COMPETITIVE STRATEGIES ADOPTED BY MOBILE PHONE SERVICE PROVIDERS IN KENYA

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ABSTRACT

With changing business environment firms are finding it increasingly difficult to find industry environment in which there are good enough conditions that allow a rate of return above the competitive level. Competitive strategies provide a framework for the firms to respond to various changes within the firms operating environment. Firms also develop competitive strategies that enable them to develop strategic initiatives and maintain competitive edge in the market (Grant, 1998). The objective of this study was to determine the competitive strategies adopted by mobile phone service providers in Kenya. A census survey of the descriptive design was used. The Target population comprised all four mobile phone service providers in Kenya. Research was mainly carried out using primary data which was collected by way of a semi-structured questionnaire. Descriptive statistics was used to summarize and organize data in an effective and meaningful way. Narrative summary of the open ended questions was made. The statistical package for social sciences (SPSS) was used to analyze the responses as secured from the five point likert scale. The study found out that the Cost leadership strategies adopted by mobile phone service provider companies were; research and development, technology, cost cutting, restructuring and automation of processes; the Differentiation strategies adopted were; new product and service development, customer service, branding, provision of product and service information, value addition services, continuous upgrading of services with a view of attracting and retaining customers and engaging highly competent staff, wide range of products and services, intensive staff training, positioning, community involvement and increased advertising; on the focus strategies adopted the respondents reported that their target market focus was several segments of the mobile phone users. The study recommended that in order to deal with competition, the mobile phone service providers in Kenya should ensure that they use the most latest technology, change with consumer needs, maintain quality services, they should also maintain reasonable tariffs, hire qualified staff in companies and ensure that they train them regularly for them to be able to know what customers want from time to time.

Key Words: Cost Leadership, Mobile Phone Service Providers, Technology
INTRODUCTION

The 1990’s ushered in the public sector reforms that called for market driven system. This amounted to liberalization of controls towards a market driven economy. Coupled with these local changes were the globalization and Information technology phenomena, these changes were immense and were bound to impact intensely on a hitherto protected economy. In the area of domestic market liberalization the government has undertaken reforms to ease restrictions on business entry and operations while putting in place appropriate safeguards against anti-competitive behavior. This undertaking has been achieved by rationalization, reduction in the number of national and local fees, licenses required for new businesses and through ministry restrictions on retail and wholesale trade and investment under various legislations (The policy framework paper, Feb. 1996). The foregoing changes have succeeded in creating a free trading environment in Kenya this free trading regime has in effect opened gates for entry into the various sectors of business by a number of new players competing business organizations have since emerged in virtually all sectors of the economy. The result has been serious challenges for companies or businesses that have long enjoyed monopolistic benefits, especially those in private sector (Owiye, 1999).

Since the introduction of liberalization in Kenya (Government of Kenya, 1986), firms in almost all the sectors of the economy are faced with competition. This calls for the need to devise strategies for effective competition. Only firms capable of formulating and implementing effective competitive strategies will achieve profitability and growth.

Competitive strategy is the basis on which a business unit might achieve competitive advantage in its market. Organizations achieve competitive advantage by providing their customers with what they want or need, better or more efficiently than competitors and in ways, which their competitors find difficult to imitate (Johnson and Scholes, 2002). An effective competitive strategy takes offensive or defensive action in order to create a defendable position against the competition. Porter argues that to be successful a company or business unit must achieve one of the generic competitive strategies otherwise the company will be stuck in the middle of the competitive market place with no competitive advantage and it is doomed to below average performance (Wheelen and Hunger, 1995).

A company's competitive strategy consists of the business approaches and initiatives it takes to attract customers withstand competitive pressures and strengthen its market position. The objective, quite simply is to knock the socks off rival companies ethically and honorably, earn a competitive advantage in the market place and cultivate a clientele of loyal customers. A company’s strategy for competing typically contains both offensive and defensive actions with emphasis shifting from one to the other as market conditions warrant. It includes short-lived tactical maneuvers designed to deal with immediate conditions as well as actions calculated to have lasting impact on the firm’s long-term competitive capabilities and market positions (Thompson and Strickland, 1996).

