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**INFLUENCE OF STRATEGIC RESPONSES ON MARKET SHARE OF
NATIONAL TV STATIONS AFTER THE DIGITAL MIGRATION
SWITCHOVER - A CASE OF NATIONAL TELEVISION STATIONS IN
NAIROBI COUNTY.**

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MBA/66386/2017

**Submitted in Partial Fulfillment of the Requirements for the Degree of Master's in
Business Administration (MBA) Degree.**

Strathmore Business School

MAY 2019

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DECLARATION

I, **Peter Odinga Opondo**, hereby declare that this dissertation is my original work and has not been presented in any other university for any degree.

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May 2019

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DEDICATION

This dissertation is dedicated to my family, especially my wife and children for their unwavering support during my studies and the writing of this research project. To my son Joey Oloo Opondo, you are the inspiration that keeps me going every single day.

ACKNOWLEDGEMENTS

I am immensely indebted to the almighty God for granting me the health, energy and focus to see through this milestone in my life. I would also like to wholeheartedly thank my supervisor Dr. Monica Kerrets-Makau for the time, effort and insights that have enabled me conclude this dissertation successfully. I would also like to acknowledge the Strathmore University Business School community for offering me a great environment during my studies. To my fellow students who kept me accountable by constantly pushing me to conclude this project, I am and will eternally be grateful. Finally, to my employers at Royal Media Services limited (former) and Mediamax Network Limited (current), thank you for giving the time and space to conclude this project despite the crazy deadlines and work demands.

ABSTRACT

The aim of this dissertation was to study the influence of strategic responses on market share for national television stations in Nairobi County. The scope was limited to the period after the digital migration switchover, that is, after March 2015. And this was because the five leading national television stations namely: Citizen TV, KTN Home, NTV, K-24 and KBC appeared to have lost market share in Kenya and specifically in Nairobi County in the aftermath of digital migration. A strategic response is the search for a favorable competitive positioning in the industry in order to outperform rivals and remain relevant in the market. This study chose Ansoff growth matrix to assess its influence on market growth. Ansoff's product/market grid explores two key dimensions, the product and the market. The combinations of these two dimensions result in four growth strategies: market penetration, market development, product development and product diversification. Market share means a firm's sales volume in relation to total industry sales volume for a specific period. A descriptive survey design was applied to collect views and opinions of the personnel working with the five leading national television stations and the study targeted thirty respondents from the specific TV stations. The respondents were targeted because of their key executive roles. This study used census to select thirty respondents from the five television stations and used semi-structured questionnaires to collect primary data. The data collected was analyzed using Statistical Package for Social Sciences (SPSS) program and quantitative methods like mean, percentages, frequencies and standard deviation were used to describe the findings while inferential statistics like correlation analysis were used to establish relationships between the independent and dependent variables. The findings were presented in frequency tables, charts and graphs. A multiple regression model was used to measure the level of significance of the influence of the independent variables on the dependent variable. The findings indicate that product development strategy has the highest influence on market share, followed by Market penetration strategies and Product diversification. The three strategies had a t value of 9.402, 4.568 and 4.489 respectively. A higher t value represents a higher correlation between the specific independent variable and the dependant variable. The study recommends adoption of product development as a

strategy by the affected stations since these firms will be able to attract more viewers, grow market share and therefore attract more revenue.

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LIST OF ABBREVIATIONS AND ACRONYMS

CAK	Communications Authority of Kenya
DTT	Digital Terrestrial Television
FTA	Free-to-Air TV
iDTV	Integrated digital television
ITU	International Telecommunication Union
KARF	Kenya Audience Research Foundation
KBC	Kenya Broadcasting Corporation
KTN	Kenya Television Network
NMG	Nation Media Group
RMS	Royal Media Services Limited
SG	Standard Group
STB	Set top box
VoD	Video on Demand

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In June 2006 the International Telecommunication Union (ITU) signed a treaty declaring that all broadcasting would be digital by 17th June 2015 (Jackson, 2015). Digital migration is the process of migrating television broadcasts from analogue to digital broadcasting technology. Digital television broadcasting technology entails transmission of broadcast signals in a digital format using computer binary codes of 0's and 1's. While in analog television broadcasting technology, television signal is sent as one continuous package over radio frequency, digital television technology breaks down the signal (sound and picture) into binary codes (0's and 1's) and transmits the individual codes to receiving television sets. When the signal reaches a television receiver, the individual binary codes are decoded back to their original form at the source, a process that ensures there is minimal loss of quality during transmission and therefore high quality of sound and picture. To display the received digital signal, a television set must be able to decode it by either having an in-built decoder, also known as integrated digital television (iDTV) or be connected to a digital converter, known as set top box (STB). BIPE (2002) defines digital switchover as the global digital migration process, involving a gradual replacement of analogue broadcasting by digital broadcasting (Omondi, 2017).

Kenya implemented the digital switchover on March 31st, 2015. The exercise was faced with numerous challenges including conflicts over licensing of the signal carriers, content distribution and issues around digital set top boxes (STBs), that is, their availability, compatibility and affordability (Omondi, 2017). Ndonge, Khaemba and Bartoo (2015) observed that digital migration faced many challenges and because the switchover was not optional, many countries struggled to implement it. The migration came with challenges ranging from lack of public awareness to deadline issues and unexpected outcomes (Berger, 2010). Tsebee (2014) observed that countries that successfully digitized their broadcasting reportedly spent colossal amounts of money in creating awareness among the citizens. The United Kingdom took seven years of educating masses and was the first country in the world to migrate to digital transmission. Tsebee

(2014) adds that adequate funding and good communication strategies were required to achieve a fairly smooth transition.

In Kenya, the migration process was hampered by several legal challenges that were canvassed in court. Various research reports found general awareness of the migration process amongst Kenyans very low and uptake of the set-top boxes even lower (Jackson, 2015). Kenyan broadcasters argued that the deadline was too tight, too soon for them. The three leading media houses in Kenya, namely; The Nation Media Group (NMG), The Standard Group (SG) and Royal Media Services Limited (RMS) argued that they had invested heavily in the analogue signal distribution infrastructure and moving to digital transmission would render their transmission investment redundant, leading to massive losses. But this challenge was not unique to Kenya; Okon (2014) notes that a few countries in the world met their set deadlines. There are also the financial challenges that faced both the broadcasters and governments. For example in Kenya, the government had limited resources to carry out adequate public awareness campaigns (Ndonye, Khaemba and Bartoo, 2015). Additionally, since many Kenyans could not afford the set top boxes to receive the digital signals, there was the possibility that many would be cut off completely from TV viewing, leading to potential loss of audience to local broadcasters (Ndonye, Khaemba and Bartoo, 2015).

Jackson (2015) notes that while Tanzania implemented its digital switchover in 2014, there were 500,000 set top boxes that were in use out of an estimated 3m television sets owned by Tanzanian households one year later, while In Rwanda, 27% of people with television sets did not yet have the set top boxes at the switch-off stage. Studies by Matinde, (2014) have pointed out common challenges such as technological gaps, unprepared regulators, and lack of transparency and gross mishandling of the digital migration process. Ndonye, Khaemba and Bartoo (2015) observe that in Kenya, its uniqueness presented specific challenges that were not new to its social, political and economic environment. The first of these is perceived lack of transparency. This emanated from the question of tendering and unexplained reasons as to why foreign companies especially from China were awarded digitization tenders. The three media houses, NMG, SG and RMS demanded a share in the content distribution business and

the way the case was handled was said to be evident of some interest of trading with Chinese companies and the will to discredit local investors. As a result, the process was slowed down and Kenyans suffered TV blackout amidst the tag of war (Ndonye, Khaemba and Bartoo, 2015).

Regardless of the above challenges, Kenya opted for a total shut-off of the analogue signals on March 31st 2015, ahead of the ITU's 17th June 2015 deadline. Digital broadcasting has come with a host of implications to the media industry, especially to the five leading national free-to-air (FTA) television broadcasters namely; Citizen TV, Kenya Broadcasting Corporation (KBC), NTV, KTN and K24 TV. Subsequent market surveys by GeoPoll (2019) showed that the share of audience for the major TV stations in Kenya dropped when you compare the pre and post migration periods. A GeoPoll survey indicates that while Citizen TV had a market share of 43 percent in the third quarter of 2015, by the second quarter of 2018 its market share had dropped to 26 percent. In regard to KTN, the GeoPoll survey (2019) indicates it had a market share of 17 percent in the third quarter of 2015 but by the second quarter of 2018, its market share had dropped to 12 percent. Showing the same trend is NTV, in which the GeoPoll survey (2019) indicates that it had a market share of 12 percent in the third quarter of 2015 however by the second quarter of 2018, its market share had dropped to 11 percent. The GeoPoll survey shows the same trend for K24 TV where its market share dropped from 9 percent to 6 percent during the period from third quarter of 2015 to the second quarter of 2018 (GeoPoll survey, 2019). Therefore, it is suffice to conclude that the national free-to-air TV stations lost their market share as a result of digital migration exercise. It is against this background that this study seeks to research the influence of strategic responses on market share of national TV station following the digital migration, specifically focusing on national television stations in Nairobi County.

1.1.1 Strategic Responses

Muchiri, Ombui and Iravo (2017) note that firms operate in a complex and uncertain environment and this requires them to respond appropriately if they are to remain profitable and competitive. The environment comprises of opportunities, threats and constraints. Rising prices, competition, technological changes and government policy are

important factors that require organizations to find ways to respond to. Strategic responses have been described as effective in enabling a firm to cope with changes in the operating environmental.

