscribers, only 50 filled in thus a response rate of 83%.

4.2 Demographics

This section presents the results of the profile of the respondents. The subscribers were derived from thirty shopping centers in Nairobi County with each targeting 2 subscribers.

In addition, 2 subscribers were derived from each of the 4 firms' commercial / sales as well as marketing departments. They comprised of sales staff as well as brand managers.

This grouping enabled the researcher to collect effectively as well as have an affirmative analysis of data about the impact of strategic marketing practices as well as performance of the firm.

Table 2: Category of age group of the subscribers.

AGE GROUP	FREQUENCY	%
17 - 23	12	20
24 - 29	17	28
30 -36	15	25
37 -45	9	15
Above 46 years	5	8
TOTAL	58	96

Source: Research data

Of the respondents, 20% were between 17 - 23 years, 28% between 24 – 29 years, 25% between 30 -36 years, 15% were between 37 – 45 years as well as 8% in the category of 46 years and above. 55% of the sampled were women while 45% were men. Majority of the subscribers between 17 – 23 years are in school pursuing a certificate, diploma or a degree. More than half of the respondents between 24 – 29 years had an education qualification while some are still pursuing. In the age gap of 30 – 45 years, less than half have a certificate / diploma / degree / post graduate qualification. The age group of 46 years and above has less than 20 percent with qualification above diploma.

4.3 Strategic marketing practices affecting firm performance

Subscribers were asked to answer to questions in regards to effect of strategic marketing practices. The practices are namely: Service nature, pricing, marketing communication, business process, physical location, customer service as well as place / distribution.

4.3.1 Service

59% of the subscribers have a safaricom connection, 26% have an Airtel connection, 7% have an Orange connection as well as 9 % have a YU connection.

Table 3: Network subscription.

Network subscription		
Provider	**Frequency**	**%**
Safaricom	34	59
Airtel	15	26
Orange	4	7
YU	5	9
TOTAL	58	

Source: Research data

50% subscribers rated safaricom as the best network, 30% vouched for airtel, 5% vouched for orange as well as 15% were in favor of YU.

Table 4: Network preference

NETWORK PREFERENCE		
Provider	**Frequency**	**Response rate %**
Safaricom	29	50
Airtel	17	30
Orange	3	5
YU	9	15
TOTAL	58	

Source: Research data

61% on the Safaricom network prefer the network on the basis of fair pricing. 20%prefer the network on the basis of quality. 88% of Airtel's subscribers are on the network due to fair pricing while 12% prefer the network due to good network. 60% of Orange's subscribers are on the network due its pricing while 40% is on the network due to quality. 83% of YU subscribers are of the network due to price while 17 % are due to quality.

Table 5: Basis for preference

Provider	Safaricom		Airtel		Orange		YU	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Price	21	61	13	88	3	60	4	83
Quality	7	20	2	12	1	40	1	17
Not sure	6	19						
TOTAL	34		15		4		5	

Source: Research data

All subscribers on safaricom network are subscribed to mobile services while 10% subscribe to internet. On the airtel network, 90% of subscribers subscribe to mobile services while 10% subscribe to internet. On the orange network, 20% of subscribers are on mobile services while 80% are on internet. All YU subscribers are on mobile with none subscribing to internet services. The table below outlines satisfaction with their current offer.

Provider	Safaricom		Airtel		Orange		YU	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Mobile	34	100	14	90	1	20	4	83
Internet	7	10	2	10	3	80	1	17
TOTAL	34		15		4		5	

Table 6: Subscription to mobile as well as internet services.

Source: Research data

Table 7: Satisfaction of current offer

Provider	Frequency	%
Safaricom	27	80
Airtel	9	60
Orange	3	70
YU	2	40
TOTAL	58	

Source: Research data

Eighty percent of safaricom subscribers are satisfied with their current service offer. Sixty percent of airtel subscribers are satisfied with current service offer, seventy percent of orange subscribers are satisfied with current service and forty percent on YU network are satisfied with current offer.

Table 8 outlines response from individual firms' subscribers in regards to relationship between services offered as well as signing up to the network.