An industry can be defined as a group of firms producing products that are close substitutes for each other. The mobile phone service providers are those organizations that are involved in the provision of voice or data service to mobile users. The industry has grown and the operators have diversified their products to include data services and the highly successful money transfer service. The mobile telephone services in Kenya started in 1992 with the analogue system that was widely known as the Extended Total Access Communication System (ETACS), which was commercially launched in 1993. During this entry period the services were so expensive that it was only a few within the upper echelon of the society
that could afford them. The cost of owning a mobile handset was as high as Kshs.250,000. This resulted in a marginal mobile subscriber growth of less than 20,000 for a period of seven years (from 1993 - 1999). The enactment of the Kenya Communications Act, 1998 led to the introduction of competition in the cellular mobile industry. The Communications Commission of Kenya licensed the newly privatized Safaricom Limited and a new market entrant, KenCell Communications, which has since changed its brand name to Celtel Kenya (now Zain) following a 60% shares buy out by Celtel International. This has witnessed a phenomenal growth in the number of subscribers, as well as the geographic expansion of the cellular mobile service in the country. The number of licensed mobile operators in the country has increased to four with the licensing of two additional mobile operators - Telkom Kenya (trading as Orange Mobile) and Econet Wireless Kenya. (CCK website.)

Therefore, it is evident that the major factors of competition in this industry revolve around building subscriber base as opposed to retention of quality clientele. The existing players have been intensely advertising and positioning their brands in various ways. This has inevitably touched on various factors of competition such as cost/ price, customer care, network availability and reliability, and social responsibility activities among others (Ngobia, 2004). There are many challenges facing the industry, previously there were only two players in the market Safaricom and Celtel. The entry of two more operators has brought with it fierce competition with price wars being the order of the day in the mobile phone service providers industry. Consumers face the challenge of moving from one mobile service to another since there is currently no number portability. The fast growth of the communications industry in Kenya, especially the mobile sector has resulted in massive network roll out in the country. This has led to uncoordinated construction of communication masts and towers by operators. This development has brought with it a number of challenges which include growing public concern on perceived health and safety effects associated with exposure to electromagnetic emissions from towers and base transceiver stations, environmental concern with regard to the impact of communications networks on natural beauty/aesthetics, and allegations that public participation as provided for under the Environmental Management and Co-ordination Act (EMCA, 1999) has not been adhered to this has potential to impede coverage. (CCK website)

The Research Problem

With changing business environment firms are finding it increasingly difficult to find industry environment in which there are good enough conditions that allow a rate of return above the competitive level. Competitive strategies provide a framework for the firms to respond to various changes within the firms operating environment. Firms also develop competitive strategies that enable them to develop strategic initiatives and maintain competitive edge in the market (Grant, 1998). The importance of the mobile phone service industry cannot be underscored. In Kenya, it has been a catalyst to many businesses since many of them cannot do without communication. The industry has also provided employment opportunities to many people in the country. Money transfer services like M-pesa and Sokotele have enabled the unbanked population to be able to send and receive money fast and reliably. At the same time, the mobile phone industry is a major source of revenue to the government. Initially there was a duopoly in the mobile phone service industry where we only had Safaricom and Celtel (now Zain) in Kenya. The entry of Orange, and Econet wireless in the market has intensified competition. In this
case, of fierce competition, natural competition will hopefully ensure better services at lower costs and freedom for subscribers to abandon displeasing providers. The new entrants have forced the two major players to lower their prices and thus they are offering different tariffs and this is almost regenerating in to a price war. This coupled with the implementation of the unified licensing framework, and the ongoing implementation of a new interconnection framework will force the players to be innovative and mind about their competitive strategies so as to survive in a market where there is cut throat competition. The liberalisation and privatisation in telecommunication industry in Kenya has resulted in rapid growth of mobile phone services as fixed lines performed poorly. The intensive rivalry and threat of new entrants into the market are increasing, thus sustaining growth and market leadership are increasingly challenging. The changing customer needs and government regulations demand for providing new products and services, improving on existing products and services to serve the existing markets better and creating new market segments in rural and urban areas. The global mobile industry is facing rapid technological changes and is increasingly challenging (gsmworld website). The challenges intensify, as fixed line operators deploy CDMA technology to provide wireless services, and the competitors are undergoing transformation by changing ownerships, leveraging their capital resources and management capabilities (Olunga, 2007)

