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INFLUENCE OF PRODUCT PRICING STRATEGIES ON COMPETITIVENESS OF AIRTEL COMPANY VOICE NETWORK SERVICE PROVIDER IN KENYA

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ABSTRACT

Voice networks providers thrive in a business environment that is highly competitive which poses a challenge to these firms in penetrating the market and establish a market position. This study sought to determine the influence of product pricing strategies on competitiveness of Airtel company voice network service provider in Kenya. Theory used in this study was Theory of Competitive Advantage. Descriptive research design was used. The target population of the study included 48 middle level management employees and 140 operational staff working in Airtel Kenya. Hence the total target population was 188 staff members in Airtel Kenya. Random sampling was employed where 98 employees were used as the target population. Questionnaires were used for data collection. Questionnaires were tested for validity and reliability. Statistical package for social sciences was used for analyzing the collected data. Data was analyzed using descriptive statistics and inferential statistics and presented in tables. The study established that product pricing strategies had significant relationship with competitiveness of Airtel Company. As such, product pricing strategies was important in determining competitiveness of Airtel Company. It was recommended that in order for Airtel to maintain competitiveness, Airtel should ensure that it has set considerable prices for their customers.

Keyword: Airtel Company, Product Pricing Strategy, Competitiveness, Market Penetration, Voice Network Service provider

1. INTRODUCTION

A penetration strategy is an institutional arrangement that a firm uses to market its product. It also refers to the extension of ownership of a firm to cover new markets, new sources of materials and new stages of the production process. The choice of penetration mode is done at firm level after evaluating the various options and their inherent risks and is therefore a strategic decision for the firm (Koome, 2011). Any company's strategic emphasis is increasing sales volumes, boosting market share and cultivating a loyal clientele. Profits are then re invested to grow the business. Price, quality and promotion are tailored to meet customer needs. It's then that opportunities for geographical market expansion are pursued next. The natural sequence for geographical expansion is local to regional to national to international. The degree of penetration will however differ from area to area depending on the profit potentials (Mose, 2007).

Firms mainly seek to increase their market share to gain reputation since market leaders have an influence that they can use to their advantage (Harzing, 2010). A firm may use its influence in an industry to increase its bargaining power. A larger player has an advantage in negotiations with suppliers and channel members than a smaller player in the industry has. This power enables a firm to be more competitive in the industry which ultimately results to increased performance (Harzing, 2010). There are various drivers of market share which include share of preference, which can be increased through product, pricing, and promotional changes. Increasing advertising expenditures and lastly share of distribution can increase share of voice; this can be increased through more intensive distribution.

According to Chiliyaet, Herbst and Roberts- Combard, (2009), market share can be increased by changing the variables of the marketing mix. They include the product whose attributes can be changed to provide more value to the customer by improving product quality. Setting right market prices as part of the marketing mix also impacts on the market share since a decrease in price will increase sales revenue. This tactic may not succeed if competitors are willing and able to meet any price cuts. Distribution can be done through adding new distribution channels or increasing the intensity of distribution in each channel. Promotion can be changed as increasing advertising expenditures can increase market share, unless competitors respond with similar increases (Mworia, 2009).

The other dimension of market penetration is the existing market which means firm already offering products or services to the customer but can forecast that the existing sales figures can be improved by working on marketing penetration strategy. Market penetration strategy can be implemented by offering sales, Increasing sales force, increase distribution and promotion of products, increased expenditure in marketing and advertising activities will results in increasing sales. It is not guaranteed that market penetration works after investing in sales and marketing of products and service, therefore a firm should go for this strategy only if the current market is not fully saturated, market share of the competitors are decreasing whereas the industry growth rate is increasing, existing buyers have the potential to purchase same products and services in more quantity, when economies of scale provides competitive edge. For instance, mobile service providers offering low price packages to increase talk time of the customers (Lewis, 2011).

1.1. Global Perspectives

The telecom industry is growing all over the world. More and more people are gaining access to the telecom services such as cellular phones, broadband and fixed telephones. Many developing countries are starting to invest more into this sector and it is becoming an important factor for their economy. The prosperity within the sector attracts newcomers and the competition increases. Therefore the companies within the telecom industry, as well as other industries, have to work hard to stay competitive in order to prosper in the market (Han et al., 2013).

Historically the telecommunication sector was considered to be a natural monopoly. This led in principle to granting the state a monopoly on operating telecommunication services (Smetana, 2013). However, in the 1980s, the opinion prevailed that competition could contribute to the development of this sector and consequently to the increase of wealth in society (Shy 2010). Thus the desire for a truly competitive strategy and differentiation in telecommunications was aroused.