Table 8: Relationship between service offered and subscription.

Provider	Frequency	%
Safaricom	31	90
Airtel	11	75
Orange	4	90
YU	5	90
TOTAL	58	

Source: Research data

4.3.2 Marketing communications

Based on ongoing advertisements by the providers, the most remembered advertisement is one posed by Airtel. Subscribers voted for these adverts based on creativity as well as incorporating entertainment celebrities in their advertisements thus creating ease of remembering. Below is a table with preference as advised by subscribers.

Table 9: Advertisements by providers

Provider	Frequency	%
Safaricom	24	41
Airtel	20	35
Orange	10	17
YU	4	7
TOTAL	58	

Source: Research data

Subscribers voted for these adverts based on creativity as well as incorporating entertainment celebrities in their advertisements thus creating ease of remembering.

Branding increases awareness about offers as well as lead to signing up new subscribers. It facilitates adoption of new technology as put up by providers. Marketing campaigns do influence planned / un planned purchases and as per the table below, each provider has its own distinctive influence.

Table 10: Effect of advertisements by providers.

Safaricom : customers don't need much advertising to be convinced
Airtel : has a way of bringing out creative advertisements
Orange : advertisements content is not attractive
YU : they have not been advertising of late

Source: Research data

4.3.3 Price

As per the table below, safaricom has the highest price of off net calls (calls across network). In addition, it has the highest number of subscribers implying that majority of its subscribers call within network.

Table 11: Pricing of on/off net calls

	On net/minute	Off net/minute
Safaricom	2	4
Airtel	3	3
Orange	2	3
YU	3	3

Source: Research data

Subscribers showed interest in signing up for a similar service if priced is lower than their current tariff by another provider as per the below table.

Table 12: Interest in signing up for another tariff if priced lower

	Frequency	%
Definitely	10	17
Maybe	25	43
Not interested	23	40
	58	

Source: Research data

Subscribers recommended their current offer pricing to their colleagues or contacts as per the table below:

Table 13: Recommending service based on pricing

Recommend service based on price	Frequency	%
Yes	25	43
No	18	31
Not sure	15	26
TOTAL	58	

Source: Research data

Comparison between similar services vis a vis services by other companies brought responses as per below table.

Table 14: Pricing between current provider vis a vis competitor

	Better priced(f)	%	Same price(f)	%	Not sure(f)	%	Total subscribers(f)
Safaricom	11	**19**	20	34	10	**17**	34
Airtel	5	**9**	10	17	2	**3**	15
Orange	1	**2**	2	3	1	**2**	4
YU	0	**0**	4	7	2	**3**	5
Total %		100					58

Source: Research data

4.3.4 Customer service

Subscribers due to various issues emanating from service provision tried to contact customer service and their feedback is as below:

Table 15: Accessibility to customer care

Provider	Assisted	Couldn't reach them %	Not tried %
Safaricom	10 (30%)	13 (40%)	10 (30%)
Airtel	6 (40%)	5 (35%)	3 (25%)
Orange	2 (48%)	1 (22%)	1 (30%)
YU	3 (50%)	1 (20%)	1 (30%)

Source: Researcher data

Based on experience the current service that subscribers are the likely hood of buying a new service form their provider can be analyzed as per below table.

Table 16: Likely hood of buying a new service from provider

	Likely f(%)	Maybe f(%)	Unlikely f(%)
Safaricom	**13 (38%)**	**9 (26%)**	**12 (36%)**
Airtel	**8 (48%)**	**3 (17%)**	**5 (35%)**
Orange	**1 (34%)**	**1 (20%)**	**2 (46%)**
YU	**1 (27%)**	**2 (39%)**	**2 (34%)**

Source: Researcher data

The strategy of creating offers for different people or segments has an impact has an impact on different people. Notably, firms have to create customized services in order to meet requirements or needs of potential clients. Remarkably, Airtel form inception had a strategy of targeting firms with corporate offers.

