EFFECT OF GENERIC STRATEGIES ON COMPETITIVE
ADVANTAGE OF MEDIA AGENCIES: A CASE STUDY OF
SARACEN MEDIA LIMITED

BY
NICHOLAS MUIGAI

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA
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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

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STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution, or university other than the United States International University in Nairobi for academic credit.

Signed: ______________________  Date:____________________

Nicholas Muigai (ID 625320)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ______________________  Date:____________________

Dr. Juliana Namada

Signed: ______________________  Date:____________________

Dean, Chandaria School of Business
ABSTRACT

The purpose of this study was to examine the effects of generic strategies on the competitive advantage of Saracen Media Limited. The study was guided by the following research questions: What is the effect of cost leadership strategy on competitive advantage of media agencies? What is the effect of differentiation strategy on competitive advantage of media agencies? What is the effect of focus strategy on competitive advantage of media agencies?

A cross-sectional descriptive research design was adopted in conducting this study and addressed the questions posed above. The study used questionnaires to get data from respondents and used the census approach on the targeted population. The study population consisted of 120 Saracen Media Limited staff in Kenya, however only 86 responded resulting in a 71% response rate. The collected data was analyzed using descriptive statistics and regression analysis. Descriptive statistics was used to describe and summarize the data, whereas regression analysis was applied to determine the relationship between the dependent and independent variables, that is, the generic strategies and competitive advantage. The data collected was coded, edited and analyzed using Statistical Package for Social Science (SPSS).

The study found that during the implementation of cost leadership strategy, Saracen Media Limited stuck to its budget, monitored its costs on a daily basis, offered low-cost services without compromising quality, ensured their suppliers could easily access the firm and regularly conducted industry analysis and competitor analysis to reduce their relative service costs. The study found that during the implementation of differentiation strategy, Saracen Media Limited positioned itself in the market as a prestige brand by offering value-added services at premium prices. The firm also used the latest technology and substantial research capabilities to provide customers with high quality services. The study found that during the implementation of focus strategy, Saracen Media Limited utilized its staff’s specialized expertise to provide customized services and respond quickly to their clients’ changing needs. Through this, Saracen Media Limited was able to service a niche market, develop customer loyalty, and acquire new business through referrals hence achieving a competitive advantage.
The study concludes that cost leadership strategy, differentiation strategy, and focus strategy have a positive and statistically significant relationship with competitive advantage. It further concludes that cost leadership strategy, differentiation strategy and focus strategy contribute to the competitive advantage of Saracen Media Limited.

This study recommends that Saracen Media Limited needs to improve its implementation of cost leadership strategy by offering more incentives to meet deadlines, increasing the use of technology to reduce cost, and developing a culture of low-cost amongst its staff to gain a competitive advantage over its competition. To improve the implementation of differentiation strategy, Saracen Media Limited needs to focus on developing new high-quality services with unique features that will provide value to their customers and differentiate them in the market. To improve its implementation of focus strategy, Saracen Media Limited needs to create an innovative culture that encourages participation of all staff in decision-making, hence providing customers with customised services that meet their individual needs.
ACKNOWLEDGEMENT

I am thankful for my family’s invaluable support and guidance throughout the course of this MBA research project.

I also thank my supervisor Dr Juliana Namada and all USIU-Africa staff who provided me with the facilities required to complete the project.

I am sincerely grateful to all Saracen Media staff who participated in my survey and shared their truthful and illuminating views related to the project.
DEDICATION

I dedicate this research project to God Almighty, my late grandfather Geoffrey Njoroge Muigai, my parents Joseph Muigai and Grace Muigai, my siblings Catherine Njoki Muigai and Eric Muigai, my cousin Dennis Muigai, and my best friend Edward Kimori for their unrelenting love and support.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

The turbulent business environment is highly competitive, calling for rethinking business as usual. Porter (1998) describes the intensity of competition as neither coincidence nor bad luck but rather dependent on five competitive forces: the threat of new entrants, bargaining power of buyers, bargaining power of suppliers, threat of substitute products and rivalry amongst competitors. The collective strength of these competitive forces is what determines the profit-potential in the industry, where profit-potential is measured in terms of long-run return on invested capital. Therefore, to remain relevant amongst both local and international competitors, firms must defy best practices that assumed a relatively stable and predictable world and develop a competitive strategy that will help them achieve a sustainable competitive advantage.

Porter (1998) defines competitive strategy as taking offensive or defensive actions to create a defendable position in an industry, to cope successfully with the five competitive forces and thereby yield a superior return of investment of the firm. Mahnken (2012) further elaborates that the logic of competitive strategies is to get your competitors to play your game, in a way that you are likely to win. Clark (2007) states that a firm has a competitive advantage when it implements a strategy that its competitors are unable to replicate or find too costly to try to imitate. Strategic competitiveness is therefore achieved when a firm successfully formulates and implements a value-creating strategy. Understanding how to exploit this competitive advantage is essential for firms that seek to earn above-average returns (McGahan, 2003).

Firms that wish to establish and defend their desired strategic position against competitors need to implement an integration or one of three generic strategies: cost leadership, differentiation, and focus. Each strategy helps the firm to establish and exploit a particular competitive advantage within a particular competitive scope. How firms integrate the activities they perform within each different business-level strategy, demonstrates how they differ from one another. For example, firms have different activity maps, and thus, a Nation Media activity map differs from that of its competitor Standard Group. Superior integration of activities increases the chances of being able to gain an advantage over competitors and
to earn above-average returns. When selecting a strategy, firms evaluate two types of competitive advantage: “lower cost than rivals, or the ability to differentiate and command a premium price that exceeds the extra cost of doing so.” Having lower cost derives from the firm’s ability to perform activities differently than rivals; being able to differentiate indicates the firm’s capacity to perform different (and valuable) activities. Thus, based on the nature and quality of internal resources, capabilities, and core competencies, a firm seeks to form either a competitive cost advantage or a uniqueness competitive advantage as the basis for implementing its business-level strategy.

Cost leadership strategy is an integrated set of actions taken to produce goods or services with features that are acceptable to customers at the lowest cost, relative to that of competitors. Firms using the cost leadership strategy commonly sell standardized goods or services but with competitive levels of quality to the most typical customers in the industry. Cost leaders’ products must have competitive levels of quality and often differentiation in features that create value for customers (Hitt, 2009).

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 a typical customer in an industry, differentiators target customers for whom value is created by the manner in which the firm’s products differ from those produced and marketed by competitors. Through the differentiation strategy, the firm produces nonstandardized products for customers who value differentiated features more than they value low cost. Continuous success with the differentiation strategy results when the firm consistently upgrades differentiated features that customers value or creates new ones (innovates) without significant cost increases (Johnson, Lee, Saini, & Grohmann, 2003).

A focus strategy is an integrated set of actions taken to produce goods or services that serve the needs of a particular competitive segment. Firms choose a focus strategy when they intend to use their core competencies to serve a particular industry segment’s needs, or a niche to the exclusion of others. Three examples of specific market segments that can be targeted by a focus strategy include: (1) A particular buyer group (such as youths). (2) A different segment of a product line (such as products for professional painters). (3) A different geographic market (such as Kenya and Tanzania).
Porter argued that competitive advantage is a function of either providing comparable buyer value more efficiently than competitors (low-cost), or performing activities at comparable cost but in unique ways that create more buyer value than competitors and, hence, command a premium price (differentiation). You win by either being cheaper or by being different (which means being perceived by the customer as better or more relevant). Hitt (2009) added to this argument, stating that firms that successfully use the focus strategy, such as Greif & Company and Goya Foods, gain a competitive advantage in specific market niches or segments, even though they do not possess and industry-wide competitive advantage.

Porter (1985) through his structural perspective based on IO economics posits that strong defensible market position or power in an attractive industry renders sustainable competitive advantage. He further advances the industry-analysis framework dubbed the ‘five forces’ whose ultimate function is to explain the sustainability of profits against direct and indirect competition. He also states that competitive advantage grows fundamentally out of the value a firm is able to create for its buyers that exceeds the firm’s cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits of providing unique price. Porter’s structural perspective of cost-leadership or differentiation implicitly equates competitive advantage to profitability (performance), and sustainable advantage to profitability. That is, competitive advantage is treated as an outcome of positioning and should be pursued as an end itself. Barney & Grant (1991) however provides a different perspective on competitive advantage. They described the basic tenants of the resource-based view is that unique resources are the sources of sustained competitive advantage such that resources must be rare, valuable, inimitable, non-tradeable, and non-substitutable, as well as firm-specific.

The media industry as a whole is dynamic, and innovations are constant (Hendricks, 2010). The advancements in digital have decreased product life cycles and triggered an expanding cross-segment disruption that has resulted in substantial competition leading businesses to change their models or expand into new ones. The changing business models and economics of the industry have led to considerable improvements in the creation and delivery of content that continues to feed the growing fragmented audiences. The consumption of news and entertainment has also changed dramatically over the past decade, creating both challenges and opportunities (Deloitte, 2017). Technology continues
to serve as the enabler to minimize these challenges and capture opportunities through the industry’s most significant growth driver – the internet – followed by television and radio. In the near future, conventional media such as TV, radio and daily papers will keep on being the primary choice for most Kenyan advertisers. The move by middle-class consumers towards video and mobile will however call for intercessions. PwC (2015) estimates that the media and entertainment industry in Kenya will yield US$3 billion in 2019, and to support this phenomenal figure, internet advertising that comprised 13% of the market in 2010 is projected to increase by 42% to US$1.4 million in 2019.

Self-regulation in the advertising space has come to effect in Kenya and the wider East Africa. In 2001, the Association of Practitioners in Advertising (APA) Kenya released a set of guidelines titled ‘Standards of Practice’ and ‘Guide to good Pitching’ to replace the previous outdated standards. This release was followed by an industry-disruptive announcement in 2012 that states that all requests for competitive pitch involving APA agencies are channeled through the association, limiting the pitch shortlist to no more than four agencies. Former APA Chairman Monty Dhariwal (2012) said that the move was to ensure that every pitch counts; as good pitching requires more groundwork, better briefing and more focus on markets. Chris Harrison from Young & Rubicam Group (2012) also supported the move stating that the people who will benefit the most from the new standards will be the clients (Kwama, 2012). This move has led smaller agencies to concede to bigger ones because most lack capacity to compete on the scales required for attracting and retaining well-paying clients.

Saracen Media Group was incorporated in 2002, with the belief that it is the responsibility of marketing to deliver business success through demand-led sales and pricing power. Such demand strength comes from stimulating and sustaining high levels of consumer desire for a brand, product or service. The Group constitutes three companies with 139 staff, specifically ‘OMD’ that offers the Media services, ‘BEAN Interactive’ that offers the Digital services, and ‘PHD’ that offers the Creative services.

Saracen is also part of the OMD global network which invests over US$ 34 billion in media, has 8,300 employees around the world, and offices in all major cities. The mantra by which Saracen lives by is ‘Insights, Ideas, Results.’ Insights are to discover the actionable triggers that drive consumer behaviour. Ideas are to differentiate and deliver the insight. Results are what drive the clients’ business.
The Media service offerings include Quarterly media landscape, Media Strategy, Media Planning, Media Buying, Media Monitoring Management, Qualitative Campaign Evaluation, Market Intelligence, and Consolidated Reporting. The Digital service offerings include Digital Strategy and Insight Development, Digital Creative, Copy and Asset Production, Digital Advertising, Media Buying, and Digital Experiential. The Creative service offerings include Strategy, Messaging, Identity, Print, Advertising, Direct Response, Environment, Market Intelligence, and Consolidated Reporting (Saracen Media Group, 2018)

1.2 Statement of the Problem

Competitive strategies play a very significant role in competitive advantage. The percentage of companies falling out of the top three rankings in their industry increased from 2% in 1960 to 14% in 2008 (Reeves & Deimler, 2011). Furr (2011) from Forbes projects the end is near for the Fortune 1000 companies as 70% of the companies will be replaced in a few years. This revelation is evidenced by Fortune’s latest report which saw Tesla Motors and nineteen other companies join the Fortune 500 list for the first time (Jen Wieczner, 2017). Market leadership has become the prize most companies are seeking. The new level of uncertainty has many companies asking questions such as how to apply new frameworks, track when an industry ends, how to apply forecasting to planning, and how to stay relevant through one-year or five-year strategic planning cycles.