The growth in telecommunication has drawn a lot of interest on the performance of telecommunication industries across the world. In Britain, the emergence of new parallel markets such as for mobile communications and for digital data services raised issues on the source of competitive advantage for British Telecommunications PLS (BT). British Telecommunications PLS is within the group of the largest national telecommunication carries with a global reach and has been trying to reposition itself and protect its market. The company works towards gaining competitive advantage through employment of intangible resources such as long term business relationships and cooperative alliance formations (Young et al., 2010).

In Germany, telecommunication companies demonstrate market penetration strategies based on pricing focused on on-net discounting. The process of discounting takes two approaches; on-net discounts by a large operator or by a smaller operator. Both the approaches had an impact on the market positioning of the companies. On net discounts by large telecommunication companies enables them to protect their customer base since discounted connections increases customers benefits in the particular network. On the other hand, on-net discounting by smaller firms damages revenue for large operators giving them an opportunity to penetrate the market (Zucchini et al. 2013). Wong (2010) observed that Canadian telecommunication sector experienced greater loss of customers at a rate of 1.6% per month. Hence the firms maintaining customers became the top strategic task for the management in the industry.

1.2 Regional perspective

In Nigeria, it was reported in 2014 that telecommunication industry had experienced an unprecedented growth and development for a period of ten years. There was a tremendous improvement in the qualities and quantities in different types of services provided to customers. The deregulation of the industry led to the increase in the number of providers of the telecommunication services and of the numbers of subscribers or customers. These led to competition between the providers as each of them pursues strategies that are directed to enable them to have their own share of the market in order to be profitable and to survive. The extents to which the uses of different competitive strategies by the selected telecommunication companies have led to improved performance and to what extent customers have responded to the provider's strategies had not being sufficiently examined (Akingbade, 2014).

Telecommunication in Zambia had been a state monopoly for quite some time. The international gateway market in Zambia was opened to competition in 2010 when the government reduced the licence fee from the previous USD18 million to USD350 000. Within a week of the reduction, private firms MTN and Zain, entered the market and announced a reduction of international call rates by as much as 70%. As noted by the Zambia Competition Commission (2008), lack of private sector entry led to very high international call tariffs, as well as lack of investment in modern and more efficient technology in the international gateway system. The mobile telephony market has grown tremendously in Zambia and in Africa generally. Mobile telephony is the fastest growing segment of the telecommunications sector. The mobile market has outgrown the fixed-line market in Africa, from about four million subscribers in 1999 to 65 million subscribers in 2005, while fixed-line growth moved from 19 million to 30 million subscribers over the same period (ITU, 2008).

A research paper on the role of marketing strategies in the performance of telecommunication companies: A comparative Study of Telecom Networks Malawi (TNM) and Aritel in Malawi (Jere, 2015) observed that Airtel followed aggressive strategies right from the time of its operations. Airtel has followed product strategies that have made it to be an innovative company and has gained a lot from first mover advantage. It has also gained a lot from distribution and promotional strategies. However, the results also indicate lack of flexibility in Airtel strategies in that they are rarely reviewed to be in line with the changing business environment. TNM had no clear strategy before Airtel came along and was not prepared for competition.

The results show that TNM lost a lot on the market. It first survival strategy was to follow Ariel's business lead. TNM follows customer-centric strategies which are reviewed yearly or when it is necessary. It also follows low-cost and low-prices strategies which are peoples' favourite. The study recommended that Airtel needs to take its strategies seriously. It should make them more versatile according to environmental trends. Airtel should regularly review its strategies to be in line with what people really want and the changing business environment. On the other hand, it was recommended that TNM should continue to be customer-centric in its strategic approach. However, TNM should start contemplating of engaging a strategic partner for financial and technological innovation support. This can also help TNM to venture into international markets as is common with most Telecommunication providers (Jere, 2015).

1.3 Local Perspectives

On her study on strategies used by Safaricom in responding to the competitive environment, Catherine (2010) found out that the responses to the competitive environment that have led to fruitful results were strong financial strategies (operation cost reduction), innovation (product, technology), invention (new product and technological) strategies, research and development ventures and investment in technology strategies yielded fruitful results seeing profitability of the company increase unbelievably. The study concluded that Safaricom has always taken the lead by reducing the costs of making calls to a minimum in the market which has resulted in the company having a large clientele base. The reactions have also been seen in the launch of more innovative products like one network across East Africa. M-Pesa (mobile banking) and Sambaza (topping up another person's phone). The marketing strategies and especially promotional strategies have been so vicious which has resulted in success in the company customer acquisition endeavour.