The liberalization of the economy and forces of globalization coupled with developments in the business environment have made competition become stiffer in the media industry. Each player in the industry faces more competition from other players as each one of them steps efforts to garner a sizeable market share. This calls for among other things strong product and service offerings from each of the players along various frontiers which bring about stiff competition in the industry to address these developments in the competitive environment and reverse the situation it becomes imperative and inevitable for media house to be aggressive in its competitive endeavor by crafting appropriate competitive strategies while stepping up its defensive strategies where it enjoys some competitive advantage (Muganda, 2007)

Research Objective

This study’s objective was to determine the competitive strategies adopted by mobile phone service providers in Kenya.

THEORETICAL REVIEW

The Concept of Strategy

Aosa (1988) states that strategy is creating a fit between the external characteristics and the internal conditions of an organization to solve a strategic problem. The strategic problem is a mismatch between the internal characteristics of an organization and its external environment. The matching is achieved through development of organizations core capabilities that are correlated to the external environment well enough to enable the exploitation of opportunities existing in the external environment and to minimize the impacts of threats from the external environment. Strategy is therefore required in order for an organization to obtain viable match between its external environment and its internal capabilities. It must also continuously and actively adapt the organization to meet the demands of an ever changing environment.

The word strategy came from the Greek word strategies, which means a general. At that time strategy literally meant the art and science of direct military forces. Today, the term strategy is used in
business to describe how an organization is going to achieve its objectives and mission. Strategy is concerned with deciding which option is going to be used. Strategy includes the determination and evaluation of alternative paths to achieve an organization’s objectives and mission and eventually, a choice of the alternative that is to be adopted (McCarthy, Minichiello and Curran, 1996).

According to Mintzberg et al (2003) a strategy is the pattern or plan that integrates organizations major goals, policies, and action sequences into a cohesive whole. A well-formulated strategy helps to marshal and allocate organizations resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents.

A company’s strategy is management’s action plan for running the business and conducting operations. The crafting of a strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company’s financial and market performance.

Thus, a company’s strategy is all about how- how management intends to grow the business, how it will build a loyal clientele and out compete rivals, how each functional piece of business (Research and development, supply chain activities, production, sales and marketing, distribution, finance and human resources) will be operated, how performance will be boosted. In choosing a strategy, management is in effect saying, “Among all the many different business approaches and ways of competing we could have chosen, we have decided to employ this particular combination of competitive and operating approaches in moving the company in the intended direction, strengthening its market position and competitiveness, and boosting performance.” The strategic choices a company makes are seldom easy decisions, and some of them may turn out to be wrong- but that is not an excuse for not deciding on a concrete course of action (Thompson, Strickland and Gamble, 2007).

Johnson and Scholes (2002) observe that strategy is the direction and scope of an organization over the long-term which achieves advantage through its configuration of resources within a changing environment and to fulfill stakeholder expectations. Hax and Majluf (1996) is of the view that strategy can also be seen as a multidimensional concept that embraces all the critical activities of the firm, providing it with a sense of unity, direction and purpose as well as facilitating the necessary changes induced by its environment. Pearce and Robinson (2000) define strategy as a company’s game plan, by strategy managers mean their large scale future oriented plans for interacting with the competitive environment to achieve company objectives.

A strategy is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage. When choosing a strategy firms, make choices among competing alternatives. In this sense the chosen strategy indicates what the firm intends to do as well as what it does not intend to do (Hitt, Hoskinson and Ireland, 2007). Hayes and Upton (1998) allude that sound strategy formulation and implementation will not only help a company to meet the challenges of competition but it can also enable a company to defend or attack competitors successfully. In so doing, the company will survive and prosper in the current dynamic and turbulent environment. Strategy helps a firm to keep its customers by meeting customers’ expectations and the changing tastes and preferences.
Importance of strategy

Crafting and executing strategy are top priority managerial tasks for two very big reasons. First, there is a compelling need for managers to proactively shape, or craft, how the company’s business will be conducted. A clear and reasoned strategy is management’s prescription for doing business, its road map to competitive advantage, its game plan for pleasing customers and improving financial performance. Winning in the market place requires a well-conceived opportunistic strategy, usually one characterized by strategic offensives to out innovate and out maneuver rivals and secure sustainable competitive advantage, then using this market edge to achieve superior financial performance. There can be little argument that a company’s strategy matters—and matters a lot.