Previous studies on competitive strategies have been conducted both internationally and locally. Internationally, some of these studies focused on competitive strategies effect on various industries. For instance, Fathali (2016) examined the impact of competitive strategies on the corporate innovation of the automobile industry, while Tavitiyaman & Zhang (2012) did a study on competitive strategy’s impact on the hospitality industry. Locally, Sifuna (2014) focused on the effect of competitive strategies on the performance of public universities in Kenya. On the other hand, other studies investigated on individual components of competitive strategy such as cost leadership, differentiation, and focus. Valipour, Birjandi, & Honarbakhsh (2012) focus on the effects of cost leadership strategy and product differentiation strategy on the performance of firms. Muia (2017) focused on the effect of competitive strategies on the performance of insurance companies in Kenya.

Therefore, while there are existing studies on competitive strategies, previous studies did not address competitive strategy in the context of competitive advantage in the media.
agency sector in Kenya. Given the research problem, this study seeks to address the knowledge gap by attempting to answer the question, ‘what is the effect of generic strategies on the competitive advantage of media agencies in Kenya?’

1.3 Purpose of the Study

The purpose of this study was to examine the effect of generic strategies on competitive advantage of media agencies in Kenya: A case study of Saracen Media Limited.

1.4 Research Questions

1.4.1 What is the effect of cost leadership on competitive advantage?

1.4.2 What is the effect of differentiation on competitive advantage?

1.4.3 What is the effect of focus strategy on competitive advantage?

1.5 Significance of the Study

1.5.1 Significance to the Media Industry

The findings of this study benefited firms in the media agency industry given generic strategies play a pivotal role to sustainable competitive advantage. Given the intensity of competition amongst media agencies in Kenya, observations derived from this study could help them better understand the importance of applying competitive strategy, while determining which strategies resulted into the firm’s intended desired result.

1.5.2 Significance to Fellow Researchers

For the researcher, this study will uncover critical findings on the dimensions of competitive strategies and their effect on the competitive advantage that others researchers may not have explored. Thus, new revelations may be arrived at.

1.6 Scope of the Study

This study focuses on competitive strategies in terms of: cost leadership, differentiation and focus strategies, and how they each influence competitive advantage. An analysis will be carried out in Saracen Media Limited, which is the population of interest of this study.
1.7 Definition of Terms

1.7.1 Cost Leadership Strategy
Cost leadership strategy is an integrated set of actions taken to produce goods or services with features that are acceptable to customers at the lowest cost, relative to that of competitors (Hitt, 2009).

1.7.2 Differentiation Strategy
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 (Hitt, 2009).

1.7.3 Focus Strategy
Focus strategy involves leveraging on core competencies to serve the needs of a particular industry segment or niche to the exclusion of others (Hitt, 2009).

1.7.4 Integrated Cost Leadership and Differentiation Strategy
Integrated cost leadership and differentiation strategy entails engaging in primary and support activities that allow a firm to pursue low-cost and differentiation simultaneously. (Hitt, 2009)

1.7.4 Media Agency
A media agency is a service organization that specializes in planning and execution of advertising programs for its clients. The agency personnel comprises specialists – Creatives, writers, media analysts, researchers and strategic planners – whose role is to help the client market their products and services. (Belch, 1990)

1.7.5 Competitive Strategy
Competitive strategy is the distinctive approach, which a firm uses to succeed in the market. This success is measured by a firm’s ability to adapt to its environment, which leads to growth and profitability by linking its internal capability that includes resources, goals, values and systems to its external environment, which relates to political situation, technology, competition, social pressure of the firm as well as saturation of the markets. (Ansoff, 1986)

1.7.6 Competitive Advantage
Competitive advantage is a function of either providing comparable buyer value more efficiently than competitors, or performing activities at comparable cost but in unique ways
that create more buyer value than competitors and, hence, command a premium price (Porter, 1998).

1.8 Chapter Summary

This chapter lays the foundation for the study. It begins by documenting a brief background on the genesis of media, while highlighting on the variables of the study, namely: competitive strategies and competitive advantage. In addition, the purpose of the study has been outlined and research questions generated. To conclude, the significance and scope of the study have been noted to discern the importance of and gain clarity on the extent of the study. The following chapter consists of the literature review, whereby an empirical review of related studies will be conducted.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the related literature on the subject of competitive strategies and competitive advantage as presented by various researchers and scholars. The materials are drawn from various sources that are closely related to the main topic and the specific objectives of the study.

2.2 Cost Leadership Strategy and Competitive Advantage

2.2.1 Cost Leadership on Competitive Advantage

Ireland, Hoskisson, & Hitt (2011) reveal that value leadership issues pertain quality goods and services to consumers at a low-cost price. This strategy makes a speciality of gaining competitive benefit by way of having the lowest pricing compared to others in the industry. As a way to obtain a low-value gain, media firms ought to have a low-cost leadership approach, low-price operations incorporated into the business units, and a team of workers committed to the low-value approach. The media firms have to be willing to stop any activities that they no longer have a price gain on and have to opt for outsourcing activities to gain a cost advantage. For a robust price management approach, media firms have to gain massive market proportion. There are many speciality areas that they can reap cost leadership from, and this includes mass manufacturing, mass distribution, economies of scale, technology, products and services layout, input-value and potential usage of resources. Porter (1998) purports that only one firm in an industry can be the cost leader and if this is the only difference among the firm and its competitors, the grand strategic choice is the low-cost management function.

Lower costs and cost advantages result from improvements in the processes, economies of scale, reduction in operations time and charges, and reengineering activities. Robust implementation of a low-fee or price leadership method occurs when the firm designs, efficaciously produces, and markets comparable services better than the competition. The media firm can also access cheap materials or advance production to lower costs. Many media firms build competitive strategies with a purpose to penetrate and reap profitability.
As a low-cost operator, media companies can present limitations in opposition to new market entrants who would want massive quantities of capital to enter the market. The industry leader then is cushioned from enterprise-wide charge discounts (Kamau, 2013). The cost management strategy does have disadvantages. It creates little consumer loyalty, and if a media firm lowers prices by an excessive amount, it may lose revenues. This generic approach calls for being the low-cost manufacturer in an industry for a given quality level. The firm either sells its services and products at standard industry-rate to earn a profit better than that of competitors or under the standard industry prices to benefit from market share. In the event of a price struggle, the media firms can keep some profitability even as the competitor suffers losses. Even without a price battle, as the industry matures and costs decline, the media firms which can service greater cost efficiency will remain profitable for a longer duration. The value management strategy targets typically an extensive market (David, 2012).

On the other side, Hannah & Lester (2009) argue that the primary cost leadership strategy dimension is efficiency; whereby the degree of inputs per unit of output are low. This efficiency is categorized into two: cost efficiency which measures the degree to which costs per unit of output are low, and asset parsimony which measures the degree to which assets per unit of output are low. Collectively, cost efficiency and asset parsimony, capture a media firm's cost leadership orientation. To the extent that media firms following an efficiency strategy succeed in deploying the minimum amount of operating costs and assets needed to achieve the desired sales, they would be able to improve their performance (Miller, 2012). Such firms pay considerable attention to discretionary overheads, employee productivity, and asset utilization. Their customers primarily purchase their services and products primarily because they are priced below their competitors' equivalent services and products, an advantage achieved through minimizing costs and assets per unit of output (Hannah & Lester, 2009). Where cost leadership strategy is developed on the before-mentioned generic solutions linked to operational efficiency, the strategy is expected to be more susceptible to imitation by competitors since comparative cost advantages would disappear over time. It is hence apparent that media firms that are cost advantage leaders are maximizing on capacity utilization and observing economies of scale. They are also forming linkages with service providers, suppliers, and other supplementary institutions.
2.2.2 Sources of Cost Advantage

Sources of cost advantage differ relying upon the business structure. Cost advantages have been seen to originate from economies of scale, economies of degree, appropriateness innovation, and exclusive access to materials among different components. With cost advantages, firms can have better than expected return or can order cost. Grant (2016) contends that essential to the achievement of Japanese organizations in purchaser merchandise ventures, for example, autos, bikes, customer gadgets, and melodic instruments have been the capacity to accommodate minimal effort with high caliber and mechanical progressiveness. This position is reinforced by Barney & Hesterly (2014) who assert that few layers in the detailing structure; straightforward announcing connections, limited corporate staff, and spotlight on the scope of business capacities are components of the sound structure that enable firms to understand the maximum capacity of cost leadership techniques. It is imperative to note nonetheless, that an organization may be a cost pioneer however that does not really suggest that the organization's items would have a low cost. In specific occurrences, the organization can, for example, charge a standard cost while following the minimal effort leadership strategy and reinvest the additional profits into the business (Li & Li, 2008). The danger of following the cost leadership strategy is that the organization's emphasis on lessening costs even once in a while to the detriment of other essential elements may turn out to be dominant to the point that the organization loses vision of why it followed such a strategy.

Changes in competition and customer demand can also influence cost strategy to a very significant extent. The competition will increase the supply of comparable or alternative products thus forcing a firm to differentiate. Change in customer wants, and demands can cause a firm to have a change in the products they offer suddenly. The intensity of industry rivalry between competitors will depend on: the structure of competition, the structure of industry cost, the degree of differentiation, switching costs, strategic objectives, industry maturity and barriers to exit. The structure of competition is more intense where there are many small or equally sized competitors such as kiosks, compared to a structure which has a clear market leader such as the Kenya telecommunications industry where Safaricom is the market leader. The structure of industry cost, such as in the telecommunication industry, encourages competitors to get ahead by price-cutting. For the degree of differentiation, the rivalry is more intense in industries where the product is similar across the board, for example, the steel and coal industries. Switching costs are significant costs associated with
the decision to buy a product from alternative suppliers. The simpler it is to switch from one supplier to the next increases the rivalry in the industry. For example, taxi riders in Nairobi tend to switch between the taxi-hailing apps Uber and Taxify to get the cheaper option. Competitors seeking after forceful development targets intensifies contention in the business. Where competitors are "draining" profits in a developing industry, the level of contention is less. At the point when boundaries to leaving an industry are high, at that point competitors tend to show more noteworthy contention (Grant, 2016).

Kranenburg (2004) posits that newspaper publishing companies pursuing a cost leadership strategy aim to become the low-cost producer of information and communications products in the industry. These firms usually have a broad scope and serve many market segments. They may even operate in related industries, such as broadcast market because this breadth of operations is often crucial in achieving cost advantages. The cost structure of the industry determines the way these cost advantages can be achieved. The publishing industry cost structure is distinguished by a relatively high ratio of fixed costs. The competitive cost advantages result from the differences in capacity costs and high first-copy costs, similar to the organization of editorial and advertising copy and preparation of the printing mechanism. These costs are ineluctable to produce even one product, while the marginal production costs of the subsequent products are meager (Picard, 2011). Control of two or more newspapers or broadcast stations provides publishing companies opportunities for economies of scale in news gathering, securing advertising, financing, and management, by lowering average and marginal costs. These costs advantages are significant in chain ownership where there are high aggregate distribution and homogeneous products.

An important cost driver for the publishing industry is the distribution network, in particular, the circulation industry. For instance, distribution costs contribute about 20 percent to the total costs of a newspaper publishing company. These companies can reduce their costs by utilizing their transportation network within a geographic territory, or by generating the same volume of business in geographically smaller areas as they do in a geographically larger area. These cost savings refer to economies of density. It is economies of scale along a given route that reduce the average cost as the volume on the route increases (Dranove, Besanko, Shanley, & Schaefer, 2015). New technological developments provide economies of thereby offering gains in reaching a more significant distribution channel. Companies are also further enabled to manage their channels more efficient and faster; therefore, publishing reduce their total distribution cost when they have only one product
distribution channel, instead of separate distribution channels where they can outsource their distribution activities to independent companies.