The effect of strategies in gaining market share by insurance companies in Kenya, Ong'ong'a (2014), found out that the following factors are responsible for gaining market share among insurance companies in Kenya: product, price, place, promotion, process, people and physical ambience strategies. Insurance firms have adopted the marketing mix to help them gain a competitive edge in the market and enlarge the organization's market share and grow the insurance industry revenue. He concluded that in order to improve sales and market share, firms should consider selling of insurance products in a right manner and also sell relevant products to the public. Insurance companies should also team up with the Insurance Regulatory Authority in order to carry out promotions throughout the country in a bid to promote public awareness.

On her research study on competitive strategies adopted by small supermarkets in Nairobi, Kinyua (2010) established that the branding of an outlet differentiates it from others, the outlets use brand name in order to cultivate customer loyalty, charging fair prices, ensuring good customer services, reducing the prices of goods in order to attract customers and improving goods quality before selling, convenience and ease of accessibility, consistency with other outlets, general cleanliness of outlet, attractive in outlet layout, moving with change in consumer tastes and preferences, included improvement of customer service, cost cutting measures, use of latest technology, ensuring that the supermarkets are located in more strategic locations, automation of operations, business process rationalization, increased advertising and staff training. In view of the results findings, it was recommended that all the supermarkets should use their brand name to the satisfaction of its customers and not exploit them. The use of all the strategic options by the supermarkets will ensure that if one option fails then they can use the other to respond to the changes in the market. The research found that executive support, experienced management, highly skilled staff, seamless communication, strong financial capability and partnerships and innovation to be key factors that have enables the company to succeed in the internet market business in Kenya.

Competitive strategies adopted by Safaricom Kenya limited to maintain market leadership in the internet market in Kenya, Kamanthe (2016) found that Safaricom Kenya limited has adopted a number of strategies implemented simultaneously to maintain leadership in the internet market in Kenya. The strategies are innovation and technology leadership, new product values with distinctive capabilities, product differentiation strategy, focus and segmentation strategy, new business models, process innovation, customer intimacy and relationship management. These strategies enable the company to stay ahead of competition, provide relevant products and services and ensure customer relationships are managed.

1.4 Airtel Kenya

The business was established in 2000 under the Brand name Kencell Limited the company that was owned by French Investors. It was the first Telecommunication Company to be established before the biggest competitor Safaricom. In 2003 the company was later resold to foreign investors and one local investor in Kenya, Merali who owned part of the shares, and was branded Celtel Kenya Limited with other opcos in the 15 African countries which were also branded to Celtel. In 2008 Celtel was bought by Zain a Kuwait bound company and was rebranded to zain Kenya. In March 2010 Bharti Airtel completed its $9 billion acquisition of African operations from Kuwait's Zain, and the Kenyan subsidiary was renamed Airtel Kenya limited (CCK Report, 2011).

Airtel Kenya competes in Kenya’s mobile industry with companies including Safaricom Ltd, the nation’s biggest mobile-phone company, and Telkom Kenya Ltd, a unit of France Telecom SA also Essar Telecom Kenya (Yu), Price Waterhouse Coopers (2009). It will not entirely peg its penetration solely on affordable calling rates, but through value added services such as banking, health, education and agriculture according to the Africa CEO. Bharti Airtel Africa (English speaking countries) Chief Executive Officer confirmed that Airtel Kenya would be leveraging on technical expertise gained in India to make the operator the market leader in the next five years (Communications commission of Kenya 2012).