Such change can be instant or gradual (Thompson, 2007). Santhanam and Hartono (2003) take the view that strategic responses are changes that affect the strategic behavior of an organization. These responses might take several forms depending on the capability of the organization and the nature of the environment in which they operate. Well-articulated and aligned strategic responses form a formidable arsenal for the organization in obtaining and sustaining competitiveness.

Ansoff (1965 as cited by Maweu, 2012) explained the concept of strategic responses as the common thread among the organization's activities and product markets that defines the essential nature of business that the organization was in or planned to be in future. The definition puts emphasis on the commonality of approach that exists in diverse organizational behaviors. Organizations and businesses are designed around products and services that articulate their value offerings to their target consumers. Ansoff's product/market grid explores two key dimensions, the product and the market while combinations of these two dimensions result in four growth strategies. These are market penetration, market development, and product development and diversification strategies. Market penetration strategy seeks to achieve growth with existing products in their current market segments, aiming to increase its market share. Markets development seeks growth of a firm by targeting its existing products or services to new market segments. Product development targets new products or services to existing market segments while in diversification, the firm seeks growth by venturing into new businesses through development new products or services for new markets (Ansoff, 1987).

This study opted for the Ansoff product/market matrix because an application of the Ansoff Matrix could be helpful to the dilemma of an organization experiencing loss of market share as it aids the business to choose a strategy for growth (Tsatsoula, 2017). Furthermore, Otieno (2008) observes that Ansoff matrix allows managers to consider ways to grow the business via existing and/or new products, in existing and/or new markets. Therefore this matrix will help the five leading national television stations

namely Citizen TV, KTN, Nation TV, K24 and KBC to decide what course of action should be taken given current performance.

1.1.2 Concept of Market Share

The quantity or number of goods sold or services sold in the normal operations of a company in a specified period and compared to the rest of the players in the same industry is usually referred to its market share (Magoro, 2012). O'Regan (2002) defines market share as a company's sales volume or quantity in relation to total industry sales volume for a specific period. Pearce and Robinson (2003) also use the same definition that market share is sales relative to those of other competitors in the market. Market share is usually used to express the competitive position for a particular firm in an industry. It is also generally accepted that increased market share can be equated with success whereas decreased market share is a manifestation of unfavorable actions by firm and usually leads to a competitive disadvantage (O'Regan 2002).

Market share supplemented by changes in sales revenue, helps managers evaluate both primary and selective demand in their market by enabling them to judge not only total market growth or decline but also trends in customer preferences. Losses in market share may be an indication of challenges that may require strategic adjustments. Firms with market shares below a certain level may not be viable. Similarly, within a firm's product line, market share trends for individual products are considered early indicators of future opportunities or challenges (Armstrong & Kesten, 2007).

Simon (2010) argues that there is a good and bad relationship between market share and profitability. According to Simon, good market shares are earned by superior performance, innovation, quality, and excellent service, among others. Market leadership is not attained by price reductions that destroy margins but by maintaining or even increasing margins from providing superior value to customers. On the other side, bad market shares are achieved through price reductions and aggressive promotions to drive up volume without, at the same time, an aggressive effort to cut costs. Such efforts may succeed in the short term but are not sustainable in the long term. They lead to low profits and frequent losses because the costs are too high when compared with the prices offered

or prices are too low compared with costs. Thus, what matters is not the price level but the relation of the price level to the costs that defines the quality of market share.

1.1.3 Television Broadcast Media Stations in Kenya

The communications sector in Kenya has grown rapidly over the last decade. From having only one licensed radio and television network (Voice of Kenya, later rebranded Kenya Broadcasting Corporation) to having over ten licensed television networks and more than twenty operating radio stations (CAK, 2016). During the first two decades of Kenya's independence, the government was in strict control. There was only one political party, and the media were heavily regulated and manipulated. The Kenya television sector consisted of a single station that was mainly a tool for the government communication (CAK, 2016).

In the 1990s, the field began to expand and modernize, KBC started to improve its offerings with new equipment and expanded services. Gradual liberalization of the sector began in late 1989 when the government licensed privately owned Kenya Television Network (KTN) to broadcast television services. KTN began operations in 1990. Because KTN was private, it exercised greater freedom and independence with regards content offering. By the year 2000 more stations began to broadcast and further broaden the options available for viewers. Additional stations were Nation TV (renamed NTV), Family TV, Sayare TV and Citizen TV. Later K24, Classic and Kiss TV started broadcasting. Since the mid-1990s the government has gradually liberalized the broadcasting sector by issuing broadcasting permits to private entities (Githaiga, 2011). CAK (2017) estimated that there were 66 Free-to-air TV stations in Kenya with two pay TV services on the digital terrestrial television (DTT).

1.2 Statement of the Problem

Over the last two decades, the Kenyan free-to-air (FTA) television market has majorly been dominated by a few commercial broadcasters: NTV, KTN, Citizen Television and the public broadcaster, KBC. The four had been instrumental in enabling access to information and entertainment among the majority of Kenyans who could not afford pay television subscriptions. However due to digital migration, the dominance has been

disrupted by the entry of more free-to-air (FTA) TV stations with audiences having more choice on what to watch. Digital migration has lowered a key barrier to entry in the free-to-air broadcasting by taking away the need for the broadcaster to invest in the capital-intensive enterprise of signal distribution. Broadcasters now concentrate on generation and presentation of content while signal distribution is left to licensed signal carriers. This has led to the entry of many new players into the market with some seeking a national audience while others have gone for niche audiences, in particular regional/ethnic audiences. This in turn has resulted in the five leading national television stations namely: Citizen TV, KTN Home, NTV, K-24 and KBC losing market share in Kenya and specifically in Nairobi in the aftermath of digital migration.

This is evidenced by snapshot findings released by Kenya Audience Research Foundation (KARF, 2018) that indicates a decline of market share of the five leading national television stations in Kenya. It indicates that in April 2017 Citizen TV market share stood at 45.4%, however in January 2018 its market share had declined to 33.3% in Nairobi. In the same vein the Kenya audience research foundation report KARF (2018) indicates in April 2017 KTN Home market share stood at 15.0%, however in January 2018 its market share had declined to 11.3% in Nairobi.

As for NTV, the KARF report indicates that NTV market share stood at 10.7% in April 2017 but slightly improved to 10.8% by January 2018. Likewise the KARF report indicates that K-24 market share in April 2017 stood at 2.2%, but surprisingly by January 2018 its market share increased to 5.0%. Finally, the KARF report indicates that KBC's market share stood at 1.2% in April 2017 but slightly improved to 1.5% by January 2018. In the aftermath of the digital migration, the stations have adopted various strategies with a desire to recapture the lost market share and grow further. Some of the actions taken by the companies include the launching of news channels, for example Standard Group launched KTN News while Royal Media Services launched Inooro TV even as K24 launched Kameme TV. Other stations re-launched by unveiling new studios, hiring new star anchors and reporters and launching new programming. It is against these findings that this study sought to find out the influence of strategic responses on regaining of market

share for national television stations in Nairobi County after the digital migration switchover.

1.3 Research Objectives

1.3.1 General Objective

To study the influence of strategic responses on market share of national television stations in Nairobi County after the digital migration switchover.

1.3.2 Specific Objectives

- i. To explore the extent to which national television stations in Nairobi have adopted market penetration strategies in response to loss of market share as a result of digital migration
- ii. To investigate the extent to which national television stations in Nairobi have adopted product development strategies in response to loss of market share due to digital migration
- iii. To examine the extent to which national television stations in Nairobi have adopted market development strategies in response to loss of market share owing to digital migration
- iv. To establish the extent to which national television stations in Nairobi have adopted product diversification strategies in response to loss of market share owing to digital migration

1.4 Research Questions

- i. To what extent have the national television stations in Nairobi adopted market penetration strategies in response to loss of market share as a result of digital migration?
- ii. To what extent have the national television stations in Nairobi executed product development strategies in response to loss of market share owing to digital migration?
- iii. To what extent to have the national television stations in Nairobi deployed market development strategies in response to loss of market share driven by the digital migration exercise?

- iv. To what extent have the national television stations in Nairobi implemented product diversification strategies in response to loss of market share owing to digital migration?

1.5 Significance of the Study

This study added valuable knowledge to scholars and academicians who may wish to use the findings as a basis for further research on this subject of strategic responses and market share for TV stations in Kenya in General and Nairobi in particular. It will contribute to the existing literature in the field of strategy and share of audience (market share), especially for those whose focus is on media and in particular broadcasting media in Kenya.

The managers of local media houses can use the strategies determined by the study to plan on how to take advantage of the opportunities available, and also determine the appropriate strategies and choices to pursue in order to improve on their market share and, therefore, profitability. This is because superior market share supplemented by changes in sales revenue, helps managers evaluate both primary and selective demand in their market by enabling them to judge not only total market growth or decline but also trends in customers' selections among competitors.

1.6 Scope of Study

This study was limited to assessing strategic responses adopted by national television stations in Nairobi namely; Citizen TV, KTN News, NTV, KBC and K24, in response to loss of market share owing to digital migration. The researcher reckons that there are other factors that may contribute to loss of market share, however it is evident that the five televisions stations have shown a downward trend in market share when you compare the pre and post digital migration periods. The researcher also reckons that the five stations command nearly 80 per cent of market share (Karf, 2017) and they are fairly representative of the national TV broadcasting industry in Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature related to strategic responses and market share. The chapter begins with reviewing theoretical literature, then proceed to discuss empirical literature on the concept of market share and strategic responses and identify the research gaps. Finally this section will present the conceptual framework.

2.2 Theoretical Literature Review

This section reviews theoretical foundations that discuss and explain strategic responses. The theories assist in appreciating how various strategic responses influence the performance of firms specifically in national TV stations. The theories discussed are the resource-based theory, institutional theory and niche theory.