Information technology may become a great potential for media firms to achieve economies of scale and scope. The recent information technology developments promote an increase in effective and efficient utilization of information over ranges of products and customers. Information may further allow for scope economies and promote competitive advantage to publishing companies that can offer a wide range of services and products to their customers. The possibility for reuse of information across customers has increased. Furthermore, the information technology developments may help facilitate differentiation of products and services (Chyi & Sylvie, 2009).

Modern technologies such as the internet and online subscription-based services make it feasible to blend old and new media into one product with an additional element that was missing in the earlier markets: interactivity. The integration of activities allows vaster personalization of relationships and interactivity between customers and publisher. The company can offer bundled products and services into a complete service package for the customer (Wirtz, Pistoia, & Mory, 2013). Publishers could offer services such as an interactive forum, searchable news archives, online transactions, real-time information, and audio-visual offerings. It is in the increased integration of new technologies, which sets in place the potential competitive advantage of publishing companies. Therefore, publishing interacts with many different fields within the information and communications industries and technologies. Because of this diversification publishing, companies may have to redefine their core businesses. However, to utilize these technologies in a competing way, substantial investments in capital and expertise is required.

Different researchers have exemplified the connection between quality performance and cost reduction. For instance, Maani et al. (1994) demonstrated that quality performance (regarding scrap, improvement, and client grievances) does not just favourably affect the operational factors but its effect will likewise be apparent at the business performance level. The contentions for quality costs have been reached out to the point where firms can accomplish better money-related performance by diminishing disappointment costs as opposed to by enhancing deals. This connection was confirmed in the 1980s when the lower cost and higher quality of the Japanese items overflowed worldwide markets which had already been ruled by Western organizations (Raisinghani et al., 2005). This causal
connection amongst quality and cost, hence, is not quite the same as that held in a traditional financial matters hypothesis, as was noted prior. Here, quality is considered as straightforwardly backward to cost. This result is by all accounts good with a leadership quality strategy that looks for the most reduced conceivable unit cost underway. The chain of responses begins with the quality change that outcome in cost reduction, which brings about firms having the chance to offer high caliber products and services at low costs. Along these lines, firms will be rewarded with a higher piece of the pie and a superior aggressive position in the market (Rashid & Taibb, 2016). Deming's view, which opposes the conventional view, maintains there is no relation between product quality and cost.

2.2.3 Low-Cost and Best-Cost Provider Strategies

According to Thompson et al. (2016), the overall strategy of low-cost (low-cost provider strategies) is a competitive force in the market where buyers are sensitive to price. The firm achieves cost leadership when it sets the lowest cost of the competitors. The cost here is the total cost of production, and not on price. Kuncoro, as cited by Idris & Primiana (2015) explains to implement a cost leadership strategy, a company needs: (1) Any measures taken to be based on an effort to minimize costs improving efficiency in all areas within the firm. (2) Finding ways to reduce costs by looking at previous experience. (3) Tightening overhead expenses. (4) Minimizing costs in all company activities related to the company's value chain such as Research & Development, service, sales, and promotions.

Idris & Primiana (2015) also explains the advantages for companies in implementing a cost leadership strategy are: (1) The firm will earn above-average returns despite extreme competition in the market. (2) Protect the company from an influential buyer. (3) Market-leadership which provides flexibility to the company to bargain with its suppliers. (4) Provide high barriers to entry for competitors excellence companies, especially in the cost and creation of products that require economies of scale. Some of the risks of running the price leadership are that competitors can mimic this strategy, thus triggering the decline of industrial profits; that the invention of technology in the industry can make ineffective strategies; or that the attention of buyers may switch to other distinguishing features other than price.

Thompson et al. (2016) explain that the competitive advantage of the best cost provider is lower costs than its rivals in incorporating upscale attributes, putting the firm in a position to under-price its rivals whose upscale-similar products have attributes. Pricing strategies,
however, give more value to consumers at a price. That is, providing superior value to
customers by satisfying their expectations in quality, features, performance and beat their
expectations for the price. A firm achieves this status of the cost when it can combine the
best attributes of interest at a lower price than the competition. This attractive attributes can
be devised from the performance and quality of better products, and services of interest. If
a firm has the power, resources and the ability to compete, it can combine the provision of
product attributes at a lower cost than its competitors can.

Determination of the best cost is different from being a price leader because the provision
of additional features increases the price of the product itself. Best pricing strategies are
among the advantages of cost and differentiation advantages and consideration among the
broad market and narrow market. Competitive advantage with the best costing is the ability
to add features to the product at lower cost than competitors who have the same product
features. Costing can best use the cost advantage of costing less than competitors who have
the same product features, and it is not difficult to persuade consumers competitors by
providing a high price if it provides the features, quality, and performance of products better
than competitors. Thomson et al. (2016) explain that to achieve a competitive advantage at
the best cost; the firm must: (1) have the ability to incorporate less product costing for the
same product features found among competitors. (2) Deliver quality products at a lower
price than its competitors. (3) Develop products that provide the best performance at a
lower price than competitors; (4) Provide low prices on providing customer service equal
to the competitors.

A best-cost provider strategy is very suitable for the market where buyers are concerned
with product differentiation, are price-sensitive and value conscious. The aim being to cost
closer to the market, with standard quality products at prices below the average, or high-
quality products at just above the market average. While investigating the competitive
strategies adopted by television broadcast media stations in Kenya, Njeri (2013) notes that
the low-cost strategies used are developing low-cost production content, low advertising
rates, acquiring international programmes at a low price, use of technology, outsourcing
production, and maximizing capacity to reduce cost. However, she concludes that majority
of the television media stations in Kenya has used differentiation strategy to remain
competitive.
2.3 Differentiation Strategy and Competitive Advantage

2.3.1 Differentiation on Competitive Advantage

The idea of differentiation is to achieve competitive advantage by providing unique services or products that provide an added value to consumers. The central concept is to provide products and services that are different from those of competitors. Two other factors on which the strategy's success depends on are defining the strategic customer and defining the range of competitors. Via this strategy, a media firm will introduce different varieties of the same essential product and service under the same name into a specific category of products and services, therefore covering the available range of products and services. Differentiation strategy can also be termed as positioning a brand in such a way as to differentiate it from the competition and establish a unique image (Abdullah & Mohamed, 2014).

Differentiation strategy is a method under which a media firm aims to develop and market unique services and products for different customer segments. Usually employed where a media firm has sustainable competitive advantage to cater to an expensive advertising campaign. It is one of three generic marketing strategies that can be adopted by any media firm. To maintain this strategy the media firm should have: strong research and development skills, strong services and products engineering skills, strong creative skills, good cooperation with distribution channels, strong marketing skills, and incentives based mostly on subjective measures, be able to communicate the importance of the differentiating services and products characteristics, stress continuous improvement and innovation and attract highly skilled, creative personnel. Research within service sector concludes that services and product differentiation are a standard way of differentiating the media firm's offerings from those of its competitors (Prescott, 2012).

A differentiation strategy requires the advancement of an administration and items that offer remarkable qualities that are esteemed by clients and that clients see to be superior to or not the same as the administrations and results of the opposition. The esteem carried by the uniqueness of the administrations and items may permit the media firm to charge a top-notch cost for it. The media firm expectations that the higher cost will more than take care of the additional costs brought about in offering the remarkable administrations and items. In light of the administrations and items' exceptional qualities, if providers increment their
costs, the media firm might have the capacity to go along the costs to its clients who cannot
discover substitute administrations and items efficiently (Porter, 1998).

Media firms that succeed in a differentiation strategy have access to principal scientific
research, highly skilled creative services and products development team, strong sales team
with the ability to successfully communicate the perceived strengths of the services and
corporate reputation for quality and innovation (Prescott, 2012). Successful differentiation
requires one to study the consumers’ different needs and behavior to learn what they
consider important and valuable. The desired features are then incorporated into the
services and products to encourage consumers to buy based on their preferences. The basis
for competitive advantage is, therefore, services and products whose attributes differ
significantly from rivals”’ services and products. Efforts to differentiate often result in
higher costs. Profitable differentiation is achieved by either keeping the cost of
differentiation below the price premium that the differentiating features command, or by
offsetting the lower profit margins through more sales volumes (Grant, 2016).

On the other hand, the unique attributes or perceptions of uniqueness and characteristics of
a media firm's services and products other than cost provide value to customers. The media
firm pursuing differentiation seeks to be unique in its industry along with some dimension
that is valued by customers, which means investing in services and products, R&D and
marketing (Bajwa, Zia, & Shahzad, 2013). It is the ability to market its differentiated
services and products at a price that surpasses what was spent to produce it that enables the
media firm to outperform its rivals and earn above-average returns (Allen & Helms, 2013).

A service and a product can be differentiated in various ways. Unusual features, responsive
customer service, fast services and products innovations and technological leadership,
perceived prestige and status, different tastes, and engineering design and performance are
examples of approaches to differentiation (Porter, 1998). Rather than cost reduction, a
media firm using the differentiation strategy needs to concentrate on investing in and
developing such things that are distinguishable, and customers will perceive. Overall, the
essential success factor of differentiation concerning strategy implementation is to develop
and maintain innovativeness, creativeness, and organizational learning within a media firm.

Distribution channels also play a critical role in the strategic differentiation approach.
Companies can achieve competitive advantage through the way they design their
distribution channels, coverage, expertise and performance (Kotler & Armstrong, 2015).
There is empirical evidence of companies that have succeeded through excelling in having many locations, high-quality direct marketing channels or just the phone. Wanyama (2012) alludes that distribution strategy supports the following decisions: (1) whether to distribute directly to the customer or indirectly through intermediaries. (2) To adopt single or multiple distribution channels. (3) Length of the channel of distribution should be. (4) The type of intermediaries to use. (5) The number of distributors to use at each level.

Helm & Gritsch (2014) insists that anything that a media firm can do to create buyer value represents a potential basis for differentiation. Once it finds a good source of buyer value, it must grow the value, creating attributes into its services and products at an acceptable cost. These attributes may increase the services and products’ performance or make it more economical to use. Differentiation possibilities can grow out of possibilities performed anywhere in the activity cost chain. Porter (1998) posited that a media firm could obtain a competitive advantage by generating a higher perceived value of its products than the cost of creating it, either by adopting a differentiation strategy or an efficiency strategy. Media firms which seek a differentiation strategy attempt to distinguish themselves from their rivals using a variety of sales, marketing, and other related services or product and technology innovations.

Differentiation relates to the degree to which services and products and its enhancements are uniquely perceived. A media firm which adopts a differentiation strategy can command above-market prices made possible by the customers' perception of the services and products being exceptional in some way. Meyer (2016) noted that there are at least two different types of differentiation strategy: those based on services and products innovation, and those based on intensive marketing and brand management. The key success factors which contribute to the profitability of a differentiator incorporate creative flair, strong basic research services and products engineering.

2.3.2 Broad Differentiation Strategy

According to Thompson et al. (2016), differentiation strategy that provides unique products or services offered, the uniqueness can be seen from the characteristics of the products that offer value that consumer's look that makes the product unique and different in the eyes of consumers. Idris & Primiana (2015) explains that differentiation can be done in many forms, such as differentiation in: (1) Prestige and brand image. (2) Technology, innovation, (3) Features, services. (3) Dealer networks. Fruitful differentiation strategy enables an
organization to set a higher cost for their items and to pick up unwavering clients, such as Apples does with its iPhone, iPad, and Mac products.