Table 17: Segmented offers influence on different people

Provider	Yes	No	Not sure
Safaricom	19 (57%)	4 (13%)	10 (30%)
Airtel	9 (63%)	4 (25)%	2 (12%)
Orange	3 (70%)	1 (10%)	1 (20%)
YU	2 (35%)	0	3 (65%)

Source: Researcher data

4.3.5 Distribution

Accessibility to services by current subscribers are denoted by the table below. Distribution entails several factors: availability of recharge cards in retail outlets, availability of connection SIM cards as well as ease of signing up for new services.

Table 18: Accessibility of services from current provider

	Excellent	Good	Fair	Poor
Safaricom	11 (33%)	13 (40%)	7 (22%)	2 (5%)
Airtel	2 (10%)	5 (37%)	5 (23%)	5 (30%)
Orange	3 (7%)	1 (27%)	1 (36%)	1 (30%)
YU	1 (2%)	8 (15%)	17 (35%)	2 (48%)

Source: Researcher data

The table below entails accessibility to services in terms of top up cards as well as availability of SIM cards.

Table 19: Accessibility to services

Provider	Frequency	%
Safaricom	31	90
Airtel	11	71
Orange	2	50
YU	2	45

Source: Researcher data

The table below outlines branding as generalized by all the subscribers. Safaricom is the most visible as noted by subscribers from all the networks. This entails posters, adverts on bill boards as well as road shows.

Table 20: Visibility on branding

	Frequency	%
Safaricom	29	34
Airtel	10	15
Orange	2	4
YU	1	5

Source: Researcher data

Efficiency in distribution does affect purchasing decision as per the table below. In essence, availability of top up cards in the retail outlet next door influences the service one is signed to.

Table 21: Distribution influencing purchase

	Influences	May be	Not sure
Safaricom	10 (30%)	14 (40%)	10 (30%)
Airtel	7 (45%)	5 (30%)	4 (25%)
Orange	1 (25%)	1 (25%)	2 (50%)
YU	2 (47%)	1 (23%)	2 (30%)

Source: Researcher data

4.3.6 Business process

Business process entails ease of conducting the business. Efficiency for instance in terms of re connecting a service, connection to a new service or changing current service to a new offer plays a vital role. Telkom Kenya (Orange) has had running battles on its fixed line with cable cuts thus impending its service provision. This has had a negative perception on this particular service causing mass migration to the wireless service (GSM) that is plied by all the four providers. The table below denotes provision efficiency as denoted by subscribers.

Table 22: Efficiency in service provision

	Excellent	Good	Fair	Not sure
Safaricom	12 (30%)	10 (30%)	4 (25%)	5 (15%)
Airtel	8 (15%)	7 (45%)	3 (17%)	3 (23%)
Orange	1 (10%)	1 (30%)	2 (40%)	1 (20%)
YU	1 (20%)	2 (40%)	2 (40%)	0

Source: Researcher data

Table 23: Efficiency in business process

Provider	Frequency	%
Safaricom	13	39
Airtel	5	33
Orange	1	13
YU	1	15

Source: Researcher data

4.3.6Staff professionalism

To be successful in business, each firm has to develop the habit of thinking in terms of exactly who is going to carry out each task and responsibility. In many cases, it's not possible to move forward until you can attract and put the right person into the right position. As per general subscriber's classification, each firm was given a general assessment as per below table in regards to professionalism.

Table 24: Level of professionalism on staff employed by each firm.

	Excellent	Good	Fair	Not sure
Safaricom	9 (25%)	12 (35%)	10 (30%)	3 (10%)
Airtel	2 (15%)	4 (25%)	6 (40%)	3 (20%)
Orange	1 (10%)	1 (20%)	1 (35%)	1 (35%)
YU	1 (20%)	1 (20%)	1 (20%)	2 (40%)

Source: Researcher data

4.4 Firms' performance

According to CCK quarterly report (3$^{rd,\ 2013}$), the four firms had a growth in revenue as well as subscribers.