2.2.1 Institutional Theory

Institutional theory has its origins in the late nineteenth century, and since then has received contributions from the social sciences, highlighted by the Marx studies, Cooley, Veblen and Commons (Scott, 2004). The desire to understand the behavior of certain organizations in the use of strategies that can ensure superior performance in regulated environment describe the look of the Institutional Theory. The basic concepts and premises of the Institutional theory approach provide useful guidelines for analyzing organization-environment relationships with an emphasis on the social rules, expectations, norms, and values as the sources of pressure on organizations. This theory is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal (Doug and Scott, 2004). The environment is conceptualized as the —organizational field, represented by institutions that may include regulatory structures, governmental agencies, courts, professionals, professional norms, interest groups, public opinion, laws, rules, and social values. Institutional Theory assumes that an organization conforms to its environment.

There are, however, some fundamental aspects of organizational environments and activities not fully addressed by institutional theory that make the approach problematic for fully understanding credit reference bureaus and their environment: the organization being dependent on external resources and the organization's ability to adapt to or even change its environment (Doug and Scott, 2004). Researchers such as Meyer and Rowan (1991), DiMaggio and Powell (1983) are some of the institutional theorists who assert that the institutional environment can strongly influence the development of formal structures in an organization, often more profoundly than market pressures. Innovative structures that improve technical efficiency in early-adopting organizations are legitimized in the environment. Ultimately these innovations reach a level of legitimization where failure to adopt them is seen as "irrational and negligent" (or they become legal mandates). At this point new and existing organizations will adopt the structural form even if the form does not improve efficiency. The concepts of institution theory such as adopting innovative structures to improve technical efficiency can be applied by the five leading national television stations to implement product development, market development and product diversification strategies.

2.2.2 Resource Based View Theory

Resource based theory was proposed by Wernerfelt (1984). This theory as described by Hitt (1995) holds that the firm's resources are a major determinant of the firm's functioning. The firm's resources can therefore be termed as a source of the firm's organizational strategy and competitive advantage. A company's resources generally comprise physical, financial, human and intellectual capital (Johnson et al, 2008). A firm is more likely to formulate better strategies if the firm has adequate resources. When the competencies of resources are well developed, it was a source of competitive advantage (Thompson et. al, 2007). Similarly Hamel and Prahalad (1994) agree the same indicating that the distinctive competences of a firm must have customer value, extendibility, and must be competitor unique for them to attain maximum benefits for the firm. Conversely, the availability of resources is not enough to give the firm a competitive advantage. The firm may have surplus resources but do not have the capability to efficiently use them to their advantage. Resource based theory

states that competitive advantage is gained from a firm's ability to assemble and fully exploit its resources. Therefore the five national television stations can apply resource based theory concepts to actualize market penetration, product development, market development and product diversification strategies.

2.2.3 Niche Theory

The proponent of Niche Theory was Dimmick in 2003. Niche theory holds that in markets with high competition levels, media organizations produces diversified products (Dimmick, 2003). This has been demonstrated by the players in the media industry in Kenya like Citizen TV that has come up with the best African and local programs and it is commanding in that line. The theory's mainly put to light on focusing on a specific market segment. The application would be quite specific to the industry (Dimmick, 2003). Niche theory points to the need to select a narrow-scope segment (niche market) and be the best in quality, speed, or cost in that market. The theory thus provides knowledge that organizations experiencing turbulent market environment such as the five national leading television stations in Kenya can utilize product development strategies, product diversification and market development strategies to focus on a specific market segment.

2.3 Empirical Literature Review

2.3.1 Strategic Responses

Strategic responses ensure the survival of organizations at large and at the same time enhance relevance in a particular business environment. A response strategy is the search for a favorable competitive positioning in the industry in order to outperform rivals and remain relevant in the market. It aims at establishing a profitable and sustainable position against the forces that determine industry competition. According to Pearce and Robinson (2005) it is through strategic responses that a firm is able to position and relate itself to the environment to ensure its continued success and also insulate itself from surprises brought about by the changing business environment. Strategic response entails what a firm is doing to gain a sustainable competitive advantage.

Ansoff and McDonnell (1990) noted that strategic responses involve changes in the firm's strategic behaviors to assure success in transforming current and future environment. Pearce and Robinson (1997) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Therefore it is a reaction to what is happening in the economic environment of organizations.

Hall and Saisa (2009) explored the link between product differentiation and performance of American firms. The study adopted a sample of 64 firms in five different states. An exploratory research design was utilized and the results showed the existence of a significant relationship between differentiation and performance. It was established that firms that adopted differentiation as a strategy were able to attract more customers. A strong and positive correlation was found between differentiation and performance. Firms that utilized differentiation as a strategy recorded high levels of sales turnover that contributed to profitability. Alamdari and Fagan (2005) did an investigation of a model-based study through discussing the effectiveness of the low-cost model and its influence on bank profitability. The results showed that banks attained the lowest costs and earned the highest amount of profits when competing products were undifferentiated, selling at standard market price. Firms that adopted this strategy laid more emphasis on reduction of costs in each activity within the value chain.

Chan and Jamison (2009) assessed the effectiveness of differentiation on performance of Chinese firms in the period between 2001 and 2008. The study adopted a longitudinal research design, which was carried repetitively in various phases. The findings showed that the sector witnessed key players moving in and out, several legal regulations were applied; the structure and the intensity of competition changed and differentiation became a key feature of competition. It was further revealed that a positive nexus was established between differentiation and performance.

Several other studies depict a mixture of reaction on the link between strategic responses and performance. Bidley (2011) observed the existence of an inverse relationship between strategic responses and performance. He noted that adoption of strategic responses was not sustainable due to competition from other players.

Imalingat (2015) did an investigation of strategic responses of mobile money transfer services in Barclay Bank in Kampala, Uganda. The results found that product innovation, differentiation, strategic alliances and mergers were commonly used strategies by Barclays. Implementation of these strategies enabled the bank to effectively cope with changes in the market and guarantee survival. In so doing, the bank was able to cater for the growing needs of its customers. This improved customer loyalty, growth sales and increased profitability. Akinyele and Fasogbon (2010) examined the impact of strategic responses on firm performance of service firms in Lagos, Nigeria. The study found that strategic alliance and product innovation influenced overall firm performance. Product innovation adoption led to increased sales since customers got quality products that were difficult for competitors to imitate. The findings depicted that strategic alliances improve synergy between firms. It also widened the scope of services and products offerings to the customers giving many customers a chance to access products.

In the Kenyan context strategic responses have attracted growing attention as a tool to enhance performance. Several studies have been done in relation to strategic responses and performance. For instance, Mokuia and Muturi (2015) concluded that strategic response impacted positively on productivity of Pharmaceutical firms in Kisii County. Murungi (2013) found that most Pharmaceutical firms utilized to a great extent strategic alliances (64%), focus market (50%), joint ventures (50%), as well as corporate diversification (34%) as strategies in responding to dynamic economic environment. It was concluded that strategic responses were less utilized but would be effective if they were adopted.

Odhiambo (2014) found that the use of strategic responses by firms did not necessarily lower costs. Kimunguyi (2013) studied strategic responses adopted by agrochemical firms. The study used a descriptive survey to find out the strategic responses adopted and their contribution to organizational performance. Primary data was collected using unstructured questionnaires that were administered using 'a- drop- and- pick' later method. The findings indicated that the most popular responses adopted by agrochemical companies were differentiation and go-to-market strategy.

Murule (2011) studied the strategic responses used by pharmaceutical manufacturing firms in Kenya. The study used a cross-sectional design where data was collected using questionnaires once. Primary data was collected using semi-structured questionnaires. The results found that pricing, marketing and strategic alliances were the most commonly used strategies in pharmaceutical firms to maintain competitive advantage.

Kilonzi (2012) investigated the strategies responses used by NIC bank. A cases study was used to carry out an in-depth investigation of NIC bank. Five departmental heads were interviewed and data analyzed using content analysis. The findings revealed that differentiation and diversification were the main strategic responses used by NIC bank.

Pearce and Robinson (2000), says that there is need to adopt new strategies that match the challenges from the environment. Ansoff and McDonnell (1990) assert that the management system used by a firm is deterministic of the firm's responsiveness to environment changes because it determines the way that management perceives the environment, assess and evaluates their impact on the firm, decides what to do and implements the decisions. According to Porter (1980) strategy is about competition and the means by which an organization tries to gain a competitive advantage. This includes strategic scope and strategic strength. In addition, he identified cost leadership, market penetration strategies, product development strategies, product diversification and product differentiation strategies as the best strategies that an organization facing turbulent environment can adopt in order to gain a competitive advantage that will lead to superior market share.

From these studies, it is evident that strategic response is a way in which firms opt to respond to environmental challenges. Nevertheless, the approach applied by the firm can influence the success or failure of a strategic response. It is worth noting that there are other strategies that an organization can apply to respond to challenges in the environment apart from the one discussed above. Example includes allocating sufficient funds to research and development and modern technology. This approach enables the firm to easily understand its customers. Thus, the firm can offer bespoke products and services. This improves satisfaction and might as well attract new customers. Through investing in modern technologies, a firm can produce superior goods and services that are

difficult for rivals to imitate. This study will use market penetration strategies, product development strategies, product diversification and product differentiation in order to analyze their influence on turnaround from loss of market share owing to digital migration in a case study of national television stations in Nairobi. These strategies are discussed further here below:

2.3.2 Market Penetration Strategies

Mwiti (2011) states that market penetration strategy can be implemented through various means such as penetration pricing, promotional strategies and market segmentation strategies. Penetration pricing involves the setting of lower, rather than higher prices in order to achieve a large and dominant market share. This strategy is mostly used by businesses wishing to enter a new market or build on a relatively small market share. This is possible where demand for the product is believed to be highly elastic, implying that demand is price-sensitive and either new buyer will be attracted, or existing buyers will buy more of the product as a result of a low price. A successful penetration pricing strategy may lead to large sales volumes/market shares and therefore lower costs per unit. The effects of economies of both scale and experience lead to lower production costs, which justify the use of penetration pricing strategies to gain market share. Penetration strategies are often used by businesses that need to use up spare resources like unutilized company capacity. A penetration pricing strategy may be used to promote complimentary and captive product with the main product priced with a low mark-up to attract sales, which may even be a loss leader. Customers are then sold accessories that are sold at higher mark-ups. Before implementing a penetration pricing strategy, a supplier needs to be certain that it has the production and distribution capabilities to meet the anticipated surge in demand (Mwiti, 2011).