Banker, Mashruwala, & Tripathy (2014) clarify the danger of running a differentiation strategy is that a one of a kind item may not be esteemed sufficiently high by clients to legitimize the high cost. At the point when this happens, the value leadership strategy will vanquish the differentiation strategy. Dangers innate in running the differentiation strategy are that competitors could build an approach to impersonate the highlights that recognize rapidly. For example, Samsung in its recent product - the Samsung Galaxy S9 - introduced AR Emojis that are similar, and some critics say better than Apple's previously introduced Animojis. Along these lines, organizations must locate a durable wellspring of uniqueness that cannot be rapidly or economically imitated by a contender. General authoritative necessities for fruitful differentiation strategy incorporate robust coordination between R&D and promoting capacities and additionally essential gear to draw in researchers and creative people.

Zhang & Sarvary (2012) carried out a study to examine the competition between social media sites in a game-theoretic framework. The scholars modelled three crucial institutional features of social media sites: (1) firms' content is usually user-generated; (2) consumers' preferences are governed by local network effects, and (3) consumers have strong tendencies to use multi-devices at home. In such a setting, identical sites can acquire differentiated market positions that spontaneously emerge from user-generated content. Furthermore, sites may obtain unanticipated and sometimes ambiguous market positions, wherein one site concurrently attracts multiple, distinct consumer segments that are divided. The degree of 'spontaneous differentiation' increases with the localness of network effects. Spontaneous differentiation increases firms' profits but may merely affect consumer segregation and lower social welfare.

Media companies produce and distribute media products, which have unique characteristics that distinguish them from other products. From a purely analytical viewpoint, all media products consist of two elements. The first is the immaterial journalistic product and the second is the material carrier by which the content is sent. The material carrier, the medium, can itself generate a benefit for the consumer, for instance through the design of the television set. However, for consumers, this derivative benefit is not the primary reason for the demand for media products. The consumer benefit, and the primary focus of the
economic term 'media product,' is the content and only secondly the content medium. The original product benefit for the consumer is therefore based on the content, such as the television programming in the form of information, entertainment or advertisements (Doyle, 2013).

The fact that content is the primary media output exhibits some striking and unusual features. Since the value of media content ordinarily has to do with attributes that are immaterial, it does not get used up or destroyed in the act of consumption and is not "consumable" in the purest sense of this term (Wong, 2014). No matter how much a television program is viewed, it remains. In addition, if a person watches a television show, it does not diminish someone else's opportunity to view it. Because it does not get used up, the same content can repeatedly be supplied to additional consumers. Hence, media operations seem to challenge the very premise on which the laws of economics are based – scarcity (Doyle, 2013). Since the value for consumers is tied up with the information or messages media products convey rather than with the information carrier, media products are customarily classified as "cultural" goods, and are therefore not merely commercial products.

2.3.3 Sources of Building a Differentiation-Based Strategy

Kumar (2016) contend that in almost all differentiation strategies, attention to product quality and service represents the dominant routes for firms to build competitive advantage. For example, firms may improve performance characteristics and product's quality to make it more distinguishing in the consumer's eyes, as Mercedes does with its sleek line of cars or Gucci does with its broad line of fashion items and gifts. The product or service can also comprise a distinctive design or offering that is difficult to replicate, thus conveying an image of unique quality; as with Apple with its iPhone X FaceID feature. After-sales service, convenience, and quality are essential means to achieve differentiation for numerous firms, such as for IBM in computer and electronic commerce technology or Hewlett-Packard in desktop printers and digital imaging technologies.

Firms adopting differentiation strategy will remarkably position their items given a few credits prompting an exceptional value (Kumar, 2016). He particularly recommends that quality makes a differentiation point which isolates and even protects a firm from aggressive competition by making clients highly-loyal and additionally bringing down value affectability. Along these lines, the firm will be shielded from aggressive powers that
Correspondingly, Firtz (2009) noticed that among the numerous sources of differentiation, quality was the approach that frequently describes a differentiation strategy. They likewise noticed the ordinary intelligence that proposes contrariness between amazing items and minimal effort for the reason that quality ordinarily requires more costly materials and procedures, which is not supported by a cost leadership administration. This school of thought, in any case, does not thoroughly nullify the connection between high caliber and minimal effort. Alternatively, it proposes that top-notch items will in the long-run outcome in bringing down costs after the firm achieves benefits on economies of scale and gaining a higher piece of the overall industry.

A moment line of contention supports the connection amongst quality and minimal effort. Deming (2012) with his quality change chain idea contended that associations could upgrade their aggressiveness by enhancing quality. This association will bring about cost reduction through dispensing with scrap and adjust. The idea of quality costs popularized by Philip Crosby (Stevens, 1995), gives clarifications on the connection between quality performance and cost reduction. The possibility of quality cost recommends that any flawed items (i.e., poor or lower quality) will acquire costs, generally named as disappointment costs, which incorporate the costs of revise and scrap. In the light of the connection between quality performance and quality costs, firms need to commit their endeavours on controlling procedures to limit surrenders to their yields, which will likewise diminish the disappointment costs. This way, this reduction will bring down generation costs, and general task costs, given the change of quality performance will not just effect on one specific useful zone inside associations (i.e., creation) (Coyne & Coyne, 2010).

From a theoretical perspective, this contention permits the similarity between cost leadership and differentiation procedures that has been widely discussed in vital administration writing (Baroto, Abdullah, & Wan, 2012). In addition, it is predictable with interest for seeking after aggregate measurements of performance. In particular, Belay et al. (2011) indicate how quality all the while incorporates both differentiation and cost leadership. They contend that by concentrating on client needs, quality is improved thereby giving better items that fulfil clients' needs. In the meantime, by concentrating on inside procedures, quality moreover drives associations to lessen cost because of the end of deformities and waste. The ramifications of this thought are that contending on quality will give firms twofold advantages by giving clients with both separated items and lower costs (Ho, Lau, & Ip, 2015). Technologically advanced
products offer a straightforward way to pursue differentiation; new features communicate a sense of quality that enables firms to separate themselves from competitors, as Sony has done with great success in its fine-phone camera lenses, television sets, and PlayStations. However, these same technologies also require the firm to remain on the cutting edge of innovation and quality, expedite new product development and to stay in touch with customer needs and market trends (Boone & Kurtz, 2012). It is not uncommon for firms practicing differentiation to invest in production processes that use specifically designed equipment that makes it tough for competitors to imitate the quality of the product. Apple's simplicity and implementation of iOS is one example. Apple's skills in software development make it difficult for other competitors to rapidly imitate their products that command premium prices in the US and the world over.

Any potential source of increased buyer value signifies an opportunity to pursue a differentiation strategy. Buyer value can be improved or made unique through various ways, including (1) reducing the buyer's cost of using the product, (2) enhancing buyer satisfaction with the product, and (3) modifying the buyer's perception of value (Kotler & Armstrong, 2015). Of course, these three approaches to increasing buyer value are not mutually exclusive; a distinctive product or service that lowers buyer's direct costs can undoubtedly increase their level of satisfaction as well. Nevertheless, increasing buyer value on any dimension usually means a need to reconfigure or to improve other activities within the firm's value chain (Iyer, 2014).

2.4 Focus Strategy and Competitive Advantage

2.4.1 Market Focus Strategy

The focuser's foundation for competitive advantage is either lower costs than competitors serving that market segment or an ability to offer niche members something different from competitors. Focusing is based on selecting a market niche where buyers have distinctive preferences. The niche is defined by geographical uniqueness, specialized requirements in using the services based on specific physiological aspects or by special attributes that appeal to members of a certain social class (Ochenge, 2015).

A focus strategy based on low-cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market based on their income levels. On the
other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique services and products attributes.

A business aims at to separate inside only one or various target market portions. The exceptional client needs of the section imply that there are chances to give items that are unmistakably unique compared to competitors who might focus on a more extensive gathering of clients. It includes perceiving that clients do genuinely have diverse needs. In the concentration strategy, a media firm focuses on a particular fragment of the market (Porter, 1998). The media firm can center on a select client gathering, administrations, and items, geological zone, or administration line (Ochenge, 2015). Spotlight likewise depends on adopting a tight aggressive extension inside an industry.

Focus strategy aims at developing market share through operating in a specialty market or markets either not appealing to, or ignored by bigger competitors. These specialties emerge from various elements including geology, purchaser attributes, and administrations and items determinations or necessities. A fruitful focus strategy relies on an industry section sufficiently substantial to have prominent development potential however not of fundamental significance to other real competitors (Porter, 1998). Market infiltration or market improvement can be a vital concentration strategy. In adopting a narrow focus, the firm ideally focuses on a few target markets with distinct groups with specific needs. The choice of offering low prices or differentiated products or services should depend on the needs of the target segment and the resources and capabilities of the firm. It is anticipated that by focusing marketing efforts on one or two narrow market segments and tailoring marketing mix to these specialized markets, the firm can better meet the needs of that target market.

Omwoyo (2016) studied the effect of focus strategy on the competitive advantage of firms in the airline industry in Kenya. Her study suggested that focus strategy has made it possible for companies in the airline industry to identify a market niche for buyers. The companies that focus on low-cost strategy produce unique products that enhance value to the organizations. Focus strategy has made the companies build relationships with customers and suppliers hence expanded on broader line that competitors cannot serve. From the study, it was observed that firms in airline sector have specialized in activities in ways that other firms cannot perform and this has helped them to improve on other sources that are
of value-adding activities. The study additionally found that due to focus strategy, firms in the airline industry have targeted a specific niche within an industry.

Another research by Nyamori (2015) on the strategies adopted by media industry in Kenya to manage customer service quality concerning Royal Media Services revealed that the company used customer service quality strategies to enhance customer loyalty and build team spirit amongst employees. The study also found that innovative ideas generated by employees, improved company image, and minimal change resistance from workers are as a result of using customer service quality strategies.

2.4.2 Forms of Market Focused Strategy

In this section, the study looks at the two broad classes of market focus strategy; differentiated and low-cost focus. Effective strategy relying upon industry portions that have a sufficiently substantial size, has great development potential and is not fundamental to the achievement of alternate competitors. Focus strategy is best when buyers have an inclination or necessity that is one of a kind and when its competitors are not striving to have some expertise in a similar portion targets. Concentration is on the purchaser gathering, fragment product offerings, or a specific geographic market. In the focused differentiation strategy, the company focuses on providing product and service benefits that are highly valued by consumers to the particular market segment. Usually, these products are luxury goods and, consequently, high-priced. Defining the right type of differentiation is sometimes an issue for a company as well as distinguishing of a strategic customer (Voropajeva, 2012).

According to Porter, the target segment must have one: the buyer with unusual needs, or the production and distribution systems that serve a different market than the other competitors. In using focused differentiation, companies are looking for differentiation in the target segment. This strategy is valued because of the belief that the company focuses its efforts on serving a narrow target market more efficiently than its competitors serve.

Thompson et al. (2016) on the other hand, explained that focus strategy based on a low cost aims to generate competitive advantage by providing lower costs and lower prices than competitors for a small target market. The focus is cost competitive strategy that focuses on the buyer group or a particular geographic market and tries to serve these niches, and ignore the others. In using the focus on cost, companies are looking for cost advantages in
the target segment. The strategy is based on the assumption that the company can concentrate its efforts serve narrow strategic target more efficiently than competitors can. However, the focus strategy does not require the existence of a trade-off between profitability and market share overall. Based on the above research background, and the object of study is the media sector in Kenya in the sectors; the dimensions of Competitive Strategy relevant to this study (Valipour, Birjandi, & Honarbakhsh, 2012).

Enz & Harrison (2010) contended that a single asset could not gain the upper hand; rather, it is the combination of focused assets. These assets include talent (HR), data innovation (IT) developments, PC reservation frameworks, specialty marketing and publicizing, and valuing strategies – that can build media agencies abilities and move forward performance. Media agencies with substantial assets can recognize themselves from their competitors and make due in an aggressive situation. Most FM media stations in Kenya have embraced focus strategy through product diversification. This strategy entails the deployment of resources across lines of product either related or unrelated. The result of the study done by Ireri (2011) on the diversification as a competitive strategy in Radio Africa suggests that diversification is a strategy that can drive a company towards achieving a competitive advantage and or benefits. Diversification has been such a success and growth in Radio Africa, and as such, there has been more brand awareness for all the brands owned by Radio Africa Ltd including the new young brands like X FM, Relax FM, Radio Jambo and The Star. Diversification has enabled the company to be able to improve its masts infrastructure instead of renting and co-sitting with competitors like the Nation Media Group. Evidence of growth from media research companies has ranked Classic FM, Kiss FM and Radio Jambo among the top five Radio stations in terms of listenership, and The Star is ranked as the third read newspaper after Nation and The Standard.