Table 25: Financial and subscribers report

	2011	**2012**	
Safaricom	94.83 billion	107 billion	revenue
	3.48	4.55	mobile and fixed data customers
Telkom Kenya	10.2 billion	11.5 billion	revenue
	1.9	2.4	mobile and fixed data customers
Airtel	5.6 billion	7.2 billion	revenue
	3	3.42	mobile and fixed data customers
YU	1.95 billion	2.4 billion	revenue
	2.9	3.2	mobile and fixed data customers

Source: Research data

Notably, there is a direct relationship between investment in strategic marketing practices as well as return on performance. The table above outlines for instance safaricom's revenue as well as subscription yet on the ground they're the more visible and easily accessible in terms of service renewal/availability. Telkom Kenya on the other hand has a lower subscription as compared with Airtel Kenya but its revenue is almost twice that of Airtel. This can be explained by them table 27.

Table 26: Wireless and fixed line internet connection

Wireless and fixed line connection	2012	2013
Telkom Kenya Limited	10,390	10,012
Safaricom Limited	6,456	8,749

Source: Research data

4.5 Discussion

Wilson et al (2008) explains that product advertisement entails placing a brand in that part of the market where it will have a favorable reception compared with competing brands. Notably, safaricom has established this strategy in terms of maintaining adverts and as from findings, its leading in subscriber base as well as revenue. Telkom (orange) is not in a position to compete on voice (GSM) thus has been strengthening its stance on internet (wireless / fixed line) provision. Gibson (1991) talks of advertising strategies being concerned with communication transmitted through the mass media. Airtel in pursuit of this strategy has been on the fore front of using popular artists to promote its various offers. In essence, it has created a niche in advertising since every one can remember part of the advertisements. Notably, its communication is targeted at the mass market in order to increase its subscriber base. This is a break from its past whereby its former owners concentrated on differentiation thus targeted mostly corporate clients. Pricing objectives can be either profit oriented or volume oriented as outlined by Alpert (1971). Safaricom's pricing is aimed at generating profit since they have a reliable subscriber base that has locked them in due to reliable value added services for instance its money transfer service. Airtel's pricing targets getting more subscribers on board. Waugh (2006) exerts influence on the process of how your services are delivered and their availability. YU as well as orange have a lower retail penetration thus forming an impediment to a would be new subscriber. This un tapped client is bound to purchase a SIM card which can be topped up from the nearest point of sale.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMENDATIONS

5.1 Introduction

This chapter presents the summary of the study, conclusions based on the findings as well as recommendations. The chapter attempts to answer the research question, covers the conclusion of the study, recommendations for further study that might have cropped up from the study findings as well as limitations surfacing while conducting the study.

5.2 Summary of the findings

The telecommunication industry is highly competitive as well as dynamic. It's imperative therefore for players in the industry to continuously adopt strategic marketing practices in order for them to have a good performance. The study's objective was to establish the impact of strategic marketing practices on the performance of telecommunication industry in Nairobi County. Notably, Nairobi County has a thriving urban population who are diverse thus need for specific strategies. The study established that strategic marketing practices adopted by these telecommunication firms include: advertisements on print as well as on TV / radio, establishing efficient distribution systems so as to ensure availability, competitive pricing, remarkable customer care, service provision built on attractive offers, branding strategy as well as placing the service at the subscriber's convenience.

Majority of the subscribers are signed to safaricom, followed by airtel, orange and the last is YU in regards to mobile services. Secondary data outlined that Telkom (orange) was leading in wireless fixed line internet services followed by safaricom. Airtel was a distant third while YU had minimal internet connections. Service provision influences willingness to purchase as well as from which provider to purchase from. Marketing communications influence brand equity, planned / unplanned purchase. Price influences switching between networks as well as subscribers' recommendation to other individuals. Customer service, distribution as well as business process influence brand loyalty thus influencing churn rate or allegiance to service. Professionalism amongst staff in these firms affects service provision thus impacting loyalty from individual subscribers as well as brand equity.