On the other hand an organization facing stiff competition can utilize promotional strategies such as push and pull strategies. Push promotional strategy uses company's sales force and trade promotion activities to create consumer demand for a product. Under this strategy, the producer promotes the product to wholesalers, the wholesalers promote it to retailers, and, in turn, the retailers promote it to consumers (Kotler, 2003). This usually requires generous discounts to achieve the objective of giving the channels

incentive to promote the offering, thus minimizing the producer's need for advertising (Hooley, Piercy and Nicouland, 2008). Pull selling strategy is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product. Once the strategy is successful, consumers will ask their retailers for the product, the retailers ask the wholesalers, and the wholesalers ask the producers. Pull selling strategy requires direct interface with the end user of the offering whereby use of channels of distribution is minimized during the first stages of promotion and a major commitment to advertising is required.

In regard to market segmentation, a market segment consists of a group of customers whose needs and wants are not identical but similar to each other (Kotler, 2003). Very close to the market segmentation concept is the concept of competitive positioning; they both are linked by customer's needs only changing the perspective from the company concerned in meeting the customer's needs (segmentation) to the concern of how customers perceive the product or supplier and how they are meeting the customer's needs (positioning) (Hooley, Piercy and Nicolaud, 2008).

In the overall consideration of segmentation, the company also has to evaluate whether it has resources to fulfill the differentiation of the product or marketing strategy according to the different segments and whether the work done for segmentation and differentiation is compensated by an increase in profits. For example if the market is quite homogenous, it might be more reasonable to start with one strategy for all segments and gradually start offering differentiation for the most profitable market segments (Hooley, Piercy and Nicolaud, 2008). The new technologies available and the growing demand from customers to be treated as individuals has led to a 'micro-segmentation' and even to one-to-one marketing, where each customer is treated as a different segment (Hooley, Piercy and Nicolaud (2008).

Companies create key customer software and processes in order to follow the behavior of the customers and to be able to meet them in more individual level. For example, the marketing letters are modified according to the information collected of the customer's purchases. Many companies also try to create and keep up an interactive conversation with the customers for example by offering key customers a platform in the company's

website, where the customer can express needs, hopes and get detailed information about products and novelties before they even get to the markets. Some companies utilize these customer platforms for open innovation, letting the customers to create their 'ideal product' or their own version of an advertisement of certain product. The more information the company gets about its customers, the easier it is to adapt the product, services and marketing to answer the customer's needs.

2.3.3 Product Development Strategies

Product development has been defined as the focus on the needs of the current customers and the wider customer markets (Ansoff, 1987). Kotler (2000) says in product development a firm remains in its present markets but develops new products for these markets. The view that new products are helpful to the financial health of firms is well articulated by scholars. Schumpeter (1934), for instance, stated that innovative new products when first introduced face limited direct competition and, as a result, allow relatively high profits to sponsoring firms. Effective product development rests on a product's design's ability to create a positive product experience (Clark & Fujimoto, 1991), while product innovations performance has been seen as an important driver for firm growth particularly the combination of product and processes innovations significantly improving firm growth (Goedhuys & Veugelers, 2008). The researchers' further point out that product innovation translates into superior sales growth rates and access to finance.

Haeussler, Patzelt & Zahra (2012) concluded that new product development is important for firm's successful performance though they also attest that developing new products is costly and time consuming with at times uncertain outcomes. Ansoff (1987) brought into limelight the concepts product development that he defined as the focus on the needs of the current customers and the wider customer markets. Product development strategy is recognized and realized through a process whereby those with the power to make decisions for the organizations interact among themselves with other organizational members and with external parties. This study therefore considers choice of strategy mainly in terms of product development. Many organizations today are focusing on becoming more competitive by launching strategies that give them an edge over others.

2.3.4 Product Diversification Strategy

Diversification is a form of corporate or business level strategy for a company that seeks to increase profitability through greater sales volume obtained from new products and new markets (Ansoff, 1965 as cited by Kampire, 2012). Diversification usually requires a company to acquire new skills, new techniques and new facilities. The notion of diversification depends on the subjective interpretation of new market and new product, which should reflect the perceptions of customers rather than managers. However there are three types of diversification: concentric, horizontal, and conglomerate (Kampire, 2012).

Concentric diversification arises when there is a technological similarity between industries, which means that the firm leverages its technical know-how to gain some advantage (Davis, 2007). Horizontal diversification occurs when a company adds new products or services that are often technologically or commercially unrelated to current products but that may appeal to current customers. In a competitive environment, this form of diversification is desirable if the present customers are loyal to the current products and if the new products have a good quality, are well promoted and well-priced. In conglomerate (or lateral) diversification, the company markets new products or services that have no technological or commercial synergies with current products (Kampire, 2012). The products, though, may appeal to new groups of customers. The conglomerate diversification has very little relationship with the firm's current business. The main reasons of adopting such a strategy are to improve the profitability and the flexibility of the company; and to get a better reception in capital markets as the company gets bigger (Abishua, 2009).

2.3.5 Market Development Strategy

Ansoff (1965, 1987) defines market development as taking current products and finding new markets achieved through opening up previously excluded market segments, new marketing and distribution channels and entering new geographic markets. Lancaster (1988) confirms that development of new markets for the product as a strategy if the firm's core competences are related to specific market segment. McCarthy (2000)

developed two possible methods of implementing market development strategy as moving the present product into new geographical areas and expanding sales by attracting new market segments. A study in a South African ranching farm found promotion of offerings of the game ranch to local, national, international users and offering unique hunting package for women and disabled people as strong market development strategy (Eykhart, 2010).

2.4 Research Gap

Based on the literature reviewed, Munyasya (2014) found that the adoption of strategic responses contributed positively towards improved performance. He argued that implementation of strategic responses enabled firms to boost their efficiency and mitigate costs and losses. However, this study failed to give details of the specific strategic responses used and how they influence the market share.

Imalingat (2015) did an investigation of strategic responses of mobile money transfer services in Barclay Bank in Kampala, Uganda. The results found that product innovation, differentiation, strategic alliances and mergers were commonly used strategies by Barclays. Implementation of these strategies enabled the bank to effectively cope with changes in the market and guarantee survival. However this study tested product innovation, differentiation, strategic alliances and mergers, unlike the current study that will test the influence of market penetration, product development, market development and product diversification strategies on market share.

Further, Moku and Muturi (2015) found a positive correlation between strategic responses and performance of Pharmaceutical firms. However, this study failed to show the influence of strategic responses on the market share. In the same vein, other studies reviewed in this study show the existence of either an inverse relationship or no relationship on the link between strategic responses and performance. For instance, Bidley (2011) observed the existence of an inverse relationship between strategic responses and performance. He noted that adoption of strategic responses was not sustainable due to competition from other players. Odhiambo (2014) found that use of strategic responses by firms did not necessarily lower costs. From these studies, it is

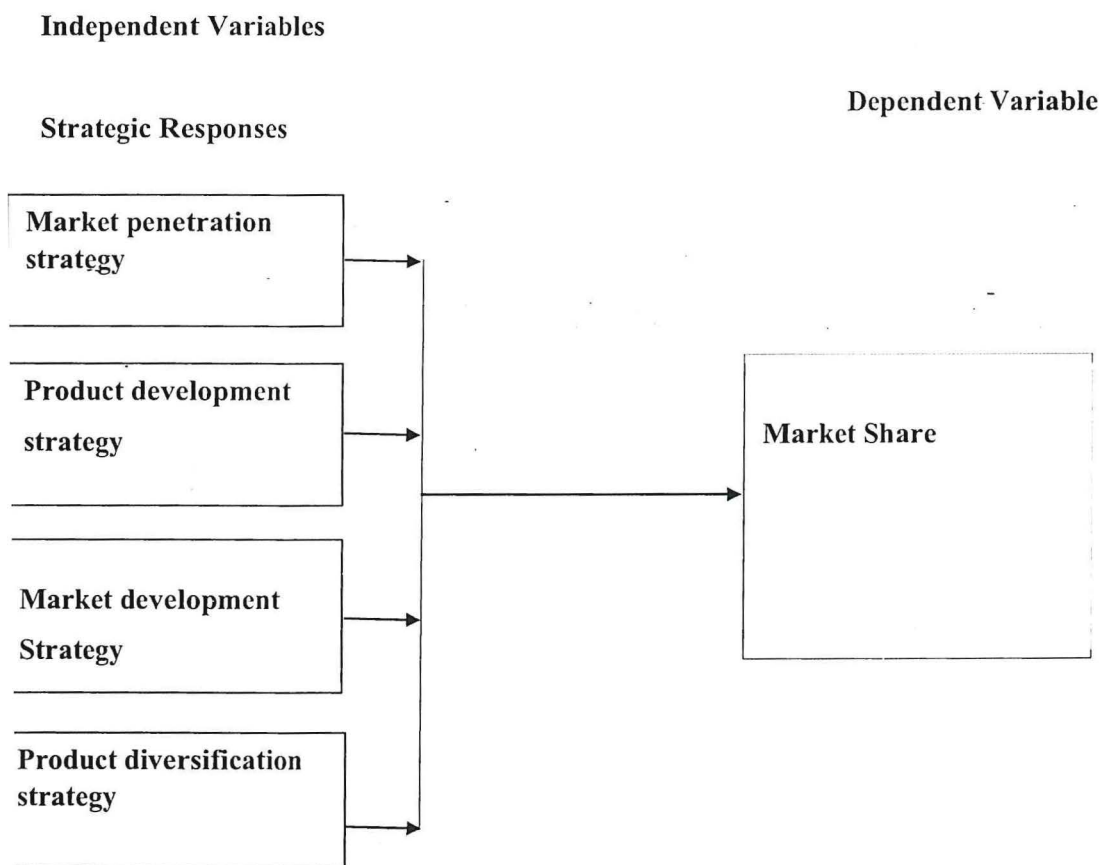
evident that strategic response is a way in which firms opt to respond to environmental challenges.