2.4.3 Requirements for Focused Strategy Implementation

The generic strategies, namely cost leadership strategy, differentiation strategy and focus strategy require different skills and resources to implement successfully. Focus strategies specifically, require a combination of skills and resources, and other common organisational requirements to cater to either a low cost position, high differentiation or both (Porter, 1998). Although cost leadership and differentiation strategies are designed at achieving their objectives industry wide, the entire focus strategy is built around serving a particular target exceptionally well, and each functional policy is developed with this in
mind. The strategy rests on the premise that the firm is thus able to serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly. As a result, the firm achieves either differentiation from better meeting the needs of the particular target, or lower costs in serving this target, or both (Porter, 1980). Even though the focus strategy does not achieve low cost or differentiation from the perspective of the market as a whole, it does achieve one or both of these positions vis-a-vis its narrow market target.

The firm achieving focus may also potentially earn above-average returns for its industry. Its focus means that the firm either has a low cost position with its strategic target, high differentiation, or both as illustrated in figure 2.1. The focus strategy always implies some limitations on the overall market share achievable. Focus necessarily involves a trade-off between profitability and sales volume. Like the differentiation strategy, it may or may not involve a trade-off with overall cost position (Porter, 1980). There are three main risks to implementing the focus strategy. The cost differential between broad-range competitors and the focused firm widens to eliminate the cost advantages of serving a narrow target or to offset the differentiation achieved by focus. The differences in desired products or services between the strategic target and the market as a whole narrows. The competitors find submarkets within the strategic target and outfocus the focuser (Porter, 1980).

![Figure 2.1: Strategic Advantage and Strategic Target (Porter, 1980)](image-url)
The commonly required skills and resources for a low cost position for a particular segment target include sustained capital investment and access to capital, process engineering skills, intense supervision of labour, products designed for ease in manufacture, and a low cost distribution system. The common organisational requirements include tight cost control, frequent detailed control reports, structured organisation and responsibilities, incentives based on meeting strict quantitative targets (Porter, 1980).

The commonly required skills and resources for a high differentiation position for a particular segment target includes strong marketing abilities, product engineering, creative flair, strong capability in basic research, corporate reputation for quality or technological leadership, long tradition in the industry or unique combination of skills drawn from other businesses, and strong cooperation from channels. The common organisational requirements include strong coordination among functions in Research and Development (R&D), product development, and marketing, subjective measurement and incentives instead of quantitative measures, and amenities to attract highly skilled labour, scientists, or creative people (Porter, 1980).

2.5 Chapter Summary

The chapter has provided the review of empirical studies concerning the effect of generic strategies on Kenya's media industry. Specifically, the chapter has addressed cost leadership strategy and its subsequent impact on the competitive advantage, the differentiation strategy on the competitive advantage of media firms and lastly, the focus strategy as a source of competitive advantage in media firms. The next chapter, chapter three, gives the methodology employed in gathering, analysing and presenting data for interpretation and assumption testing.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on the methodology that the researcher used. It outlines the systematic analysis method adopted for satisfactory completion of this study. It describes and justifies the adopted research design, the data collection method, and instrument, the selection of sample and the data analysis technique utilized within the study.

3.2 Research Design

A research design is a plan or outline for the collection, measurement, and analysis of data (Cooper & Schindler, 2013). It provides the logical sequence that constitutes a connection between the research questions, empirical data collected and the arrived conclusion. A descriptive research design was employed to carry out this research, more particularly, the cross-sectional type of descriptive research. Burns, Veeck, & Bush (2016) state that descriptive research is undertaken to obtain answers to questions of who, what, where, when and how. Concerning this research topic, it was expected that through applying a descriptive research design, answers would be obtained to the research questions outlined in chapter one. The cross-sectional research presents a snapshot of what is happening in a group at a particular time and also gives a representation of the whole population with minimum bias. According to Andai (2016), the design is flexible thus enabling the researcher to consider different aspects of a problem and gain new insights and notions about a problem. This approach was appropriate for this study that sought to establish the effect of generic strategies on competitive advantage of media agencies: A case study of Saracen Media Limited.

3.3 Population and Sampling Design

3.3.1 Population

A population is the total assortment of components with common and shared characteristics (Mugenda & Mugenda, 1999). The population of interest in this study was the staff of Saracen Media Limited in Kenya, with a total of 120 staff as at March 2018.
Table 3.1: Population

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saracen Media Limited - Kenya</td>
<td>120</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
</tr>
</tbody>
</table>

*Source: Saracen Media Group Profile 2018*

3.3.2 Sampling Design

Sampling design is the actual plan for obtaining a sample from a given population (Saunders, Lewis, & Thornhill, 2016).

3.3.2.1 Sampling Frame

Burns, Veeck, & Bush (2016) define a sampling frame as a master list of components of the population from which sample units are drawn. Based on the research population, the sampling frame was all Saracen Media Limited staff as at March 2018.

3.3.2.2 Sampling Technique

Sampling technique is the strategy employed by the researcher to select the sample from the population. It could either be a probability or non-probability sample (Cooper & Schindler, 2013). For this study, a census approach was adopted. According to Saunders, Lewis, & Thornhill (2015), when a researcher adopts a census approach, they need to consider all elements from their population and obtain data from the entire population. Cooper & Schindler (2013) noted that a census study is appropriate to use when the population is small and when the elements are considerably different from each other. Census was therefore selected because the population under review was small (N=120).

3.3.2.3 Sample Size

The sample size is the actual number of units or items selected for the research study from which data was extracted from (Cooper & Schindler, 2013). Sampling allows the researcher to draw conclusion about the population (Saunders, Lewis, & Thornhill, 2015). It is only useful if it allows the researcher to make accurate and reliable conclusions (Eldredge, Weagel, & Kroth, 2014). The sample size was chosen using the rule of thumb for determining the sample size, i.e., where a given population is less than 100 (N<100) then
the entire population is taken as a sample. Since this was a census study, the sample size constituted all the 120 Saracen Media Limited staff in Kenya.

3.4 Data Collection Methods

Data collection is the systematic gathering and measuring information on targeted variables with the ultimate aim of answering the specific research questions (Cooper & Schindler, 2013). The study used primary data collection. The data primary collection tool used was the questionnaire.

Saunders, Lewis, & Thornhill (2015) defined a questionnaire to be a method of data collection where the respondents answer to the same set of questions in a given order. The questionnaire was adopted given that responses from the same set of questions were required. The respondents of this study are dispersed in three countries; therefore, the questionnaire was the most cost-effective way of collecting the data. The questionnaire was developed based on the research questions of this study, thus ensuring the research problem was aptly addressed. The measurement scale adopted was the Likert measurement scale. Given that this research had three research questions, the questionnaire was structured as follows: Section A captured the demographic information; Section B, C, and D addressed each of the research questions under investigation.

3.5 Research Procedures

Research procedures are the detailed steps that are undertaken while conducting the research (K’aoel, 2015). The questionnaire was developed by the researcher and presented to the supervisor for review to determine whether the research questions were fully addressed.

Permission was sort from the University (USIU-Africa), and the CEO of Saracen Media Group to conduct this research within the premises. The confidentiality of respondents was maintained, such that, the names of respondents were not be disclosed nor was their personal information shared for purposes other than the stated terms. Scientific misconduct or unethical action was not practiced while conducting this research.
3.6 Data Analysis Methods

Data analysis is the process of evaluating the data that has been collected using analytical and logical reasoning (Cooper & Schindler, 2013). Data analysis ensures that the researcher obtains useful and usable information (Saunders, Lewis, & Thornhill, 2015).

The data collected was coded, edited and analyzed using Statistical Package for Social Science (SPSS). Descriptive statistics were used to analyze data by use of frequencies and percentages. Overall mean scores and standard deviations of generic strategies and competitive advantage was computed and evaluated. Inferential statistics were conducted by use of regression analysis to determine the relationship between the dependent and independent variables.

3.7 Chapter Summary

This chapter outlined the research design, population, sampling technique and sample size. It also described the data collection methods, research procedures to be followed and the data analysis techniques employed in this research. Chapter four presents the results and findings attained from the data analysis done.
CHAPTER FOUR

4.0 RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The purpose of this study was to find out the effects of generic strategies on the competitive advantage of media agencies. This chapter presents the data analysis results, interpretation and presentation, and the findings from the research study that were analyzed using the SPSS version 25.

4.1.1 Response Rate

Table 4.1 indicates the response rate. Out of 120 questionnaires hand delivered to the respective respondents, the researcher managed to retrieve a total of 86 questionnaires. This gave a response rate of 71.6% which was sufficient to proceed with the data analysis. The response rate helps to produce accurate useful results that represent the target population.

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>86</td>
<td>71.6</td>
</tr>
<tr>
<td>Not Responded</td>
<td>34</td>
<td>28.4</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>

4.1.2 Demographic Characteristics

This section discusses the results of the general information about the respondents including the gender, education level, area of specialization, number of years and estimated advertising budget.

4.1.3 Gender of Respondents

Figure 4.1 presents the gender of the respondents. 52% of the respondents were male and 48% of the respondents were female. The findings indicate that more male took part in the study than the females.
4.1.4 Level of Education

The respondents were asked to indicate their level of Education and the findings presented in figure 4.2. Majority of the respondents (63%) were undergraduates, 27% were postgraduates, and 10% were college leavers. These findings mean that on-the-job experience and one’s ability to demonstrate professional and technical skills matters more than one’s level of educational accomplishments (Schrage, 2010).

4.1.5 Area of Specialization

Respondents were asked to indicate their area of specialization and the response was represented in Figure 4.3 below. 45% who constituted the majority had specialized in the media category, 21% had specialized in the digital category, 26% had specialized in the
creative category and 7% had specialized in the internal operations category. These findings therefore suggest Media that includes Quarterly media landscape, Media Strategy, Media Planning, Media Buying, Media Monitoring Management, Qualitative Campaign Evaluation, Market Intelligence, and Consolidated Reporting is Saracen’s largest service offering followed by Creatives and Digital.

![Area of Specialization](image)

**Figure 4.3: Area of Specialization**

4.1.6 Number of Years at the Firm

The respondents were asked to indicate the number of years they have worked for the firm and the findings presented in Figure 4.4. 63% of the respondents who were the majority had worked for less than 3 years, 33% had worked for 3-6 years, 2% had worked for 7-10 years and 2% had worked for over 10 years. These findings suggest that Saracen recently hired a large number of staff. This growth in hires coincides with their recent addition of Digital to their service offerings, and the acquisition of huge client accounts such as Safaricom (Saracen Media Group, 2018).
4.1.7 Estimated Advertising Budget

The respondents were asked to indicate the estimated advertising budget for the client jobs they are engaged in and the results presented in figure 4.5. 40% of the respondents indicated that their advertising budget was over 30,000,000, 30% indicated that their advertising budget was between 10,000,001-30,000,000, 26% indicate that their advertising budget was between 5,000,001-10,000,000 and 5% indicated that their advertising budget was below 5000,000. These findings suggest Saracen mostly manages advertising budgets for clients earning gross revenues of about Ksh100 million and above, as most clients typically spend 11% of revenue on advertising (Deloitte, 2017).
4.2 Effect of Cost Leadership Strategy on Competitive Advantage

The first objective sought to establish the effects of the firm’s cost leadership strategy on the competitive advantage of the firm. This was achieved through descriptive statistics and regression analysis.