2. STATEMENT OF THE PROBLEM

The competitive terrain in the mobile network services has required company’s in this sector to continually be innovative to grow in the market. According to communications authority of Kenya report (CAK, 2017), since 2011, mobile penetration of the population in Kenya has risen from 67% to 78%. Despite heavy investment in mobile technologies and infrastructure upgrades to support mobile data services, competition has nevertheless been a challenge to their profitability, with uneven revenue growth reported recently. Orange Group was the principal casualty of competition selling its stake in Telkom Kenya. Communication authority of Kenya (2017) report indicated that the market share for Safaricom declined slightly from 71.9% in 2016 to 69.1% in 2017, for Airtel grew from 14.9% to 17.2% in the same period. It is notable that though there is growth in Airtel's market share, it still remains very low in comparison to the main competitor Safaricom. According to a research by Deloitte (2017), revenues generated from voice and SMS services are plateauing or declining globally. A study by Kesenwa, Oima and Oginda (2013) sought to examine the effects of strategic decision making on firms' performance a case of Safaricom Limited. On the other hand Karanja, Muathe and Thuo (2014) examined marketing capability and the performance of mobile service provider intermediary organizations in Nairobi County. Further, Robert and Loice (2014) did a study to examine the relationship between competitive strategies and firm performance in mobile telecommunications companies in Kenya. However, these studies were not able to establish how market penetration strategies influence the competitiveness of voice calling services in mobile network providers. This study is thus premised on the foregoing to examine the influence of market penetration strategies and the competitiveness of Airtel company mobile calling services in Kenya.

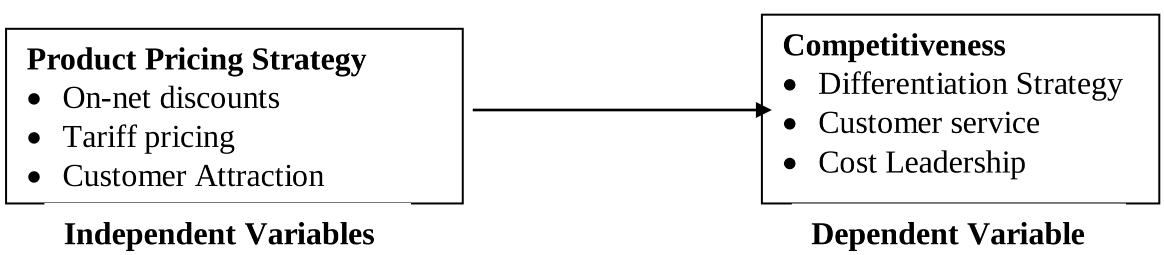
3.OBJECTIVE OF THE STUDY

The sought examined the influence of product pricing strategies on competitiveness of Airtel company voice network service provider in Kenya.

4.HYPOTHESES OF THE STUDY

H_0: Product pricing strategies have no significant influence on competitiveness of Airtel company mobile calling services in Kenya.

5. CONCEPTUAL FRAMEWORK



6.THEORETICAL FRAMEWORK

6.1 Theory of Competitive Advantage

This theory was developed by Porter in 1980. Porter (1980) distinguishes competitive strategies into cost leadership, differentiation and market niche as the sources of competitive advantages. The greater focus on firm-level analysis in the later period has given birth to the RBV. Corbett (2005) strongly believes that internal competencies are the basis for a firm to be a strong competitor in the market. Porter's (1980) generic strategies in the form of cost leadership, differentiation and market focus may be useful, but inadequate for organization to stay competitive. A differentiation strategy would mean the organization has a unique product offered to a targeted market segment. In a focused cost-leadership strategy an organization would use a cost leadership strategy targeted to a specific market segment. There is much debate as to whether or not a company can have a differentiation and low-cost leadership strategy at the same

time (Helms 2006).
However differentiation and cost-leadership are mutually exclusive. Innovation strategy is a strategy that promotes the development and implementation of new products and services (Robbins, 2011). Covey (2015) claims that the origin of creativity and innovation lies in a shared vision and mission which are focused on the future. Furthermore, the vision and mission of creative and innovation organization are also customer and market oriented, focusing on solving customers problems among other things (CIMA, 2006). Dibrell, Davis, and Craig (2008) underlined that innovations vary in complexity and can range from minor changes to existing products, processes, or services to breakthrough products, and to processes or services that introduce first-time features or exceptional performance.
A firm, which has competencies in many functional areas, would be better able to remain competitive in the market. It is advisable that mixed strategies, such as cost reduction, innovation and quality enhancement to be adopted simultaneously to gain competitive advantage, regardless of industry. A firm gains competitive advantage by performing these strategically important activities more cheaply or better than its competitors (Jonson & Devonish, 2009). The theory is important in explaining a firms approach to highly competitive business environment. Hence the theory will be significant in the study as it well help explain the strategies adopted by Airtel Kenya and telecommunications companies at large to remain competitive in industry. It will help establish the competitive posture of Airtel Company in comparison to other competitors.