Second, a strategy-focused enterprise is more likely to be a strong bottom-line performer than a company whose management views strategy as secondary and puts its priorities elsewhere. There is no escaping the fact that the quality of managerial strategy making and execution has a highly positive impact on revenue growth earnings and return on investment. A company that lacks a clear-cut direction, has vague or undemanding performance targets, has a muddled or flawed strategy, or cannot seem to execute its strategy competently is a company whose financial performance is probably suffering, whose business is at long-term risk, and whose management is sorely lacking. The better conceived a company’s strategy and the more competently it is executed, the more likely that the company will be a standout performer in the market place (Thompson, Strickland and Gamble, 2007).

Products and services have finite lives and broadly speaking they follow a lifecycle pattern. Strategies also have lifecycles, strategies which deliver value and competitive advantage will bring benefits to the organization in terms of success growth and profits. However, if consumer preferences change and the factors creating the advantage are no longer perceived as valuable, the advantage is lost. Similarly, if the advantage is cost based and the factors generating the cost advantage change, such that the advantage is lost, a new strategy is required. Again, any advantage is potentially vulnerable to copying or improvements in some way by competitors, particularly if it is seen to be generating success. The secret is to be aware of what is happening and to be ready to change when necessary rather than be forced into changes unexpectedly (Thompson, 1993). Benefit of strategy is not just offering simplification and consistency to decision making, but the identification of strategy as the commonality and unity of all the enterprises decisions also permits the application of powerful analytical tools to help companies create and redirect their strategies. Strategy can help the firm establish long term direction in its development and behavior (Hamel and Prahaland, 1994)

Competitive strategy

Porter (1998) proposes that competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine the industry competition. Two central questions underlie the choice of competitive strategy. The first is the attractiveness of industries for long-term profitability and the factors that determine it. Not all industries offer equal opportunities for sustained profitability and the inherent profitability of its industry is one essential ingredient in determining the profitability of a firm. The second Central question in competitive strategy is the determinants of relative competitive position within an industry. In most industries, some firms are much more profitable than others, regardless of
what the average profitability of the industry may be. According to Johnson and Scholes (2002) these are the fundamental basis on which a business unit might seek to achieve a lasting advantageous position by meeting the expectations of buyers, users or other stakeholders.

Companies pursue competitive strategies to gain a competitive advantage that allows them to outperform rivals and achieve above average profitability. Developing a competitive strategy is essentially developing a broad formula of how the business is going to compete. What its goals should be and what policies are needed to carry out these goals. Competitive strategy grows out of an understanding of the rules that guide competition. A business strategy is only powerful if it produces a sizeable and sustainable competitive advantage. The strategy should therefore emphasize an improvement in the competitive position of a firm’s product in the industry. Business strategy is essentially concerned with how the firm competes within a particular market or industry. If the firm is to prosper within an industry, it must establish a competitive advantage over its rivals also known as competitive strategy. It focuses on improving the competitive position of a company’s services or products within the specific market segment that the company or its business serves (Wheelen and Hunger, 1996). Business strategy is concerned with the formulation of long-term plans by a firm to achieve its business objectives. The plans enable the firm to develop appropriate policies for dealing with the firms changing environment especially the changes in the market demand and competition. Business strategy emphasizes improvement in the competitive position of a corporation’s products or services in the specific industry served by that division, Lowes et al (1994). A company’s competitive strategy deals exclusively with the specifics of management’s game plan for competing successfully – its specific efforts to please customers its offensive and defensive moves to counter the maneuvers of rivals, its responses to whatever market conditions prevail at the moment, its initiatives to strengthen its market position, and its approach to securing a competitive advantage vis-a-vis rivals. The objective of competitive strategy is to knock the socks off rival companies by doing a better job of satisfying buyer needs and preferences (Thompson et al, 2007).