The organizations' performance is based on acquisition of revenue generated by consumption of these services, retention as well as acquisition of new subscribers. The study established that any firm in the industry that was applying the established practices impacted its performance. To remain competitive, all firms had engaged on continuous campaigns in order to woo as well as maintain subscribers. In addition, it's vital for the firm to come up with creative retention strategies in order to encourage increased consumption of these services so as to improve their revenue. The industry has among the highest marketing budgets as compared to other industries as well as the highest revenues. Visibility on retail outlets in terms of branding is usually dominated by these telecommunication firms. All the firms' mission statements aim is based on strategic marketing practices thus it's vital for their continuous adoption in order to have a sustained performance.

5.3 Conclusion

The study aimed at determining strategic marketing practices adopted by telecommunication firms in Nairobi County. In addition, it aimed at establishing on whether these strategies would affect the firms performance. The study established that strategic marketing practices were vital for each firm’s performance and that there was direct relationship between their application with performance in terms of revenue as well as customer subscriber base.

Advertisements impact spending patterns due ease of memorability on consumers’ minds thus influencing their spending patterns. Branding influences purchasing patterns by guaranteeing availability. Efficient distribution ensures service continuity since subscribers can top up thus ensuring service continuity. Promotional activities encourage loyalty. Competitive pricing attracts new subscribers, increases spending by existing subscribers as well as cements retention the network. An approachable, reachable, issue solving customer service creates loyalty since subscribers feel treasured by the provider thus ease of referral as well as reliability.

The discussions above establish a direct relationship between the strategic marketing practices adopted by telecommunication firms with their performance in Nairobi county.

5.4 Recommendation

The study has established that strategic marketing practices as adopted by the telecommunication firms determine their performance. It’s imperative therefore for firms in the industry to continuously adopt frameworks that creatively churn out endless marketing practices in order to remain competitive.

The study found out that research and development was not properly integrated with strategic marketing practices. Incredible offers that have not been bundled with strategic marketing practices ended up not giving the firm a competitive advantage thus little budge on overall performance. In addition, offers/ new services created by individual firms without being bundled with strategic marketing practices upon adoption by rival firms and bundled with these practices, ensured remarkable results. Firms need to have remarkable marketing as well as mass market departments in order to remain afloat.

5.5 Limitation of the study

Times as well as resources were a major limitation. A larger sample size would have been better suited for the study but due to time as well as funds scarcity, it became a handicap. Subscribers responses were based on their perception thus creating dynamic findings. Some respondents gave biased answers as well due to busy schedules.

5.6 Areas for future research

The study focused on telecommunication companies within Nairobi County, implying that generalizations cannot be adopted for other counties outside Nairobi. Future studies should therefore focus on the entire telecommunication industry in Kenya.

In addition, future research can explore on challenges of developing strategic marketing practices in Nairobi County.

REFERENCES

Andrew A.Stern (1989).*Pricing and Differentiation Strategies*. Planning Review, ………...Vol. 17 Iss: 5, pp.30 – 34, MCBUP ltd

Boag, D.A (1987). Marketing *control and performance in early growth companies.* Vol 2, Journal of business venturing, University of Saskatchewan, Canada

Chakravarthy Bala (1997). *A New Strategy Framework for Coping with Turbulence*. Sloan Management Review, Vol. 38, Winter, Cambridge, , p. 69-8

Danaher Peter J, (1992). Some *Statistical Modeling Problems in the Advertising Industry* ………...The American Statistician, Volume 46, Issue 4

Danish Federation of Small and Medium-Sized Enterprises) in collaboration with Growth Africa, Kenya (November 2006). *Business Opportunity Study within the IT and Telecommunication Industry in Kenya*

D.V.L. Smith and J.H. Fletcher (2004). *The Art & Science of Interpreting Market Research Evidence*. Wiley; 1st edition John Willey sons Ltd

Edward G. Krubasik. (1988). *Customize Your Product Development*. Harvard Business Review (November–December),

Greene W.H.(2002).*Econometric Analysis*. Fifth Edition. New Jersey. Pretince Hall

Hayes, Robert H, (1985). *Strategic Planning--Forward In Reverse*. Harvard Business Review, November-December,

Howard H. Stevenson (1976). *Defining Corporate Strengths and Weaknesses.* Sloan Management Review, spring.