7.EMPIRICAL REVIEW

7.1 Product Pricing Strategies and competitiveness of Voice Network Service Providers

The emergence of several pricing structures has been one factor driving the diffusion of mobile telephones (Corrocher & Zirulia, 2010). Some of the most significant pricing innovations have been virtual afterthoughts of technology development. They include for example prepaid, free minutes, frequent user benefits and other bonuses, family plans and location discounts. These represent what were initially considered trivial features and becoming drivers of mobile use, if not adoption, in many parts of the world.
The underlying factors that determine a company’s price decisions can be categorized as internal factors and external factors. Internal factors include company’s marketing objectives, marketing mix strategy, and costs; whereas external factors consist of market environment, demand competition (Khoso, Ahmed, & Ahmed, 2014). Pricing strategy is beneficial in terms of diverse purchasing behavior of various customers. Secondly, high degree of demand and uncertainty create more revenue. On the other hand, rigidity of production boosts the organization to play with prices. The effectiveness and relevance of different pricing strategies such as penetration strategy and price differentiation strategy can be determined by its outcome in terms of sales and customer satisfaction. Organizations can apply any of these strategies to achieve their pricing objective (Dolgui & Proth, 2010).
On their study on the impact of marketing-oriented pricing on product mix pricing strategies: An empirical study on the mobile telecommunication providers in Jordan, Atta and As’ad (2015) established that a strong effect between marketing orientated pricing and product mix pricing strategies, the marketing orientated pricing are a very important factors for the mobile service providers. The researcher recommends that the companies should focus more on marketing

orientated pricing and share it in the marketing strategy of the company.

In Rome, Victor (2014) on his study on price strategies as a determinant of performance on Romanians companies in export markets he established that it is important to adopt the price for a specialized product to the foreign market set by someone with knowledge about the particular market. This is important since customer demands differ between different markets in different countries. Therefore, it is important for the companies to have someone with thorough knowledge about the particular market to set the price since the final users often has precise product requirements. Pricing adaptation has at its base pricing decisions which are vital for a company's success in foreign markets. In today's business environment managers need to be careful when setting prices for export markets due to an ever increasingly competition, ambiguous government regulations and terms and degree of market risks.

A study in Germany telecommunication market by Zucchini et.al., (2013), presented two options on pricing; to provide on net discounts by a large operator or by a smaller operator. The view was that by using on net discounts larger operators can protect their customer base. The argument is based on the reasoning that a larger telecommunication network brings more discounted connections to the user hence increasing customers benefit on that network. On the other hand, on net discounting is more advantageous for smaller communication operators since it damages the revenues of a larger operator more than that of a smaller operator.

Nagle and Singleton (2011) surveyed 200 corporations on the impact of pricing strategies on the corporations' profitability. They found that companies, which implemented sophisticated value-based pricing strategies, earn 31% higher operating income than competitors basing pricing strategies on market share goals or target margins. Thus, the approach of a value-based pricing strategy is considered superior to other approaches in relationship to the results obtained by other companies

A study on the effect of pricing as a competitive strategy on sales performance of selected pharmaceutical companies in Nairobi County, it was found that pricing decision and pricing strategies had a significant effect on sales performance of pharmaceutical products. The study therefore recommended that pharmacies should perform a comprehensive market research to study the market for effective pricing decision and strategy to later improve medicine sales. Pharmacists and sales managers should get sufficient training in strategic management which will help them set effective prices that would increase their sales. Pharmacists and sales managers should employ well thought out strategies that would help them improve on sales and their competitiveness (Odhiambo, 2013).

A research study carried on influence of pricing strategies on consumer purchasing decision: A case of supermarkets in Nairobi County. Results showed that pricing strategies were significant in explaining product choice, store choice, purchase amount, and purchase timing. It was also observed that customers are holding on their shopping program until prices are favourable. Managers developing customized pricing strategies provide the organization the ability to adapt to changing consumer purchase decisions. Improvement in pricing strategies especially those including consumer perspective, create sustainable competitive advantages for an organization (Njeru, 2017).

Company's rate of profitability and retention levels are highly affected by pricing. He highlights that the pricing strategies differ variously depending on the available industry, country of operation, available clients and as well the way companies offer the value of their products and services which will in the long run determine their productivity. Pricing strategy involves the setting of lower, rather than higher prices in order to achieve a large and dominant market share. This strategy is mostly used by businesses wishing to enter a new market or build on a relatively small market share. This is possible where demand for the product is believed to be highly elastic, implying that demand is price-sensitive and either new buyer will be attracted, or existing buyers will buy more of the product as a result of a low price (Hinter, 2008).