Porter (1980) says that, every firm competing in an industry has a competitive strategy, whether explicit or implicit. This strategy may have been developed explicitly through a planning process or it may have evolved implicitly through the activities of the various functional departments of the firm. Left to its own devices, each functional department will inevitably pursue approaches dictated by its professional orientation and the incentives of those in charge. However, the sum of these departmental approaches rarely equals the best strategy. Porter (1998) further states that the essence of formulating competitive strategy is relating a company to its environment. Although the relevant environment is very broad, encompassing social as well as economic forces, the key aspect of the firm’s environment is the industry or the industries in which it competes. Industry structure has a strong influence in determining the competitive rules of the game as well as the strategies potentially available to the firm. Forces outside the industry are significant primarily in a relative sense: since outside forces usually affect all the firms in the industry the key is found in the differing abilities of firms to deal with them. Day and Wensley (1988) focused on two categorical sources involved in creating a competitive strategy, superior skills and superior resources. Other authors have elaborated on the specific skills and resources that can contribute to a design of competitive strategies. For example Barney (1991) stated that not all firms’ resources hold the potential of sustainable competitive advantage. Instead they must possess attributes; rareness, value, inability to be imitated
and inability to be imitated, and inability to be substituted.

Competitive strategies should lead to competitive dominance, which in the words of Tang and Bauer (1995) is about sustained leadership and levels of undisputed excellence. They Tang & Bauer (1995) contend that competitive dominance is an attitude that begins with the realization that leadership position is no guarantee for long term success, especially in the global market place. It begins with a strong conviction that leadership is temporary and a belief that smart and competent competitors are always fully prepared to dislodge the leader or to displace the incumbent. Competitive dominance seeks to position the firm for future opportunities through quality initiatives and offerings that delight customers. It seeks to align, integrate and synchronize strategy and quality to achieve future leadership and to be able to sustain it.

**Porters Generic Strategies**

The aim of any firm should be to develop a distinctive competence that is greater than its competitors. Porter (1998) identifies 3 generic strategies for achieving the above average performance in an industry and these are cost leadership, differentiation and focus. Each of the strategy is a different approach to creating and sustaining competitive advantage. Hitt et al (2007) on the other hand, state that firms choose from among five business level strategies to establish and exploit a competitive advantage within a particular competitive scope. Cost leadership, differentiation, focused low cost/focused differentiation and integrated cost leadership/differentiation.

How firms integrate the activities they perform within each different business level strategy demonstrates how they differ from one another. Superior integration of activities increases the likelihood of being able to outperform competitors and to earn the above average returns as a result of doing so. None of the five business level strategies is inherently or universally superior to others. The effectiveness of each strategy is contingent on both opportunities and threats in a firm’s external environment and on the possibilities provided by the firm’s unique resources, capabilities and core competencies. It is critical therefore for the firm to select a business level strategy that is based on a match between the opportunities and threats in its external environment and the strengths of its internal environment as shown by its core competencies.

**Competitive Advantage**

<table>
<thead>
<tr>
<th>Competitive Scope</th>
<th>Cost</th>
<th>Uniqueness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad Target</td>
<td>Cost leadership</td>
<td>Differentiation</td>
</tr>
<tr>
<td>Narrow Target</td>
<td>Focused Cost</td>
<td>Focused Differentiation</td>
</tr>
<tr>
<td></td>
<td>Integrated Cost Leadership/Differentiation</td>
<td></td>
</tr>
</tbody>
</table>

**Figure1: Porters Generic Strategies model**

Cost leadership strategy

Cost leadership is a low cost competitive strategy that aims at the broad mass market and requires “aggressive construction of efficient scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts and cost minimization area like research and development services, sales force, advertising and so on. Because of its lower costs the cost leader is able to charge a lower price for its products than its competitors and still make a satisfactory profit (Wheelen and Hunger, 1995).