4.2.1 Descriptive Statistics of Cost Leadership Strategy

The descriptive results of cost leadership strategy are presented in table 4.2. From the findings, 57% of the respondents agreed that the firm sticks to its budget, 65% agreed that the firm monitors its cost on a daily basis, 63% agreed that the firm’s cost control processes are efficient, 55% agreed that the firm uses the latest technology to reduce the cost of services, 76% agreed that the firm’s location is easily accessible to suppliers, 76% agreed that the firm focuses on low cost without compromising service quality, 34% agreed that the firm has incentives for meeting strict deadlines, 44% agreed that the firm has developed a culture of low cost amongst its employees, 70% agreed that the firm conducts regular competitor analysis to reduce the cost of services and 73% agreed that the firm conducts regular industry analysis to reduce the cost of services.

The mean for cost leadership strategy ranged from 3.09 to 4.14. The findings of the study show that Saracen Media Limited utilized cost leadership strategy to enhance its competitive advantage. Even though the study shows that respondents agreed that most of the variables of cost leadership strategy enhance competitive advantage, they highly disagreed on the variable that the firm has incentives for meeting strict deadlines hence the lowest mean of 3.09.

The lowest standard deviation of 0.717 was that the firm’s cost control processes are efficient. The highest standard deviation of 1.091 was that the firm has incentives for meeting strict deadlines. This means that there was a high deviation amongst respondents’ opinions about this specific variable.
<table>
<thead>
<tr>
<th>Code</th>
<th>Cost Leadership Strategy</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLS1</td>
<td>The firm sticks to its budget</td>
<td>7</td>
<td>1</td>
<td>35</td>
<td>44</td>
<td>13</td>
<td>3.55</td>
<td>0.978</td>
</tr>
<tr>
<td>CLS2</td>
<td>The firm monitors its cost on a daily basis</td>
<td>2</td>
<td>7</td>
<td>26</td>
<td>53</td>
<td>12</td>
<td>3.65</td>
<td>0.865</td>
</tr>
<tr>
<td>CLS3</td>
<td>The firm’s cost control processes are efficient</td>
<td>0</td>
<td>3</td>
<td>34</td>
<td>51</td>
<td>12</td>
<td>3.71</td>
<td>0.717</td>
</tr>
<tr>
<td>CLS4</td>
<td>The firm uses the latest technology to reduce the cost of services</td>
<td>2</td>
<td>2</td>
<td>41</td>
<td>29</td>
<td>26</td>
<td>3.73</td>
<td>0.951</td>
</tr>
<tr>
<td>CLS5</td>
<td>The firm’s location is easily accessible to suppliers</td>
<td>0</td>
<td>1</td>
<td>22</td>
<td>38</td>
<td>38</td>
<td>4.14</td>
<td>0.799</td>
</tr>
<tr>
<td>CLS6</td>
<td>The firm focuses on low cost without compromising service quality</td>
<td>2</td>
<td>7</td>
<td>15</td>
<td>55</td>
<td>21</td>
<td>3.85</td>
<td>0.914</td>
</tr>
<tr>
<td>CLS7</td>
<td>The firm has incentives for meeting strict deadlines</td>
<td>7</td>
<td>22</td>
<td>37</td>
<td>22</td>
<td>12</td>
<td>3.09</td>
<td>1.091</td>
</tr>
<tr>
<td>CLS8</td>
<td>The firm has developed a culture of low cost amongst its employees</td>
<td>6</td>
<td>7</td>
<td>43</td>
<td>30</td>
<td>14</td>
<td>3.40</td>
<td>1.009</td>
</tr>
<tr>
<td>CLS9</td>
<td>The firm conducts regular competitor analysis to reduce the cost of services</td>
<td>3</td>
<td>6</td>
<td>21</td>
<td>43</td>
<td>27</td>
<td>3.84</td>
<td>1.004</td>
</tr>
<tr>
<td>CLS10</td>
<td>The firm conducts regular industry analysis to reduce the cost of services</td>
<td>3</td>
<td>3</td>
<td>20</td>
<td>45</td>
<td>28</td>
<td>3.91</td>
<td>0.966</td>
</tr>
</tbody>
</table>

Key: SD=Strongly Disagree; D=Disagree; N=Neutral; A=Agree; SA=Strongly Agree
4.2.2: Cost Leadership Strategy and Competitive Advantage

Cost leadership strategy was regressed to competitive advantage to determine their inferential relationship in the media agencies.

The study found that the coefficient of determination ($R^2$) for the model was 0.313. This indicates that Cost Leadership Strategy explained 31.3% of the variations or changes in Competitive Advantage. The 68.7 percent difference is due to factors not predicted in this model symbolized by the error term as indicated in table 4.3.

Table 4.3: Model Summary of Cost Leadership Strategy and Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.560a</td>
<td>.313</td>
<td>.305</td>
<td>.43955</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Cost leadership Strategy

The ANOVA test in table 4.3 indicates that Cost Leadership Strategy has significant effect on Competitive Advantage since the p-value is actual 0.000 which is less than 5% level of significance. This implies that cost leadership strategy has a significant influence in enhancing competitive advantage.

Table 4.4: ANOVA of Cost Leadership Strategy and Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>7.405</td>
<td>1</td>
<td>7.405</td>
<td>38.327</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>16.229</td>
<td>84</td>
<td>.193</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>23.634</td>
<td>85</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Advantage
b. Predictors: (Constant), Cost leadership Strategy

The table 4.5 indicates there was positive gradient ($B=0.559$, $T$-value=6.191, $P<0.05$) which reveals that an increase in Cost leadership Strategy leads to 0.559 increased Competitive Advantage in media agencies. The model can be represented as,

\[
\text{Competitive advantage} = 1.901 + 0.599(\text{Cost leadership strategy}) + \text{error}
\]
Table 4.5: Coefficients of Cost Leadership Strategy and Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.901</td>
</tr>
<tr>
<td></td>
<td>Cost leadership</td>
<td>.559</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Advantage

4.3 Effect of Differentiation Strategy on Competitive Advantage

The second objective sought to establish the effects of the firm’s differentiation strategy on the competitive advantage of the firm. This was achieved through descriptive statistics and regression analysis.

4.3.1 Descriptive Statistics of Differentiation Strategy

The respondents were asked to indicate their opinion regarding the firm’s differentiation strategy on the competitive advantage of the firm and the findings presented in table 4.6. From the findings 94% agreed that the firm is considered a prestige brand in the market, 83% agreed that the firm is known for its technical leadership, 69% agreed that the firm has substantial research capabilities, 79% agreed that the firm uses the latest technology to provide innovative services, 60% agreed that the firm provides services that cannot be easily imitated, 54% agreed that the firm sets prices which are different from competitors, 65% agreed that the firm provides value added services at a premium price, 68% agreed that the firm provides unique services to different market segments, 62% agreed that the firms customer service puts its ahead of its competitors and 93% agreed that the firm’s ability to deliver high quality services has led to its annual growth.
Table 4.6: Differentiation Strategy

<table>
<thead>
<tr>
<th>Code</th>
<th>Differentiation Strategy</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>DS1</td>
<td>The firm is considered a prestige brand in the market</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>53</td>
<td>41</td>
<td>3.77</td>
<td>0.777</td>
</tr>
<tr>
<td>DS2</td>
<td>The firm is known for its technical leadership</td>
<td>0</td>
<td>0</td>
<td>16</td>
<td>45</td>
<td>38</td>
<td>4.07</td>
<td>0.779</td>
</tr>
<tr>
<td>DS3</td>
<td>The firm has substantial research capabilities</td>
<td>0</td>
<td>3</td>
<td>28</td>
<td>41</td>
<td>28</td>
<td>3.92</td>
<td>0.800</td>
</tr>
<tr>
<td>DS4</td>
<td>The firm uses the latest technology to provide innovative services</td>
<td>1</td>
<td>2</td>
<td>17</td>
<td>45</td>
<td>34</td>
<td>3.95</td>
<td>0.781</td>
</tr>
<tr>
<td>DS5</td>
<td>The firm provides services that cannot be easily imitated</td>
<td>1</td>
<td>3</td>
<td>35</td>
<td>29</td>
<td>31</td>
<td>3.99</td>
<td>0.790</td>
</tr>
<tr>
<td>DS6</td>
<td>The firm sets prices which are different from competitors</td>
<td>1</td>
<td>1</td>
<td>43</td>
<td>30</td>
<td>24</td>
<td>4.08</td>
<td>0.843</td>
</tr>
<tr>
<td>DS7</td>
<td>The firm provides value added services at a premium price</td>
<td>5</td>
<td>2</td>
<td>28</td>
<td>51</td>
<td>14</td>
<td>3.76</td>
<td>0.880</td>
</tr>
<tr>
<td>DS8</td>
<td>The firm provides unique services to different market segments</td>
<td>0</td>
<td>5</td>
<td>28</td>
<td>40</td>
<td>28</td>
<td>3.67</td>
<td>0.913</td>
</tr>
<tr>
<td>DS9</td>
<td>The firm customer service puts its ahead of its competitors</td>
<td>0</td>
<td>2</td>
<td>36</td>
<td>48</td>
<td>14</td>
<td>3.73</td>
<td>0.726</td>
</tr>
<tr>
<td>DS10</td>
<td>The firm’s ability to deliver high quality services has led to its annual growth</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>48</td>
<td>45</td>
<td>4.38</td>
<td>0.617</td>
</tr>
</tbody>
</table>

Key: SD=Strongly Disagree; D=Disagree; N=Neutral; A=Agree; SA=Strongly Agree
4.3.2 Differentiation Strategy and Competitive Advantage

Differentiation strategy was regressed to competitive advantage to determine their inferential relationship in the media agencies.

The study found that the coefficient of determination ($R^2$) for the model was 0.069. This indicates that differentiation Strategy explained 6.9% of the variations or changes in Competitive Advantage. The 93.1 percent difference is due to factors not predicted in this model symbolized by the error term as indicated in table 4.7.

### Table 4.7: Model Summary of Differentiation Strategy and Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.263a</td>
<td>.069</td>
<td>.058</td>
<td>.51173</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Differentiation Strategy

The ANOVA test in table 4.8 indicates that differentiation Strategy has significant effect on Competitive Advantage since the p-value is actual 0.000 which is less than 5% level of significance. This implies that differentiation strategy has a significant influence in enhancing competitive advantage

### Table 4.8: ANOVA of Differentiation Strategy and Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>1.637</td>
<td>1</td>
<td>1.637</td>
<td>6.251</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>21.997</td>
<td>84</td>
<td>.262</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>23.634</td>
<td>85</td>
<td>.262</td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Advantage
b. Predictors: (Constant), Differentiation Strategy

The table 4.9 indicates there was positive gradient ($B=0.324$, $T$-value=2.500, $P<0.05$) which reveals that an increase in differentiation Strategy leads to 0.324 increased Competitive Advantage in media agencies. The model can be represented as,

\[
\text{Competitive advantage} = 2.279 + 0.324(\text{differentiation strategy}) + \text{error}
\]

41
Table 4.9: Coefficients of Differentiation Strategy and Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>2.279</td>
<td>.372</td>
</tr>
<tr>
<td>Differentiation Strategy</td>
<td>.324</td>
<td>.130</td>
</tr>
<tr>
<td></td>
<td>.263</td>
<td>2.500</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Advantage

4.4 Effect of Focus Strategy on Competitive Advantage

The third objective sought to establish the effects of the firm’s focus strategy on the competitive advantage of the firm. This was achieved through descriptive statistics and regression analysis.

4.4.1 Descriptive Statistics of Focus Strategy

The descriptive results of Focus Strategy are presented in findings presented in table 4.10. 30% of the respondents agreed that the firm services a niche-market of clients, 74% agreed that the firm is the market leader for specific client segments, 37% agreed that the firm targets potential clients with minimal marketing efforts, 41% agreed that the firm provides services that its competitors cannot, 65% agreed that the firm acquires new business through referrals, 79% agreed that the firm provides customized services to its clients, 82% agreed that the firm responds quickly to its clients changing needs, 87% agreed that the firms employees have specialized expertise, 53% agreed that the firm offers low-cost quality services and 71% agreed that the firms culture promotes increased involvement in decision making.