A successful penetration pricing strategy may lead to large sales volumes/market shares and therefore lower costs per unit. The effects of economies of both scale and experience lead to lower production costs, which justify the use of penetration pricing strategies to gain market share. Penetration strategies are often used by businesses that need to use up spare resources like unutilized company capacity. A penetration pricing strategy may be used to promote complimentary and captive products. The main product may be priced with a low mark-up to attract sales which may even be a loss-leader. Customers are then sold accessories which are sold at higher mark-ups. Before implementing a penetration pricing strategy, a supplier needs to be certain that it has the production and distribution capabilities to meet the anticipated increase in demand (Hooley, Piecy and Nicouland, 2008).

7.2 Competitiveness of Voice Network Providers

Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company. The purpose of competition is to build a sustainable competitive advantage over the organization's rivals. It defines the fundamental decisions that guide the organization's marketing, financial management and operating strategies. Competition pressure makes organisations to be more effective and also causes sufficient organisations to prosper in expense of insufficient ones Knetsche, et.al.(2011). According to Ritson (2011), two broad types of competitive strategies enable the firm to build competitive advantage at the business level: low-cost leadership and differentiation. He further postulates that these strategies are known as generic strategies. Generic strategies are strategies that are applicable to multiple organizations within an industry or entire industry.

In their paper 'Strategies in the Colombian Telecommunication Market', in Columbia, they found out that due high-speed changing environment, such as the Colombian market demands the operators should combine and integrate their strategy with other secondary strategies to become successful. Operators have used a differentiation strategy with the factors retailer, coverage, price and technique to increase their position on the market (Arbin, Holmberg & Jönsson, 2009).

A research paper on Competitive Strategies of Telecom Operators in Post-3G Era Based on Industry Chain Value Stream (Wei, Jianming, and Yang, 2013) observed that due to the upgrade of network and the enrichment of mobile internet service in Post-3G era, the telecom industry chain will be more complicated, and the competition will be even more intensive. Therefore, there are four main strategies which telecom operators can adopt: network evolution, terminal customizing, industry chain cooperation and platform mode. The evolution and upgrade of network is the foundation of other strategies, and it is helpful for keeping the core competence of telecom operators. Based on the advantages of network, enormous customers and other resources, telecom operators are able to cooperate with terminal providers and content providers which are in the upstream and downstream of telecom industry chain, construct a stable industry chain alliance, and obtain integrated competitive advantages. In the future, along with the continuous emergence of new businesses and competition from different industries, telecom operators need to continuously promote the transformation of the platform mode.

A research study carried out by Thairu (2015) on competitive strategies adopted by the telecommunication mobile service providers in Kenya: A case of Telkom, Kenya. From the findings, the competitive strategies adopted by Telkom Kenya (Orange) are; cost Leadership, best cost provider and focused differentiated strategy. These strategies have enabled Telkom Kenya Limited to compete in the industry, steadily gain market share as well as build brand loyalty. Based on the findings, cost leadership is the most effective of all strategies. As a result, this study recommended that efforts need to be made towards increasing the effectiveness of the other strategies in order to increase market share as well as strive to be a market leader. Such efforts should be directed towards effectively utilize its brand, infrastructure, human resource as well as other resource in order to develop highly differentiated products.

A study on competitive strategies adopted by mobile phone companies in Kenya it was established that the mobile phone companies have adopted several strategies which include cost leadership, differentiation, marketing strategies, diversification, expansion, technology, customer service and corporate social responsibility. The companies have embraced cost cutting in their organizations in all possible ways so as to reduce on the costs of operations and this enables them to sell their products and services at lower rates which helps to increase their sales. Differentiation is also used to a great extent by these companies so as to try and gain increased market share and profitability. The companies have also greatly adopted the technology strategy as a way to stay update with technological advancements in this industry and keep up with customer needs. This has been seen especially in the data and internet services which have come through a lot of technological advancements including the fibre optic cable that has made internet more accessible, affordable and with faster speeds. From the research findings of the study it was concluded that all the above discussed strategies have been adopted have been successful in the mobile phone companies in Kenya (Kamande (2010).

Competitive strategies adopted by mobile telephony companies in Kenya (Mutisya, 2013) observed that there is great need for the companies to assess the competition of the market and keep a keen eye on the strategies that should fit the market at the time. This helps companies to be competitive, not easily debugging from the market share and eventual success in the current and future operations. Organizations therefore have to continually assess the competitive environment in which they operate and their own strategy. Analysis can be important in deciding whether company strategy should be directed toward heading off a substitute strategically or accepting the substitute as a key competitive force. Michieka (2008) studied the application of competitive strategies to the challenges of increased competition faced by Safaricom airtime dealers in Nairobi Central Business District and found that various strategies have been applied such as expansion, diversification, corporate social responsibilities, and joint ventures among others.