Murungi (2013) established that most Pharmaceutical firms utilized to a large extent strategic alliances (64%), focus market (50% percent), joint ventures (50%), as well as corporate diversification (34%) as strategies in responding to dynamic economic environment. Kilonzi (2012) investigated the strategies responses used by NIC bank. The findings revealed that differentiation and diversification were the main strategic responses used by NIC bank.

Therefore, looking at the studies reviewed, it is evident that there are minimal studies that have been conducted to assess the influence of strategic responses adopted by national television stations in Nairobi in response to loss of market share owing to digital migration. This study therefore seeks to fill this specific gap.

2.5 Conceptual Framework

A conceptual framework is an interconnected set of ideas about how a particular phenomenon functions or is related to its parts (Burns & Burns, 2012). It is a diagrammatic, flow chart or figurative illustration explaining the relationships between factors and variables identified, relevant to the study (Burns & Burns, 2012). A framework depicts major variables and categories, connected by lines and arrows to show relationships and interactions, in much the same way that an architect or designer makes preliminary sketches of a building. Figure 2.1 below shows the relationship between adoption of strategic responses and market share.



Source: Researcher, 2019

Figure 2.1: Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design, research site, target population, sampling strategy, data collection tools and procedure, nature of pilot study, reliability and validity of research instruments, data analysis and presentation methods and ends with the ethical considerations.

3.2 Research Design

Research design is a framework for empirical research aimed at answering specific research questions, testing hypotheses and must specify at least three processes: the data collection process, the instrumentation process and the sampling process. Kothari (2011) argues that a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

Orodho (2003) argues that a descriptive survey is a way of collecting data by administering a questionnaire to a sample of respondents. The main purpose of a descriptive survey is to detail the situation as is, that is, the researcher reports the findings (Kombo and Tromp 2006). This method is suitable when collecting information about peoples' attitudes, habits or variety of education and social issues (Orodho and Kombo, 2002). Therefore, owing to the wide range of benefits, definitions, descriptions and strengths, exploratory descriptive survey design was used in the proposed study. A descriptive survey design was applied to collect views and opinions of the personnel working with five leading national television stations namely; Citizen TV, KTN Home, NTV, K-24 and KBC. The scope was limited to the five TV Station that as per KARF, 2017 controlled more than 80 per cent market of free-to-air TV viewers. The exploratory descriptive design was used because it allowed for an in-depth investigation of the strategic responses adopted by national television stations in Nairobi Country in response to loss of market share owing to digital migration.

3.3 Population of the Study

Population refers to the larger group from which the sample is taken (Kombo & Tromp, 2006). This study targeted thirty respondents from the five leading national television stations namely Citizen TV, KTN Home, NTV, K-24 and KBC drawn from six key departments. The five leading national television station were chosen because for a long period of time they have been instrumental in enabling access to information and entertainment among the majority of Kenyans who could not afford pay television subscriptions.

3.4 Sampling Design

The study employed census to select the respondents. Lavrakas (2008) states that census is an attempt to gather information about every member of some group called the population. A great advantage to conducting census surveys is the ability to collect better demographic data across the population. Another advantage of a census survey is that all respondents have the same opportunity to participate. Although some employees may still choose not to participate, but at least the opportunity to do so is presented. No one person or group can feel left out.

Therefore this study used census to select thirty (30) respondents from the five leading national television stations namely Citizen TV, KTN Home, NTV, K-24 and KBC drawn from the employees from CEO/MD/, Finance/Commercial departments, Editorial/Entertainment content production departments, Human Resource departments, Marketing departments, Technical/ICT departments. The study selected one manager from each of the six departments from the five television stations to arrive at thirty respondents.

3.5 Data Collection

The study used semi-structured questionnaires to collect primary data from the respondents. The questionnaire was prepared by the researcher and administered on all the respondents. The questionnaire contained two sections: The respondents' profile; and an analysis of the strategic responses adopted by national television stations in Nairobi in response to loss of market share owing to digital migration. To do this the questionnaire had five sections that sought answers to the influence of digital migration on market

share; the relationship between market penetration strategies and market share; the relationship between product development strategies and market share; relationship between product diversification strategies and market share and the relationship between product differentiation strategies and market share. The researcher sought permission to collect data from the respondents through an introduction letter. The questionnaires were hand delivered to each of the respondents through research assistants and some of the questionnaires were sent via email so as to ensure that all the selected respondents are reached.

3.6 Research Quality

A pilot study was conducted with an aim of familiarizing the research assistants with the area of study as well as testing the validity, reliability, clarity, flexibility and applicability of the research questions. The pilot study targeted one head of department of each of the five television stations who was excluded from the final study. To establish the validity of the research instrument the study sought opinions of experts in the field of study especially the study's supervisor and lecturers in the department of strategic management and marketing. This facilitated the necessary revision and modification of the research instrument thereby enhancing validity. According to Shanghverzy (2003), reliability refers to the consistency of measurement and is frequently assessed using the test-retest reliability method. Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures.

To test for reliability of the questionnaire, three questionnaires were piloted and the responses input into a statistical software and the results of the reliability test produced. The study relied on the Cronbach's alpha or reliability coefficient, which estimates the internal consistency of data in measuring a given construct (Mugenda, 2012). Kurpius and Stafford (2006) recommend that a Cronbach alpha reliability correlation coefficient should be around 0.70 and above. During the pilot study, the Cronbach alpha reliability correlation coefficient was found to be 0.86, thus leading to the conclusion that the research instrument was reliable.

3.7 Data Analysis

According to Zikmund, Babin, Carr & Griffin (2010), data analysis refers to the application of reasoning to understand data that has been gathered with the aim of determining consistent patterns and summarizing the relevant details revealed in the investigation. The data collected was analyzed by use of the Statistical Package for Social Sciences (SPSS) program. Quantitative methods like mean, percentages, frequencies and standard deviation were used to describe the findings while inferential statistics like correlation analysis were used to establish relationships between the independent and dependent variables. The findings were presented in frequency tables, charts and graphs. A multiple regression model was used to measure the level of significance of the influence of the independent variables on the dependent variable.

The multiple regression model for this study was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y= Market Share (dependent variable)

β_0 = Constant

$\beta_1, \beta_2, \beta_3,$ and β_4 are regression coefficients

X_1 = Market penetration strategy

X_2 = Product development strategy

X_3 = Market development Strategy

X_4 = Product diversification strategy

ε is error term, that is, a surrogate for all variables influencing market share

Using statistical software, this regression model was tested to see how well it fits the data. The significance of each independent variable was also be tested. Fischer distribution test that is called F-test was applied. It refers to the ratio between the model mean square divided by the error mean square. F-test was also used to test the

significance of the overall model at a 5 per cent level of confidence. The p-value for the F-statistic was applied in determining the robustness of the model.

3.8 Ethical Considerations

The CEOs/MDs of Citizen TV, KTN Home, NTV, K-24 and KBC were contacted to provide a written consent before the research assistants were allowed to collect the data. The raw data and the findings were stored in computer folders that were password protected to avoid unauthorized access. The meetings between the research assistants and the respondents were scheduled at the convenience of the respondents. The respondents were briefed on the purpose and significance of the study before the questionnaires were administered. All the respondents were assured of their confidentiality. Any respondent who was not willing to participate in the study was accorded their rights.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION OF THE RESULTS

4.1 Introduction

The main objective of this study was to find out the influence of strategic responses on market share of national television stations in Nairobi County after the digital migration switchover. This chapter presents the analysis of the results and their interpretation and discussion of the results.

4.2 Response Rate

The study used census to target 30 respondents from the five leading national television stations namely Citizen TV, KTN Home, NTV, K-24 and KBC drawn from the employees from six key departments: CEO/MD, Finance/Commercial departments, Editorial/Entertainment content production Departments, Human Resource departments, Marketing departments, Technical/ICT departments. Response was received from 29 respondents, which translates to a response rate of 98%.

4.3 Demographic Information

Gender

The study sought to find out the gender of the respondents, from the findings, 65% of the respondents were male while 35% were female.