Janofsky.M (April, 1993). *Discount brands flex their muscles*. New York times

Kim B. Clark and Takahiro Fujimoto (1990). *The Power of Product Integrity*. Harvard Business Review (November–December).

Mark I. Alpert, Glenview, IL: Scott Foresman (1971). *Pricing Decisions.* 1971.

Michael E. Porter(6th May, 1976). *Interbrand Choice: Media Mix and Market Performan*ce. American Economic Review

Michael Tyler, Janice Hughes, and Helena Renfrew (1994*). Telecommunications in Kenya, facing the challenges of an open economy*

Michael J.A. Berry (2002), *Data Mining Techniques for Marketing sales and Customer Relationship Management,* Second Edition

Naftally Waburi (2009). *The Contribution of mobile phones to the Kenyan Economy.*

Market & social Research Association.

Naras V.Eechambadi (1994). *Does Advertising Work*. The McKinsey Quarterly 3,

Paul Mensah Agyei (2012), *Factors influencing customer loyalty in the Kenyan Mobile telecommunication industry*. Un published report (Kenya university)

Philip Kotler, William T. Gregor, and William H. Rodgers III (2006). *The Marketing Audit Comes of Age*

Philip Kotler (2003) *Performance measurement.* Published by John Wiley & Sons Hoboken, New Jersey

Peter R.Dickson (2006). *Marketing management*. South-Western College Pub,.2nd edition, ...Dryden Press

Phillip Kotler, Dipak C.Jain and Suvit Macsincee(2002). *Marketing moves* Harvard ....Business Review Press; First Edition edition

Richard Gibson (22 March, 1991). *Marketers' Mantra: Reap More with Less*. The Wall Street Journal.

Richard M.S Wilson and Collin Gilligan (2008). *Strategic Marketing Management,* *planning, implementation and control*. Butterworth Heinemann, 9th edition.

Robert J. Dolan (1995). How *Do You Know When the Price is Right*. Harvard Business Review (September–October).

Samoilenko and Osei-Bryson (2007) *Investigating the Impact of Investments in Telecoms on Microeconomic Outcomes*.

Thomas T. Nagle (1987*). The Strategy and Tactics of Pricing*. Englewood Cliffs, NJ: Prentice- Hall.

Troy Waugh (2006*). 101 marketing strategies for Accounting, Law, Consulting and professional Services Firms*. John Wiley & Sons, Inc.

University of Nairobi. *Responses of safaricom limited to changes in the telecommunication industry in* HTTP://BUSINESS.UONBI.AC.KE/NODE/1824

www.cck.go.ke

http://www.kenyarep-jp.com/business/telecommunications_e.html

Zineldin, Mosad (2006). *The royalty of loyalty: CRM. Quality and retention*. Journal of consumer marketing, vol.23, number 7, pp. 430 – 437.

APPENDICES

APPENDIX ONE: INTRODUCTION LETTER

Dear respondent,

<u>REQUEST FOR RESEARCH DATA</u>

I am an MBA student from the University of Nairobi, School of Business. I am conducting a research exercise as part of my academic program on “Effect of strategic marketing practices on performance of telecommunication companies in Nairobi County.” I humbly request that you assist with any information that would help in achieving this goal.

Your response will be treated with utmost confidentiality and will be used for academic purposes only.

Thank you.

Dennis Murithi Kirigia

APPENDIX TWO: QUESTIONAIRE

PART A: Bio Data

1. Gender?

Male ( ) Female ( )

2. Age group?

20-24 ( ) 30-34 ( ) 40-44 ( ) 50-54 ( )

25-29 ( ) 35-39 ( ) 45-50 ( ) 55+ ( )

3. Highest level of education attained?

a) Certificate ( ) b) Diploma ( ) c) Degree ( ) d) Post-graduate ( )

PART B:

(A)SERVICE

1. Who is your current service provider?

Safaricom ( ) Airtel ( ) Orange ( ) YU ( ) Faiba ( ) Zuku ( ) Other ....