The mean for focus strategy ranged from 3.10 to 4.21. The findings of the study show that Saracen Media Limited utilized focus strategy to enhance its competitive advantage. Even though the study shows that respondents agreed that most of the variables of cost leadership strategy enhance competitive advantage, they highly disagreed on the variable that the firm targets potential clients with minimal marketing efforts hence the lowest mean of 3.10.
Table 4.10: Focus Strategy

<table>
<thead>
<tr>
<th>Code</th>
<th>Focus Strategy</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FS1</td>
<td>The firm services a niche-market of clients</td>
<td>6</td>
<td>26</td>
<td>38</td>
<td>27</td>
<td>3</td>
<td>3.76</td>
<td>0.880</td>
</tr>
<tr>
<td>FS2</td>
<td>The firm is the market leader for specific client segments</td>
<td>0</td>
<td>0</td>
<td>27</td>
<td>55</td>
<td>19</td>
<td>3.92</td>
<td>0.672</td>
</tr>
<tr>
<td>FS3</td>
<td>The firm targets potential clients with minimal marketing efforts</td>
<td>6</td>
<td>15</td>
<td>42</td>
<td>37</td>
<td>0</td>
<td>3.10</td>
<td>0.868</td>
</tr>
<tr>
<td>FS4</td>
<td>The firm provides services that its competitors cannot</td>
<td>2</td>
<td>10</td>
<td>47</td>
<td>29</td>
<td>12</td>
<td>3.37</td>
<td>0.908</td>
</tr>
<tr>
<td>FS5</td>
<td>The firm acquires new business through referrals</td>
<td>5</td>
<td>5</td>
<td>26</td>
<td>48</td>
<td>17</td>
<td>3.69</td>
<td>0.973</td>
</tr>
<tr>
<td>FS6</td>
<td>The firm provides customized services to its clients</td>
<td>0</td>
<td>1</td>
<td>20</td>
<td>37</td>
<td>42</td>
<td>4.20</td>
<td>0.794</td>
</tr>
<tr>
<td>FS7</td>
<td>The firm responds quickly to its clients changing needs</td>
<td>0</td>
<td>5</td>
<td>13</td>
<td>44</td>
<td>38</td>
<td>4.16</td>
<td>0.824</td>
</tr>
<tr>
<td>FS8</td>
<td>The firms employees have specialised expertise</td>
<td>0</td>
<td>8</td>
<td>5</td>
<td>45</td>
<td>42</td>
<td>4.21</td>
<td>0.869</td>
</tr>
<tr>
<td>FS9</td>
<td>The firm offers low-cost quality services</td>
<td>6</td>
<td>7</td>
<td>35</td>
<td>34</td>
<td>19</td>
<td>3.52</td>
<td>1.060</td>
</tr>
<tr>
<td>FS10</td>
<td>The firms culture promotes increased involvement in decision making</td>
<td>1</td>
<td>2</td>
<td>26</td>
<td>34</td>
<td>37</td>
<td>4.03</td>
<td>0.913</td>
</tr>
</tbody>
</table>

Key: SD=Strongly Disagree; D=Disagree; N=Neutral; A=Agree; SA=Strongly Agree
4.4.2: Focus Strategy and Competitive Advantage

Focus strategy was regressed to competitive advantage to determine their inferential relationship in the media agencies.

The study found that the coefficient of determination ($R^2$) for the model was 0.633. This indicates that focus Strategy explained 63.3% of the variations or changes in Competitive Advantage. The 26.7 percent difference is due to factors not predicted in this model symbolized by the error term as indicated in table 4.11.

**Table 4.11: Model Summary of Focus Strategy and Competitive Advantage**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.796a</td>
<td>.633</td>
<td>.629</td>
<td>.32124</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Focus Strategy

The ANOVA test in table 4.12 indicates that focus Strategy has significant effect on Competitive Advantage since the p-value is actual 0.000 which is less than 5% level of significance. This implies that focus strategy has a significant influence in enhancing competitive advantage.

**Table 4.12: ANOVA of Focus Strategy and Competitive Advantage**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>14.965</td>
<td>1</td>
<td>14.965</td>
<td>145.019</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>8.669</td>
<td>84</td>
<td>.103</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>23.634</td>
<td>85</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Advantage
b. Predictors: (Constant), Focus Strategy

The table 4.13 indicates there was positive gradient ($B=0.854$, $T$-value$=12.042$, $P<0.05$) which reveals that an increase in Cost leadership Strategy leads to 0.854 increased Competitive Advantage in media agencies. The model can be represented as,

$$\text{Competitive advantage} = 0.554 + 0.854(\text{focus strategy}) + \text{error}$$
Table 4.13: Coefficients of Focus Strategy and Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.554</td>
</tr>
<tr>
<td></td>
<td>Focus Strategy</td>
<td>.854</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Advantage

4.5 Chapter Summary

The results and findings of the study have been provided in this chapter. These results and findings were based on the data given out by the respondents from media agencies. The chapter provided analysis on the response rate, background information, cost leadership strategy, differentiation strategy and focus strategy in enhancing competitive advantage. The next chapter provides the summary, discussion, conclusions and recommendations.
CHAPTER FIVE

5.0 SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the discussions, conclusions and recommendations of the research project from the research questions to the data analysis. The study sought to establish the effect of generic strategies on the competitive advantage of Saracen Media Limited. The chapter mainly constitutes the summary, conclusions, recommendations and suggestions for further studies.

5.2 Summary

The purpose of this study was to examine the effects of generic strategies on the competitive advantage of Saracen Media Limited. The study was guided by the following research questions: What is the effect of cost leadership strategy on competitive advantage of media agencies? What is the effect of differentiation strategy on competitive advantage of media agencies? What is the effect of focus strategy on competitive advantage of media agencies?

A cross-sectional descriptive research design was adopted in conducting this study and addressed the questions posed above. The study used questionnaires to get data from respondents and used the census approach on the targeted population. The study population consisted of 120 Saracen Media Limited staff in Kenya, however only 86 responded resulting in a 71% response rate. The collected data was analyzed using descriptive statistics and regression analysis. Descriptive statistics was used to describe and summarize the data, whereas regression analysis was applied to determine the relationship between the dependent and independent variables, that is, the generic strategies and competitive advantage. The data collected was coded, edited and analyzed using Statistical Package for Social Science (SPSS).

From the analysis, cost leadership was found to have a positive and statistically significant relationship with competitive advantage. The path coefficient was positive and significant at the 0.05 level ($\beta=0.300$, $Z$-value $=2.688$ $p<0.05$). The positive relationship means if, cost leadership strategy increases by 1, competitive advantage of the firm will increase by 0.3.

Differentiation strategy was found to have a positive and statistically significant relationship with competitive advantage. The path coefficient was positive and significant at the 0.05 level ($\beta=0.221$, $Z$-value $=2.046$ $p<0.05$). The positive relationship means if,
differentiation strategy increases by 1, competitive advantage of the firm will increase by 0.221. Focus strategy was found to have a positive and statistically significant relationship with competitive advantage. The path coefficient was positive and significant at the 0.05 level ($\beta=0.645$, $Z$-value $=4.038$ $p<0.05$). The positive relationship means if, focus strategy increases by 1, competitive advantage of the firm will increase by 0.645. In regression analysis, the $R^2$ amounted to 0.52 indicating that cost strategy, differentiation strategy and Focus strategy accounted 52% of the variance in the competitive advantage. Therefore, suggesting that other factors not included in this study contributed to 48% of the variation in the competitive advantage of media agencies.

5.3 Discussion

5.3.1 Cost Leadership and Competitive Advantage

With regard to the first research question, the study sought to determine the effect of cost leadership on competitive advantage. It was revealed that majority of respondents agreed that the firms cost control processes are efficient. Hannah and Lester (2009) argue that the primary cost leadership strategy dimension is efficiency; whereby the degree of inputs per unit of output are low. This efficiency is categorized into two: cost efficiency which measures the degree to which costs per unit of output are low, and asset parsimony which measures the degree to which assets per unit of output are low. Collectively, cost efficiency and asset parsimony capture a media firm's cost leadership orientation. To the extent that media firms following an efficiency strategy succeed in deploying the minimum amount of operating costs and assets needed to achieve the desired sales, they would be able to improve their performance (Miller, 2012).

The study revealed that the firm uses the latest technology to reduce the cost of services. This is in line with Wirtz, Pistoia, and Mory (2013) who stated that modern technologies such as the internet and online subscription-based services make it feasible to blend old and new media into one product with an additional element that was missing in the earlier markets: interactivity. The integration of activities allows vaster personalisation of relationships and interactivity between customers and publisher. The company can offer bundled products and services into a complete service package for the customer. Publishers could offer services such as an interactive forum, searchable news archives, online transactions, real-time information, and audio-visual offerings.
The study revealed that most respondents agreed that the firm monitors its costs on a daily basis and conducts regular industry analysis to reduce the cost of services. Primiana (2015) explains to implement a cost leadership strategy, a company requires: (1) Any measures taken to be based on an effort to minimize costs improving efficiency in all areas within the firm. (2) Finding ways to reduce costs by looking at previous experience. (3) Tightening overhead expenses. (4) Minimizing costs in all company activities related to the company's value chain such as research and development, service, sales, and promotions.

Findings revealed that respondents agreed that the firm conducts regular competitor analysis to reduce the cost of services. According to Thompson et al. (2016), the competitive advantage of the best cost provider is lower costs than its rivals in incorporating upscale attributes, putting the firm in a position to under-price its rivals whose upscale-similar products have attributes. Pricing strategies, however, give more value to consumers at a price. That is, providing superior value to customers by satisfying their expectations in quality, features, performance and beat their expectations for the price. A firm achieves this status of the cost when it can combine the best attributes of interest at a lower price than the competition. This attractive attributes can be devised from the performance and quality of better products, and services of interest. If a firm has the power, resources and the ability to compete, it can combine the provision of product attributes at a lower cost than its competitors can.

The study revealed that respondents agreed that the firm focuses on low cost without compromising service quality. This is line with Thomson et al. (2016) who explain that to achieve a competitive advantage at the best cost; the firm must: (1) Have the ability to incorporate less product costing for the same product features found among competitors. (2) Deliver quality products at a lower price than its competitors. (3) Develop products that provide the best performance at a lower price than competitors. (4) Provide low prices on providing customer service equal to the competitors.

5.3.2 Differentiation Strategy and Competitive Advantage

With regard to the second research question, the study sought to determine the effect of differentiation strategy on competitive advantage. Majority of respondents agreed that the firm has substantial research capabilities. This is in line with Prescott (2012) who stated that media firms that succeed in a differentiation strategy have access to principal scientific research, highly skilled creative services and products development team, strong sales team
with the ability to successfully communicate the perceived strengths of the services and corporate reputation for quality and innovation. Successful differentiation requires one to study the consumers' different needs and behaviour to learn what they consider important and valuable. The desired features are then incorporated into the services and products to encourage consumers to buy based on their preferences (Grant, 2016).

Majority of respondents agreed that the firm sets prices which are different from competitors. This is line with Meyer (2016) who stated that differentiation relates to the degree to which services and products and its enhancements are uniquely perceived. A media firm which adopts a differentiation strategy can command above-market prices made possible by the customers' perception of the services and products being exceptional in some way. It was revealed by respondents that the firm is considered a prestige brand in the market and that it provides unique services to different market segments. Abdullah and Mohamed (2014) state that differentiation strategy can also be termed as positioning a brand in such a way as to differentiate it from the competition and establish a unique image.