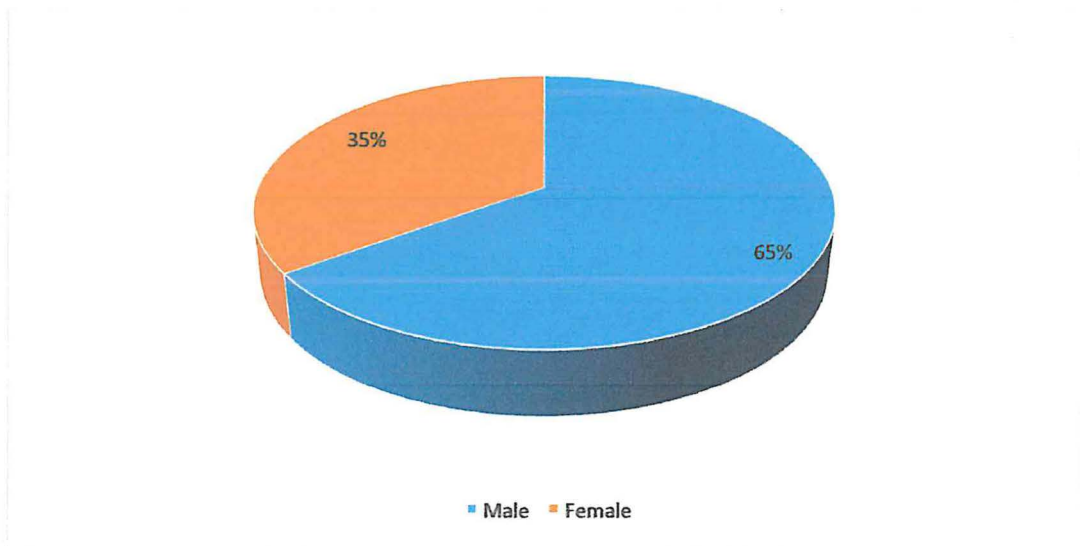


Figure 4.1: Gender

Level of Education

The study sought to find out the level of education, from the findings 40% had their first degree while 30% specified diploma and Postgraduate.

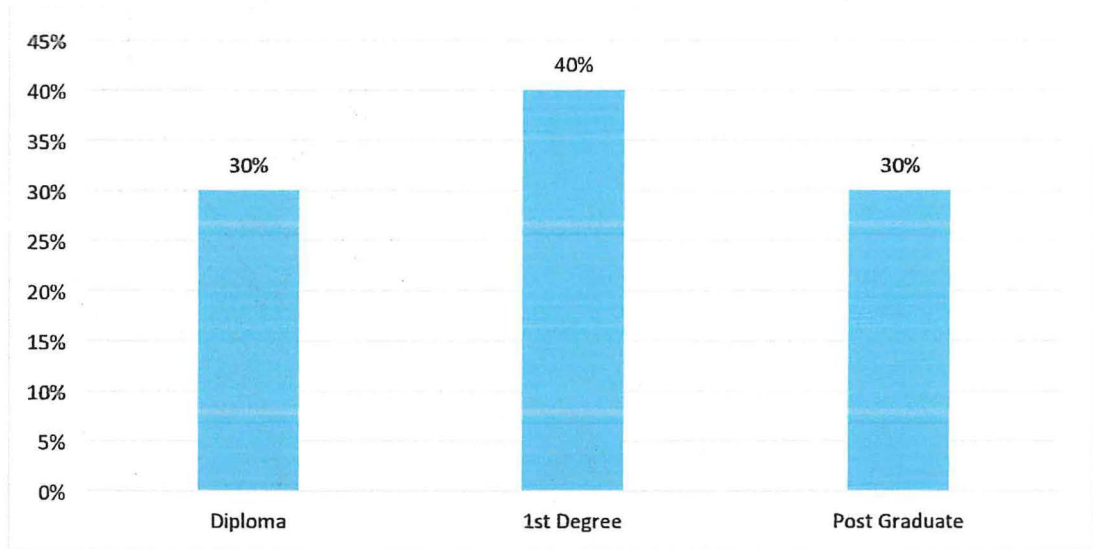


Figure 4.2: Level of education

Position in the organization

From the findings, majority of the respondents were from commercial department followed by finance department at 32% and 21% respectively. All the departments were proportionately represented as shown below.

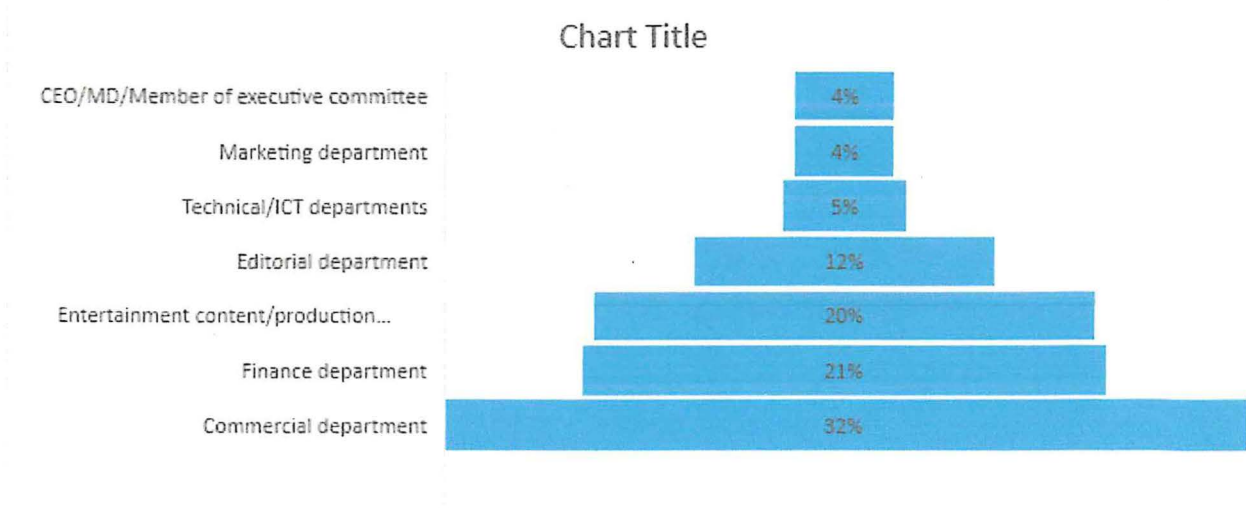


Figure 4.3: Position the organization

Period served in the organization

On period served in the organization 42% of respondents indicated that they had served in the organization for over 5 years, 39% indicated that they served between 2-5 years while 19% indicated that they served for less than 2 years.

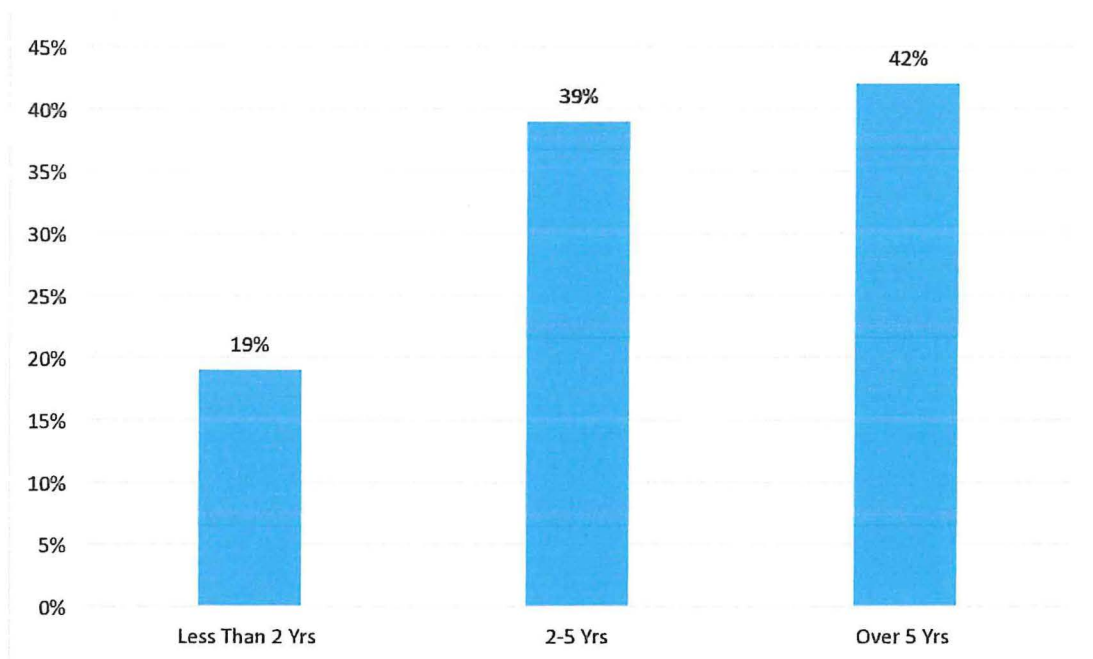


Figure 4. 4: Period served in the organization

4.4 Reliability of the Research Instrument

To test for reliability of the questionnaire, three questionnaires were piloted and the responses input into a statistical software and the results of the reliability test produced. The study relied on the Cronbach's alpha or reliability coefficient, which estimates the internal consistency of data in measuring a given construct. The results of the pilot test indicated a coefficient of 0.84. A coefficient of 0.70 or more implies that there is a high degree of reliability of data.

4.5 Strategies Used by Organizations to Grow Market Share

The study sought to find out strategies used by organizations to grow/gain market share. Findings revealed that organizations majorly use market penetration strategies (for example marketing campaigns and initially free offerings), product development

strategies (for example streaming services), market development strategies (has the organization specifically targeted people who not consumers before and now made them consumers?) and product diversification strategies (has your company entered into a new market that it was not previously operating in?) as shown by 43%, 31%, 12% and 14% respectively.