2. Overall how would you rate your current provider? 1^{st} ( ) 2^{nd} ( ) 3^{rd} ( ) 4^{th} ( )

3. What is the basis of your rating above? Price ( ) Quality ( )

If any other answers kindly explain

____

____

4. Which service are you currently using? Internet ( ) Mobile ( )

5. Are you satisfied with your current service offer? Yes ( ) No ( )

If no, kindly explain

____

____

5. From which provider are you most likely to purchase your next offer?

Safaricom ( ) Airtel ( ) Orange ( ) YU ( ) Faiba ( ) Zuku ( ) Other ....

6. If you could change your current subscribed service, what could that be?

____

____

7. From your own opinion, is there any relationship between the type of service offer and subscription to a certain network? Yes ( ) No ( )

Kindly explain

____

____

8. Do you think that these strategic service offers have any direct relationships with the company's performance? Yes ( ) No ( )

9. If you could change your current subscribed service, what could that be?

____

(B) MARKETING COMMUNICATION

1. Which advertisement do you remember the most when it comes to mobile service?

____

2. What did you like most about this ad? Please be specific.

____

3. How would you rate service providers based on the attractiveness of their advertising campaigns? 1st__________2nd __________3rd __________4th__________

4. Does branding increase the level of inquisitiveness in the market?

Yes ( ) No ( )

Kindly explain ....

....

5.Do lack of marketing campaigns influence planned / un planned puchases?

Yes ( ) No ( )

Kindly explain ....

....

(C) PRICE

1. Which service do you currently use and what is its cost per minute / bundle________10.

2. How often do you use it?____

3. How interested would you be to sign up for a similar service if priced lower than your current tariff by another provider? Definitely__________Maybe __________ Not interested __________

4. Would you recommend your provider's service as per the offer pricing to your colleagues or contacts? Yes ( ) No ( )

5. Thinking of similar products / services offered by other companies, how would you compare the product / service offered by your provider?

____

____

(D) CUSTOMER SERVICE

1. If you have ever contacted your provider's customer service, were all problems resolved to your complete satisfaction? Yes ( ) No ( )

2. Based on experience with your current service, how likely are you to buy again a new product offered by your provider? Unlikely ( ) Maybe ( ) Likely ( )

3. Does the strategy of creating offers for different people or segments have an impact? Yes ( ) No ( )

If yes explain.

____

____

(E) PLACE/DISTRIBUTION

1. How accessible are services of your current service provider?

Excellent ( ) Good ( ) Fair ( ) Poor ( )

2. Which service provider is the most accessible in terms of ease of signing as well as provision of its products?

Safaricom ( ) Airtel ( ) Orange ( ) YU ( ) Faiba ( ) Zuku ( ) Other ....

Kindly explain

....

3. Which service provider is the most visible in terms of branding (posters, wall branding)

Safaricom ( ) Airtel ( ) Orange ( ) YU ( ) Faiba ( ) Zuku ( ) Other ....

4. Does the efficiency in distribution or availability of your products have a relationship with frequency of purchase?

   Kindly explain ....

   ....

(F) BUSINESS PROCESS

1. How efficient is your service provider?

   Excellent ( ) Good ( ) Fair ( ) Poor

2. Which is the most efficient / reliable service provider?

Safaricom ( ) Airtel ( ) Orange ( ) YU ( ) Faiba ( ) Zuku ( ) Other ....

Kindlyexplain..

....

Thank you for your feedback

APPENDIX THREE: SHOPPING CENTRES IN NAIROBI COUNTY

Find below a list of shopping centers in Nairobi County.

Buruburu
Umoja
Kayole
Kasarani
Zimmerman
Kariobangi
Eastleigh
CBD
Pangani
Highridge
Ruaka
Parklands
Westlands
Kangemi
Dagoreti
Kibera

Langata
Ngumo
Nairobi west
South B
South C
Industrial area
Hurlinghum
Kawangware
Huruma
Donholm
Muthurwa
Ngara
Uthiru