According to Thompson et al. (2016), differentiation strategy provides product characteristics that are unique and offer value in the eyes of the consumer. Idris & Primiana (2015) explain that differentiation can be done in many forms, such as differentiation in: (1) Prestige and brand image. (2) Technology and innovation. (3) Features and services. (4) Dealer networks. Findings revealed that respondents agreed that the firm provides customised services to its clients. This is line to Kumar (2016) who contends that in almost all differentiation strategies, attention to product quality and service represents the dominant routes for firms to build competitive advantage. The product or service can comprise a distinctive design or offering that is difficult to replicate, thus conveying an image of unique quality such as with Apple and its iPhone X FaceID feature.

It was revealed that respondents agreed that the firm’s ability to deliver high quality services has led to its annual growth and that the firm provides value added services at a premium price. According to Kumar (2016) firms adopting differentiation strategy will remarkably position their items given a few credits prompting an exceptional value. He particularly recommends that quality makes a differentiation point which isolates and even protects a firm from aggressive competition by making clients highly-loyal and additionally bringing down value affectability. Along these lines, the firm will be shielded from aggressive powers that lessen profitability.
5.3.3 Focus Strategy and Competitive Advantage

The study revealed that respondents agreed that the firm is the market leader for specific client segments. This is in line with Porter (1998) who states that market infiltration or market improvement can be a vital concentration strategy. In adopting a narrow focus, the firm ideally focuses on a few target markets with distinct groups with specific needs. The choice of offering low prices or differentiated products or services should depend on the needs of the target segment and the resources and capabilities of the firm. It is anticipated that by focusing marketing efforts on one or two narrow market segments and tailoring marketing mix to these specialized markets, the firm can better meet the needs of that target market.

The study revealed that respondents agreed that the firm offers services that other firms cannot. This is in line with a study done by Omwoyo (2016) which suggested that focus strategy has made it possible for companies in the airline industry to identify a market niche for buyers. The companies that focus on low-cost strategy produce unique products that enhance value to the organizations. Focus strategy has made the companies build relationships with customers and suppliers hence expanded on broader line that competitors cannot serve. From Omwoyo’s study, it was observed that firms in airline sector have specialized in activities in ways that other firms cannot perform and this has helped them to improve on other sources that are of value-adding activities. The study additionally found that due to focus strategy, firms in the airline industry have targeted a specific niche within an industry.

The study revealed that respondents agreed that the firm offers low-cost quality services. Thompson et al. (2016) explained that focus strategy based on a low cost aims to generate competitive advantage by providing lower costs and lower prices than competitors on a small target market. The focus is cost competitive strategy that focuses on the buyer group or a particular geographic market and tries to serve these niches, and ignores the others. In using the focus on cost, companies are looking for cost advantages in the target segment.

The study revealed that respondents agreed that the firm utilised its staff’s specialised expertise to provide customized services and respond quickly to their clients’ changing needs. Through this, Saracen Media Limited was able to service a niche market, develop customer loyalty, and acquire new business through referrals hence achieving a competitive
advantage. This is similar to a research done by Nyamori (2015) on the strategies adopted by media industry in Kenya to manage customer service quality concerning Royal Media Services revealed that the company used customer service strategies to enhance customer loyalty and build team spirit amongst employees. The study also found that innovative ideas generated by employees, improved company image, and minimal change resistance from workers are as a result of using customer service quality strategies.

5.4 Conclusions

5.4.1 Cost Leadership and Competitive Advantage

During implementation of cost leadership strategy, Saracen Media Limited stuck to its budget, monitored its costs on a daily basis, offered low-cost services without compromising quality, ensured their suppliers could easily access the firm and regularly conducted industry analysis and competitor analysis to reduce their relative service costs.

5.4.2 Differentiation Strategy and Competitive Advantage

To achieve a competitive advantage, Saracen Media Limited positioned itself in the market as a prestige brand by offering value-added services at premium prices. The firm also used the latest technology and substantial research capabilities to provide customers with high quality services.

5.4.3 Focus Strategy and Competitive Advantage

During the implementation of focus strategy, Saracen Media Limited utilized its staff’s specialized expertise to provide customized services and respond quickly to their clients’ changing needs. Through this, Saracen Media Limited was able to service a niche market, develop customer loyalty, and acquire new business through referrals hence achieving a competitive advantage.
5.5 Recommendations

5.5.1 Recommendation for Improvement
5.5.1.1 Cost Leadership and Competitive Advantage

This study recommends that Saracen Media Limited needs to improve its implementation of cost leadership strategy by offering more incentives to meet deadlines, increasing the use of technology to reduce cost, and developing a culture of low-cost amongst its staff to gain a competitive advantage over its competition.

5.5.1.2 Differentiation Strategy and Competitive Advantage

To improve the implementation of differentiation strategy, Saracen Media Limited needs to focus on developing new high-quality services with unique features that will provide value to their customers and differentiate them in the market.

5.5.1.3 Focus Strategy and Competitive Advantage

To improve its implementation of focus strategy, Saracen Media Limited needs to create an innovative culture that encourages participation of all staff in decision-making, hence providing customers with customised services that meet their individual needs.

5.5.2 Recommendation for Further Research

This study focused on the effect of generic strategies on competitive advantage of media agencies. Nevertheless, the study only focused on cost leadership strategy, differentiation strategy and focus strategy. Therefore, there is a need to undertake further studies in other organisations and industries to identify other factors that might affect competitive advantage.
REFERENCES


APPENDIX I: LETTER OF INTRODUCTION

Nicholas Muigai
USIU-Africa
P.O. BOX 14634-00800
NAIROBI
04 May 2018

Dear Respondent,

RE: REQUEST FOR YOUR PARTICIPATION IN MY RESEARCH PROJECT

I am a Graduate student at the Chandaria School of Business at United States International University-Africa. I wish to request you to kindly participate in a research project that I am currently undertaking on “Effect of Generic Strategies on Competitive Advantage of Media Agencies”.

The objectives of this study are to determine the effect of cost-leadership strategy, differentiation strategy, and focus strategy on the competitive advantage of media agencies. The information you will provide is strictly for academic purposes and therefore your feedback will be treated with utmost confidentiality.

Please take time to fill the questionnaire that will take approximately 10 minutes.

Yours Sincerely,

Nicholas Muigai
APPENDIX II: QUESTIONNAIRE

SECTION 1: GENERAL INFORMATION
Please tick [✓] ONE box as appropriate

1. Gender: Male[ ] Female[ ]

2. Highest level of school completed:
   Secondary level[ ] College (Technical or Professional certificate)[ ]
   Undergraduate[ ] Post Graduate [ ]

3. Area of specialization: Media[ ] Digital[ ] Creative[ ]
   Internal Operations[ ]

4. Number of years at the firm: Less than 3 years [ ] 3 to 6 years [ ]
   7 to 10 years [ ] Over 10 years[ ]

5. Estimated advertising budget for the client jobs you are engaged in (Ksh.):
   Below 5,000,000 [ ] 5,000,001 to 10,000,000 [ ]
   10,000,001 to 30,000,000 [ ] Over 30,000,000 [ ]
### SECTION 2: COST LEADERSHIP STRATEGY

Please indicate the extent to which you agree or disagree with the following statements by ticking as appropriate on the scale provided.

(1=Strongly Disagree, 2=Disagree, 3=Neutral 4=Agree, 5=Strongly Agree).

<table>
<thead>
<tr>
<th>No.</th>
<th>Cost Leadership Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>CLS 1</td>
<td>The firm sticks to its budget</td>
</tr>
<tr>
<td>CLS 2</td>
<td>The firm monitors its costs on a daily basis</td>
</tr>
<tr>
<td>CLS 3</td>
<td>The firm’s cost control processes are efficient</td>
</tr>
<tr>
<td>CLS 4</td>
<td>The firm uses the latest technology to reduce the cost of services</td>
</tr>
<tr>
<td>CLS 5</td>
<td>The firm’s location is easily accessible to suppliers</td>
</tr>
<tr>
<td>CLS 6</td>
<td>The firm focuses on low cost without compromising service quality</td>
</tr>
<tr>
<td>CLS 7</td>
<td>The firm has incentives for meeting strict deadlines</td>
</tr>
<tr>
<td>CLS 8</td>
<td>The firm has developed a culture of low cost amongst its employees</td>
</tr>
<tr>
<td>CLS 9</td>
<td>The firm conducts regular competitor analysis to reduce the cost of services</td>
</tr>
<tr>
<td>CLS 10</td>
<td>The firm conducts regular industry analysis to reduce the cost of services</td>
</tr>
</tbody>
</table>
SECTION 3: DIFFERENTIATION STRATEGY

Please indicate the extent to which you agree or disagree with the following statements by ticking as appropriate on the scale provided.

(1=Strongly Disagree, 2=Disagree, 3=Neutral 4=Agree, 5=Strongly Agree).

<table>
<thead>
<tr>
<th>No.</th>
<th>Differentiation Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 Strongly Disagree 2 Disagree 3 Neutral 4 Agree 5 Strongly Agree</td>
</tr>
<tr>
<td>DS 1</td>
<td>The firm is considered a prestige brand in the market</td>
</tr>
<tr>
<td>DS 2</td>
<td>The firm is known for its technical leadership</td>
</tr>
<tr>
<td>DS 3</td>
<td>The firm has substantial research capabilities</td>
</tr>
<tr>
<td>DS 4</td>
<td>The firm uses the latest technology to provide innovative services</td>
</tr>
<tr>
<td>DS 5</td>
<td>The firm provides services that cannot be easily imitated</td>
</tr>
<tr>
<td>DS 6</td>
<td>The firm sets prices which are different from competitors</td>
</tr>
<tr>
<td>DS 7</td>
<td>The firm provides value-added services at a premium price</td>
</tr>
<tr>
<td>DS 8</td>
<td>The firm provides unique services to different market segments</td>
</tr>
<tr>
<td>DS 9</td>
<td>The firm’s customer service puts it ahead of its competitors</td>
</tr>
<tr>
<td>DS 10</td>
<td>The firm’s ability to deliver high-quality services has led to its annual growth</td>
</tr>
</tbody>
</table>
**SECTION 4: FOCUS STRATEGY**

Please indicate the extent to which you agree or disagree with the following statements by ticking as appropriate on the scale provided.

(1=Strongly Disagree, 2=Disagree, 3= Neutral  4=Agree, 5=Strongly Agree).

<table>
<thead>
<tr>
<th>No.</th>
<th>Focus Strategy</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>FS 1</td>
<td>The firm services a niche-market of clients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS 2</td>
<td>The firm is the market leader for specific client segments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS 3</td>
<td>The firm targets potential clients with minimal marketing efforts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS 4</td>
<td>The firm provides services that its competitors cannot</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS 5</td>
<td>The firm acquires new business through referrals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS 6</td>
<td>The firm provides customised services to its clients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS 7</td>
<td>The firm responds quickly to its clients changing needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS 8</td>
<td>The firm’s employees have specialised expertise</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS 9</td>
<td>The firm offers low-cost quality services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS 10</td>
<td>The firm’s culture promotes increased involvement in decision-making</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION 5: COMPETITIVE ADVANTAGE

Please indicate the extent to which you agree or disagree with the following statements by ticking as appropriate on the scale provided.

(1=Strongly Disagree, 2=Disagree, 3=Neutral 4=Agree, 5=Strongly Agree).

<table>
<thead>
<tr>
<th>No.</th>
<th>Competitive Advantage</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA 1</td>
<td>The firm’s financial performance improves yearly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA 2</td>
<td>The firm’s quality of services improves yearly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA 3</td>
<td>The firm consistently adds value to its clients’ businesses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA 4</td>
<td>The firm’s clients are satisfied with the services provided</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA 5</td>
<td>The firm retains most of its clients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA 6</td>
<td>The firm’s internal processes promote the fast provision of services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA 7</td>
<td>The firm attracts the best talent in the market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA 8</td>
<td>The firm continually improves its skill set to match industry needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA 9</td>
<td>The firm’s technology enables its employees to serve clients better</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA 10</td>
<td>The firm’s culture promotes cooperation amongst its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>