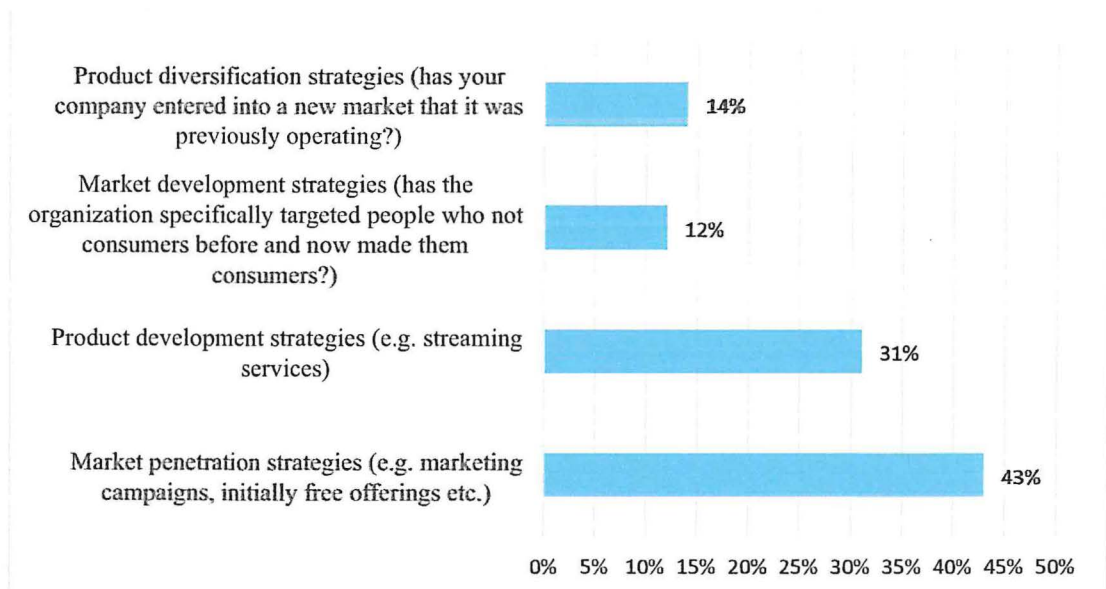


Figure 4.5: Strategies used by organizations to grow/gain market share

4.5.1 Market Penetration Strategies and Market Share

From the findings, respondents agreed that market penetration strategy activities like advertising, cross-promotions have helped the firm increase share of audience and therefore grow market share as shown by means of 3.84. Further respondents were neutral on the statements that their firm had established mechanisms to enable it grow via existing products and new products in existing markets and that the firm focuses on introducing current products or services into new geographical areas and territories (for example, regional expansion, partnerships, etc.) as shown by means of 3.2 and 3.01 respectively.

Table 4.1: Market Penetration Strategies and Market Share

Statement	Median	Mean
The firm has established mechanisms to enable it grow via existing products and new products in existing markets	18.6	3.2
The firm focuses on introducing current products or services into new geographical areas and territories (e.g. regional expansion, partnerships, etc.)	20.16	3.01
Market penetration strategy activities like advertising, cross-promotions have helped the firm increase share or audience and therefore grow market share	19.6	3.84

4.5.2 Product Development Strategies and Market Share

From the findings, respondents agreed that competition will revolve around provision of fast, accurate and information on a real time basis to the audience; that TV stations will establish a mix of local and international programs with a greater focus on specialisation to achieve taste and preferences of various audiences and that the firms' service and

product development is dedicated towards increasing affinity and revenue by modifying present products or services as shown by means of 3.84, 3.74 and 3.6 respectively. Further respondents were neutral on the statement that organizations have increased audience research on social media to enhance audience feedback on various programs as shown by means of 3.0.

Table 4.2: Product Development Strategies and Market Share

Statement	Median	Mean
Competition will revolve around provision of fast, accurate and information on a real time basis to the audience.	14.7	3.84
TV stations will establish a mix of local and international programs with a greater focus on specialisation to achieve taste and preferences of various audiences.	17.3	3.74
The firms' service and product development is dedicated towards increasing affinity and revenue by modifying present products or services	15.3	3.6
My organization has increased audience research on social media in order to enhance audience feedback on various programs.	12.9	3.0

4.5.3 Product Diversification Strategies and Market Share

The study sought to find out the extent of agreement with statements regarding relationship between product diversification strategies and market share. From the findings, respondents agreed that the firm has invested in high level innovation and technology to create unique products and services while minimizing costs; that the firm's product innovation is driven by new products and innovative technologies; that the firm quickly launches new products and services in the market in response to changes in the market and that the firm maintains both a long term as well as short term product development projection in tandem with changes in the market, consumer preferences and short product/service shelf life as shown by means of 4.1,3.7 and 3.5 respectively.

Further, respondents were neutral on the statements that the firms have well established research and development department and commits resources for its operations; that the firm's innovation strategy is directly linked to the overall corporate strategy and that the firm's growth and market share is directly linked to its innovation strategies as well as research and development as shown by means of 3.4 and 3.1 respectively.

Table 4.3: Product Diversification Strategies and Market Share

Statement	Median	Mean
The firm has invested in high level innovation and technology to create unique products and services while minimizing costs	18	3.5
The firm has well established research and development department and commits resources for its operations	20	3.4
The firm's product innovation is driven by new products and innovative technologies	21	4.1
The firm quickly launches new products and services in the market in response to changes in the market.	17	3.7
The firm maintains both a long term as well as short term product development projection in tandem with changes in the market, consumer preferences and short product/service shelf life	19	3.7
The firm's innovation strategy is directly linked to the overall corporate strategy	17	3.1
The firm's growth and market share is directly linked to its innovation strategies as well as research and development.	14	3.1

4.5.4 Market Development Strategies and Market Share

The study sought to find out the extent of agreement with the statements regarding the relationship between market development strategies and market share. From the findings, respondents agreed with the statements that market development strategies help in changing customer perception hence increase in sales; that in order to strengthen our

brand differentiation in the Kenyan media industry, our organization has developed of unique, relevant, quality and audience driven content that organization has created niche products for niche audiences; that television content will have to be viewed from a marketing perspective with the product life cycle being centre in the development of advertising and public relations (PR) strategies and that advertisers and content developers are set to establish strategic, brand related partnerships based on advertisers' funded program production model as shown by mean of 4.5, 4.4,4.3,3.9, 3.8 and 3.7 respectively.

Table 4.4: Market Development Strategies and Market Share

Statement	Median	Mean
The market development strategies helps in changing customer perception hence increase in sales	17	4.5
The market development strategies helps in conveying product's unique value	18	4.4
In order to strengthen our brand differentiation in the Kenyan media industry, our organization has developed of unique, relevant, quality and audience driven content.	20	4.3
Our organization has created niche products for niche audiences	24	3.9
Broadcasters will have to appeal to their audience and grow their viewership by offering relevant, educative and entertaining programming.	12	3.8
Television content will have to be viewed from a marketing perspective with the product life cycle being centre in the development of advertising and PR strategies.	21	3.7
Advertisers and content developers are set to establish strategic, brand related partnerships based on advertisers' funded program production model.	19	3.6
Due to digital migration, my organization has or is planning to expand to new regions	24	3.5

4.6 Regression Analysis

Having considered each factor singly a multi-regression was generated to establish the combined market penetration strategy, product development strategy, market development strategy and product diversification strategy. The multiple regression analysis also provided the relative importance of each of the variables with respect to their influence on market share of national television stations in Nairobi County after the digital migration switchover. This section presents a discussion of the results of inferential statistics.

Table 4.5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.974 ^a	.948	.947	.51999

a. Predictors: (Constant), Market penetration strategy, Product development strategy, Market development Strategy and Product diversification strategy.

a. Predictors (Independent Variables): (Constant), Market penetration strategy, Product development strategy, Market development Strategy and Product diversification strategy.

b. Dependent Variable: Market share of national television stations in Nairobi County after the digital migration switchover Survey Data, 2019.

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Market share of national television stations in Nairobi County after the digital migration switchover) that is explained by all the four 4 independent variables (Market penetration strategy, Product development strategy, Market development Strategy and Product diversification strategy)

The four independent variables that were studied, explain 94.8 percent of variance in influence of strategic responses on market share of national television stations in Nairobi County after the digital migration switchover as represented by the R^2 . This therefore means that other factors not studied in this research contribute 5.2 percent of variance in

the dependent variable. Therefore, further research should be conducted to evaluate the influence of other factors on market share of national television stations in Nairobi County after the digital migration switchover.

Table 4.6: ANOVA (Analysis of Variance)

Model		Sum of Squares	Df.	Mean Square	F	Sig.
1	Regression	781.106	4	195.276	722.208	.000 ^b
	Residual	42.992	159	.270		
	Total	824.098	163			

a. Predictors (Independent Variables): (Constant), Market penetration strategy, Product development strategy, Market development Strategy and Product diversification strategy.

b. Dependent Variable: Market share of national television stations in Nairobi County after the digital migration switchover

Source: Research Data, 2019

The F critical at 5 percent level of significance was 2.27. Since F calculated is greater than the F critical (value =722.208), this shows that the overall model was significant. The significance is less than 0.05, thus indicating that the predictor variables, explain the variation in the dependent variable, which is market share of national television stations in Nairobi County after the digital migration switchover. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable.

Table 4.7: Multiple Regression Analysis

Model		Coefficients ^a			t	Sig.
		Unstandardized Coefficients	Std. Error	Standardized Coefficients		
1	(Constant)	.446	.172		2.598	.010

Market penetration strategy	.083	.018	.248	4.568	.000
Product development strategy	.181	.019	.467	9.402	.000
Market development Strategy	.023	.012	.082	1.900	.009
Product diversification strategy	.088	.020	.216	4.489	.000

a. Predictors (Independent Variables): (Constant), Market penetration strategy, Product development strategy, Market development Strategy and Product diversification strategy.

b. Dependent Variable: Market share of national television stations in Nairobi County after the digital migration switchover

Survey Data, 2019

From the regression findings, the substitution of the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) becomes:

$$Y = 0.446 + .088X_1 + .023X_2 + 0.181X_3 + .083X_4$$

Where Y is the dependent variable (Influence of strategic responses on market share of national television stations in Nairobi County after the digital migration switchover) X₁ is Market penetration strategy variable, X₂ is Product development strategy, X₃ is Market development Strategy and X₄ is the Product diversification strategy.