Differentiation strategy

The differentiation strategy is an integrated set of actions taken to produce goods or services (at an acceptable cost) that customers perceive as being different in ways that are important to them. While cost leaders serve an industry’s typical customer, differentiators target customers who perceive that value is created for them by the manner in which the firm’s products differ from those produced and marketed by competitors. Firms must be able to produce differentiated products at competitive costs to reduce upward pressure on the price customers pay for them. When a product’s differentiated features are produced with non-competitive costs, the price for the product can exceed what the firm’s target customers are willing to pay. When the firm has a thorough understanding of what its target customers value, the relative importance they attach to the satisfaction of different needs and for what they are willing to pay a premium, the differentiation strategy can be successfully used. Through the differentiation, The firm produces non standardized products for customers who value differentiated features more than they value low cost (Hitt et al, 2007).

Focus strategies

Cost focus is a low cost competitive strategy that focuses on a particular buyer group or geographic market and attempts to serve only this niche, to the exclusion of others. In using cost focus, the company or business unit seeks a cost advantage in its target segment. This strategy is based on the belief that a company or business unit that focuses its efforts can serve its narrow strategic target more efficiently than its competition. However, a focus strategy does necessitate a tradeoff between profitability and overall market share (Wheelen and Hunger, 1995).

Focusing on a particular buyer group, segment of the product line or geographic market, as with differentiation focus may take many forms. Although the low cost and differentiation strategies are aimed at achieving their objectives industry wide, the entire focus strategy is built around serving a particular target very well and each functional policy is developed with this in mind (Porter, 1998). Focused differentiation strategy

Porter (1998) says that differentiating the product or service offering of the firm, creating something that is perceived industry wide as being unique. Approaches to differentiating can take many forms; design or brand image; technology features; customer service; dealer network or other dimensions. It should be stressed that the differentiation strategy does not allow the firm to ignore costs, but rather they are not the primary strategic target. Differentiation seeks to provide products or services unique or different from those of competitors in terms of dimensions widely valued by buyers. The aim is to achieve higher market share than competitors (which in turn could yield cost benefits) by offering better products or services at the same price; or enhance margins by pricing slightly higher (Johnson and Scholes, 2002).
seeks to provide high-perceived value justifying a substantial price premium, usually to a selected market segment (Johnson and Scholes, 2002)

**Integrated cost leadership / differentiation strategy**
Johnson and Scholes (2002) differentiation and low cost seek to achieve differentiation and a price lower than that of competitors. Here the success of the strategy depends on the ability both to understand and to deliver enhanced value in terms of customer needs, whilst also having a cost base that permits low price and it is sufficient for reinvestment to maintain and develop bases for differentiation.

**DATA ANALYSIS AND DISCUSSION**

**Competitive Strategies Adopted**

<table>
<thead>
<tr>
<th>Table 1: State Of Competition in the Mobile Phone Services Industry in Kenya</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of Competition</td>
</tr>
<tr>
<td>Strong competition</td>
</tr>
<tr>
<td>Very strong competition</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

From the results, the study established that there was strong competition in the mobile phone service providers in Kenya. This was shown by 70% of the respondents who reported that there was very strong competition and 30% of the respondents who reported that there was strong competition in the industry.

<table>
<thead>
<tr>
<th>Table 2: What the companies Offer to the Customers to Counter Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer to customers to counter competition</td>
</tr>
<tr>
<td>Charging fair prices that are slightly lower than competition</td>
</tr>
<tr>
<td>Provide unique products and services</td>
</tr>
</tbody>
</table>

Whatever industry is in, there are several competitors. The respondents were therefore requested to state what they usually strived to offer to the customers in order to beat competition. From the study, all the respondents reported that they strived to charge fair prices that are slightly lower than competition, while 80% of the respondents reported that they strived to provide unique products and services. These two strategies (cost leadership and differentiation strategies) were used to please customers and also to improve the company’s financial performance.

<table>
<thead>
<tr>
<th>Table 3: Cost Leadership Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost leadership strategies</td>
</tr>
<tr>
<td>Technology</td>
</tr>
<tr>
<td>Research and development</td>
</tr>
<tr>
<td>Cost cutting</td>
</tr>
<tr>
<td>Restructuring</td>
</tr>
<tr>
<td>Automation of processes</td>
</tr>
<tr>
<td>Tariffs</td>
</tr>
</tbody>
</table>
On the cost leadership strategies, the study found that the strategies that were used by most of the companies were research and development as shown by a score of 1.3, technology, cost cutting and restructuring as shown by a mean score of 2.0 and automation of processes as shown by a mean score of 2.3. Tariffs were used by most of the companies to a moderate extent as indicated by a mean score of 2.5.