8.RESEARCH METHODOLOGY

Descriptive research design was chosen because it enabled the researcher to generalize the findings to a larger population and it was more precise and accurate since it involved description of events in a carefully planned way. The descriptive research design is preferred because it ensures complete description of the situation, making sure that there is minimum bias in the collection of data (Kothari, 2003). The target population for the study was the middle level management and operational staff working in Airtel Kenya. There are 48 middle level management employees and 140 operational staff working in Airtel Kenya. Hence the total target population was 188 staff members in Airtel Kenya. The researcher drew a sample from this population to form the respondents in the study. With the target population of 188 and using a margin of error of 0.07, the number of middle level management employees who participated in the study was 98. The researcher employed the use of a structured questionnaire to collect data from the respondents. The questionnaire consisted of statements constructed in form of a 5 point Likert scale (1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly Agree). The questionnaires facilitated the collection of data within a short period of time. The instrument was tested for validity and reliability. Cronbach's alpha was used to test the reliability of the instrument. The primary data collected was analyzed using descriptive statistics and inferential statistics and presented using tables. Descriptive statistical techniques (frequencies, percentages, means and standard deviation) were employed to analyze field data from questionnaires to assist the interpretation and analysis of data using Statistical Package for Social Sciences (IBM SPSS). Inferential statistics, in form of Pearson correlation coefficient was used to check the relationship between the variables.

9.FINDINGS AND ANALYSIS

98 questionnaires were distributed to respondents for data collection. Out of the 98 questionnaires distributed, 92 questionnaires were filled and returned for data analysis. All the returned questionnaires were checked for errors and were found appropriate for data analysis. This formed a response rate of 94%.

9.1 Descriptive Statistics

9.1.1 Product Pricing Strategies

The researcher sought to examine the perception of the respondents in regard to product pricing strategies. The percentages, means and standard deviation were computed and the findings presented in Table 4.4.

Table 1: Descriptive Statistics on Product Pricing Strategies

	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std. Dev
Airtel company provides on-net discounts for its customers	59.8	28.3	4.3	2.2	5.4	4.35	1.053
Of-net calls are lower for Airtel compared to other voice call network providers	33.7	45.7	10.9	5.4	4.3	3.99	1.032
Airtel Provides special pricing for different markets	23.9	43.5	18.5	7.6	6.5	3.71	1.115

Airtel has set low prices in order to achieve a large and dominant market share	43.5	25.0	22.8	8.7	0	4.03	1.010
Airtel tariff prices are friendly to the customers	45.7	35.9	8.7	4.3	5.4	4.12	1.098
Setting considerable prices for their customers has attracted more customers	37.0	39.1	6.5	8.7	8.7	3.87	1.251
Reduced on-net calls have helped Airtel access its competitors market	29.3	40.2	13.0	3.3	14.1	3.67	1.319
Improved services benefits have helped attract more customers to Airtel	40.2	37.0	18.5	1.1	3.3	4.10	.961
Valid N (listwise)	92						

Results from the table indicated that respondents were in agreement (M=4.35, SD=1.053) that Airtel company provides on-net discounts for its customers. 59.8% of the respondents strongly agreed while 28.3% of them agreed. Further, 79.4% the respondent agreed that of-net calls are lower for Airtel compared to other voice call network providers. This assertion had a mean of 3.99 and a standard deviation of 1.032. The researcher observed that respondents agreed that Airtel provides special pricing for different markets. 43.5% of the respondents agreed while 23.9% of them strongly agreed recording a mean of 3.71 and a standard deviation of 1.115. On the other hand, a mean of 4.03 and a standard deviation of 1.010 were recorded where respondents agreed that Airtel has set low prices in order to achieve a large and dominant market share. 43.5% of the respondents strongly agreed while 25.0% of them agreed. 81.6% of the respondents strongly and/or agreed that Airtel tariff prices are friendly to the customers recording a mean of 4.12 and a standard deviation of 1.098. In addition, respondents agreed that setting considerable prices for their customers has attracted more customers. 39.1% and 37.0% of the respondents agreed and strongly agreed respectively. This aspect had a mean of 3.87 and a standard deviation 1.251. Additionally, findings demonstrated that respondents agreed that reduced on-net calls have helped Airtel access its competitors market. 40.2% of the respondents agreed while 29.3% strongly agreed with a mean of 3.67 and a standard deviation of 1.319. Finally, 40.2% of the respondents and 37.0% of them agreed that improved services benefits have helped attract more customers to Airtel. This assertion registered a mean of 4.10 and a standard deviation of .961.