Table 4: Differentiation Strategies

<table>
<thead>
<tr>
<th>Differentiation Strategies</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wide range of products and services</td>
<td>1.2</td>
<td>0.444</td>
</tr>
<tr>
<td>New product and service development</td>
<td>1.0</td>
<td>0</td>
</tr>
<tr>
<td>Increased advertising</td>
<td>1.4</td>
<td>0.513</td>
</tr>
<tr>
<td>Customer service</td>
<td>1.0</td>
<td>0</td>
</tr>
<tr>
<td>Branding</td>
<td>1.0</td>
<td>0</td>
</tr>
<tr>
<td>Provision of product and service information</td>
<td>1.0</td>
<td>0</td>
</tr>
<tr>
<td>Value addition services</td>
<td>1.0</td>
<td>0</td>
</tr>
<tr>
<td>Intensive staff training</td>
<td>1.2</td>
<td>0.444</td>
</tr>
<tr>
<td>Positioning</td>
<td>1.3</td>
<td>0.444</td>
</tr>
<tr>
<td>Continuous upgrading of services with a view of attracting and retaining customers</td>
<td>1.0</td>
<td>0</td>
</tr>
<tr>
<td>Engaging highly skilled and competent staff</td>
<td>1.0</td>
<td>0</td>
</tr>
<tr>
<td>Community involvement</td>
<td>1.3</td>
<td>0.444</td>
</tr>
</tbody>
</table>

On differentiation strategies, the study found that the strategies that were used by these companies to a very great extent were new product and service development, customer service, branding, provision of product and service information, value addition services, continuous upgrading of services with a view of attracting and retaining customers and engaging highly skilled and competent staff all shown by a mean score of 1.0, wide range of products and services and intensive staff training as shown by a mean score of 1.2, positioning and community involvement as shown by a mean score of 1.3 and increased advertising as shown by a mean score of 1.4.

Table 5: Focus Strategies

<table>
<thead>
<tr>
<th>Target Market focus</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile phone users in general</td>
<td>8</td>
<td>40.0</td>
</tr>
<tr>
<td>Several segments of the mobile phone users</td>
<td>12</td>
<td>60.0</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The respondents were also asked to state their target market. According to the study, most of the respondents (60%) reported that their target market focus was several segments of the mobile phone users, while 40% of the respondents reported that their target market focus was the mobile phone users in general.

CONCLUSIONS AND RECOMMENDATIONS

The study established that there was strong competition in the mobile phone services industry...
in Kenya and in order to deal with the competition, the companies charged fair prices that are slightly lower than competition and also they provided unique products and services. The mobile phone service providers in Kenya have adopted both Porters generic strategies as well as the Resource based view strategies. Cost strategies adopted by the majority of the companies were research and development, technology, cost cutting and restructuring and automation of processes, while the differentiation strategies adopted were new product and service development, customer service, branding, provision of product and service information, value addition services, continuous upgrading of services with a view of attracting and retaining customers and engaging highly skilled, competent staff, wide range of products and services, intensive staff training, positioning and community involvement and increased advertising.

Conclusions

The study concludes that Porters generic strategies used were cost, differentiation and focus competitive strategies adopted by mobile phone service providers in Kenya. The cost strategies were research and development, technology, cost cutting and restructuring and automation of processes, while the differentiation strategies were new product and service development, customer service, branding, provision of product and service information, value addition services, continuous upgrading of services with a view of attracting and retaining customers and engaging highly skilled, competent staff, wide range of products and services, intensive staff training, positioning and community involvement and increased advertising. Focus strategy mainly used was to target several segments of the mobile phone users.

Recommendations

This study therefore recommends that in order to deal with competition, the mobile phone service providers in Kenya should ensure that they use the most latest technology, they should change with consumer needs, maintain quality services, they should also maintain reasonable tariffs, hire qualified staff in companies and ensure that they train them regularly for them to be able to know what customers want from time to time.

REFERENCES


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