9.1.2 Organizational Competitiveness

The study further established the views of the respondents in regard to competitiveness of Airtel Company. The percentages, means and standard deviations of the responses were computed. The findings from the analysis were as presented in Table 4.8.

Table 2: Descriptive Statistics on Competitiveness

	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std. Dev
Airtel has embraced cost cutting to reduce the cost of operations which enable them sell their services at low rates hence increase their sales	42.4	34.8	15.2	4.3	3.3	4.09	1.023

The company has adopted differentiation strategy to increase its market share and the profitability	15.2	47.8	23.9	7.6	5.4	3.60	1.017
Airtel has differentiated its products to enhance customers experience with its products	28.3	39.1	21.7	7.6	3.3	3.82	1.037
Airtel has focused on gaining competitive advantage to enable the company to respond to and compete in the market	34.8	45.7	10.9	3.3	5.4	4.01	1.043
Airtel position its products and services in the market effectively to gain competitive advantage	30.4	37.0	19.6	4.3	8.7	3.76	1.189
Airtel use diversification strategies as their basis of competition in an effort to win more subscribers and maintain long-term customer loyalty	27.2	33.7	16.3	9.8	13.0	3.52	1.338
Low priced call rates has enabled Airtel get a stronger market position	39.1	28.3	16.3	13.0	3.3	3.87	1.169
Valid N (listwise)	92						

From the findings the researcher observed that respondents agreed with the assertion that Airtel has embraced cost cutting to reduce the cost of operations which enable them sell their services at low rates hence increase their sales. 42.4% of the respondents strongly agreed while 34.8% of them agreed registering a mean of 4.09 and a standard deviation of 1.023. Further, respondents agreed that the company has adopted differentiation strategy to increase its market share and the profitability. 47.8% and 15.2% of the respondents agreed and strongly agreed respectively. This assertion registered a mean of 3.60 and a standard deviation of 1.017. On the other hand, 39.1% of the respondents agreed and 28.3% of them strongly agreed that Airtel has differentiated its products to enhance customers experience with its products. This aspect had a mean of 3.82 and a standard deviation of 1.037. Additionally, respondents agreed that (M=4.01, SD=1.043) Airtel has focused on gaining competitive advantage to enable the company to respond to and compete in the market where 45.7% and 34.8% of the respondents agreed and strongly agreed respectively. 67.4% of the respondents strongly and/or agreed that Airtel position its products and services in the market effectively to gain competitive advantage recording a mean of 3.76 and a standard deviation of 1.189. Respondents also agreed that Airtel use diversification strategies as their basis of competition in an effort to win more subscribers and maintain long-term customer loyalty. The aspect had a mean of 3.52 and a standard deviation of 1.338. In addition a mean of 3.38 and a standard deviation of 1.169 were registered where respondents agreed that low prices call rates have enabled Airtel get a stronger market position. 39.1% of the respondents agreed while 28.3% of them agreed.

9.2 Correlation Analysis

9.2.1 Relationship between Product Pricing Strategies and Competitiveness

The study correlated product pricing strategies with the competitiveness and results were as indicated in the table below.

Table 3: Correlations between Product Pricing Strategies and Competitiveness

		Product pricing strategies	Competitiveness
Product pricing strategies	Pearson Correlation	1	.681**
	Sig. (2-tailed)		.000
	N	92	92
Competitiveness	Pearson Correlation	.681**	1
	Sig. (2-tailed)	.000	
	N	92	92
**. Correlation is significant at the 0.01 level (2-tailed).			

Findings indicated that an average positive significant (r=.681, p=.000) relationship between product pricing strategies and competitiveness of the company. This is a direct relationship which shows that enhancing product pricing strategies also enhances the competitiveness of the firm. Therefore, the researcher observed that product pricing strategies have a crucial role in determining competiveness of Airtel Company.

10.CONCLUSIONS AND RECOMMENDATIONS

From the findings the researcher concluded that product pricing strategies is significant in determining the competitiveness of the company. However, product pricing strategies have a direct relationship with competitiveness of the company. Hence, product pricing strategies still do have an important role in determining the level of competitiveness in Airtel Company. The researcher recommended that in order for Airtel to maintain competitiveness, Airtel should ensure that it has set considerable prices for their customers.

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