According to the equation, taking all factors (Market penetration strategy, Product development strategy, Market development Strategy and Product diversification strategy) constant at zero, Influence of strategic responses on market share of national television stations in Nairobi County after the digital migration switchover will be .446. The data findings also show that a unit increase in Market penetration strategy variable will lead to a .088 increase in market share of national television stations in Nairobi County after the

digital migration switchover; a unit increase in product development strategy will lead to .023 increase in influence of strategic responses on market share of national television stations in Nairobi County after the digital migration switchover; a unit increase in market development strategy will lead to a .181 increase influence of strategic responses on market share of national television stations in Nairobi County after the digital migration switchover and a unit increase in product diversification strategy will lead to a .083 increase in influence of strategic responses on market share of national television stations in Nairobi County after the digital migration switchover.

From the results, product development strategy contributes most to market share of national television stations in Nairobi County after the digital migration switchover, which has the greatest t-value of 9.402. A higher t-value of 9.402 indicates a stronger correlation between the product development strategy and market share.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section covers the summary of findings, conclusion, and recommendations in line with the topic of study that is to find out the influence of strategic responses on market share of national television stations in Nairobi County after the digital migration switchover

5.2 Discussion

The study established that market penetration strategy activities like advertising, cross-promotions have helped the firm increase share of audience and therefore grow market. Firms have established mechanisms to enable them grow via existing products and as well as new products in existing markets and that firms focus on introducing current products or services into new geographical areas and territories (for example, regional expansion, partnerships, etc.). These findings are in line with resource based theory which states that distinctive competences such as the ability to create regional expansion and partnerships of a firm must have customer value, extendibility, and must be competitor unique for them to attain maximum benefits for the firm (Hamel and Prahalad, 1994). Additionally, these findings are in line with a study conducted by Mwiti (2011), which stated that market penetration strategy could be implemented through various means such as penetration pricing, promotional strategies and market segmentation strategies.

Additionally in regard to product development strategies, the study found out that competition will revolve around provision of fast, accurate and information on a real time basis to the audience; that TV stations will establish a mix of local and international programs with a greater focus on specialisation to achieve taste and preferences of various audiences and that the firms' service and product development is dedicated towards increasing affinity and revenue by modifying present products or services. These findings are in line to resource based theory which states that competitive advantage is gained from a firm's ability to assemble and fully exploit its resources in order to develop new competitive products. Furthermore, these findings are supported by findings of study

conducted by Haeussler, Patzelt & Zahra (2012) which indicated that many organizations today are focusing on becoming more competitive by launching strategies that give them an edge over others.

In regard to product diversification, the study found out that the firms have invested in high level innovation and technology to create unique products and services while minimizing costs; that the firm's product innovation is driven by new products and innovating technologies; that the firm quickly launches new products and services in the market in response to changes in the market and that the firm maintains both a long term as well as short term product development projection in tandem with changes in the market, consumer preferences and short product/service shelf life. These findings are supported by the institution theorists which assert that the institutional environment can strongly influence the development of formal structures in an organization, often more profoundly than market pressures. Therefore the institution theory calls for innovative structures that improve technical efficiency in early-adopting-organizations that are legitimized in the environment. Furthermore, these results are in tandem with findings of a study conducted by Ansoff, 1965 as cited by Kampire, (2012) which stated that diversification usually requires a company to acquire new skills, new techniques (innovation) and new facilities.

Finally in regard to market development strategies, respondents agreed that their organization have developed of unique, relevant, quality and audience driven content that organization has created niche products for niche audiences. More so, the findings indicate that that these organizations view television content from a marketing perspective with the product life cycle being centre in the development of advertising and public relations (PR) strategies. In addition these organizations encourage advertisers and content developers to create content that is strategic and to create brand related partnerships based on advertisers' funded program production model. These findings are supported by niche theory that holds that in markets with high competition levels, media organizations produces diversified products through identifying a specific and differentiated market (Dimmick, 2003). Furthermore, these findings are in agreement with a study conducted by McCarthy (2000) who developed two possible methods of

implementing market development strategy as moving the present product into new geographical areas and/or expanding sales by attracting new market segments.

5.3 Conclusion

The study concludes that in regard to the strategic responses that influence the market share of the national television stations in Kenya, it would be imperative for the management of the five national stations to fast track on adoption of the product development strategy, followed by market penetration strategy, followed by product diversification strategy and finally market development Strategy. By doing this, these organizations will be in a position to improve on the declining market share.

Further, the study concludes that competition will revolve around provision of fast, accurate and information on a real time basis to the audience and that TV stations will establish a mix of local and international programs with a greater focus on specialisation to achieve taste and preferences of various audiences and that the firms' service and product development is dedicated towards increasing affinity and revenue by modifying present products or services.

Finally, the study concludes that market penetration strategy activities like advertising and cross-promotions can be used by these organizations to increase their market share.

5.4 Recommendations

The study recommends adoption of product development as a strategy since firms will be able to attract more customers. A strong and positive correlation is found between product development and market share. Firms that utilize product development record high levels of sales turnover, which contributed to increased market share and consequently, profitability.

Production development essentially entails innovation and upgrading of current offering with the aim of exciting the existing customers and meeting their constantly changing needs. In this case the media companies can learn a lot from technology companies like Apple or Samsung that are constantly upgrading their products to meet the changing needs of the market. Just like every often Apple launches in the market an upgraded version of the iPhone, so should media firms plan respond to the market by offering

improved products. This also means constantly testing potential new products or offerings, gauge market response and adjusting accordingly before launching the product.

The study also recommends enhancement of market penetration through pricing, promotional strategies and market segmentation strategies. Penetration pricing should involve the setting of lower prices relative to competition in order to achieve a large and dominant market share. This strategy has, for example, been used successfully by online Video on Demand (VoD) company, Netflix, which offer subscribers a one-month free trial period before they start paying for their monthly subscription. This strategy is mostly used by businesses wishing to enter a new market or build on a relatively small market share. However, this is possible where demand for the product is believed to be highly elastic, implying that demand is price-sensitive and either new buyer will be attracted, or existing buyers will buy more of the product as a result of a lower price. Similarly promotional strategies like promotional campaigns, advertising campaigns are crucial for awareness to the consumer about the firm's offering and as a result, the firms should not only have well-crafted campaigns but also use cross promotional campaigns like adverts in newspapers and radio to boost demand for their offering.

Finally the study recommends a blend of product development and product diversification strategies which will require the affected national television stations acquire new skills, new techniques and new facilities. The notion of diversification depends on the subjective interpretation of new market and new product, which should reflect the perceptions of customers rather than managers. For example these firms should diversify into news offerings like streaming services, advertising agency services, commercial content production for syndication which could potentially bring new revenue streams to the organization and therefore enhance profitability.

5.5 Recommendation for Further Studies

The study was done to find out the influence of strategic responses on market share of national television stations in Nairobi County after the digital migration switchover. A similar study can be conducted to establish the influence of the same strategic responses in other counties. Further, study should be carried out to find out the change in consumers' consumption of media content after digital migration switchover.

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APPENDICES

Appendix I: Questionnaire

Dear Respondent,

RESEARCH QUESTIONNAIRE

I am Masters of Business Administration Student at Strathmore University, Strathmore Business School in Nairobi, Kenya. I am conducting a research entitled “**INFLUENCE OF STRATEGIC RESPONSES ON MARKET SHARE FOR NATIONAL TV STATIONS AFTER THE DIGITAL MIGRATION SWITCHOVER- A CASE OF NATIONAL TELEVISION STATIONS IN NAIROBI COUNTY**”. The five national televisions being targeted include; Citizen TV, KTN Home, NTV, KBC and K24. A questionnaire has been designed and will be used to gather relevant information to address the research objectives of the study.

Please note that this study is an academic research and the information provided will be treated in strict confidence.

Your assistance is highly appreciated.

PETER ODINGA OPONDO

Signature

.....

Date

INSTRUCTIONS: Please answer all the questions either offering a brief explanation or by putting a tick (✓).

SECTION A: BASIC INFORMATION

1. Name of the television station.....

2. Indicate your gender

Female

Male

3. Your Highest Academic Qualification

Diploma

1st Degree

Post Graduate

4. What is your position at your organization

CEO/MD []

Finance department []

Commercial department []

Editorial department []

Entertainment content/production departments []

Human Resource department []

Marketing department []

Technical/ICT departments []

5. For how long have you worked at this organization

Less than 2 Years () 2-5 Years () Over 5 Years ()

SECTION B: INFLUENCE OF DIGITAL MIGRATION ON MARKET SHARE

6. The following are among the strategies used by organizations to grow/gain market share, please indicate by ticking whether your organization utilizes any of them?

Market penetration strategies (e.g. marketing campaigns, initially free offerings etc.) []

Product development strategies (e.g. streaming services) []

Market development strategies (has the organization specifically targeted people who not consumers before and now made them consumers?) []

Product diversification strategies (has your company entered into a new market that it was previously operating?) []

Any other strategy (please indicate):

.....

SECTION C: MARKET PENETRATION STRATEGIES AND MARKET SHARE

7. Using a scale of 1-5 where 5 = Strongly agree (SA), 4=Agree (A), 3= Neutral (N), 2= Disagree (D), 1= Strong disagree (SD) , Please tick in the appropriate box the extent to which you agree with each of the statements in regard to the relationship between market penetration strategies and market share

No	Statement	5	4	3	2	1
		SA	A	N	D	SD
1.	The firm has established mechanisms to enable it grow via existing products and new products in existing markets					
2.	The firm focuses on introducing current products or services into new geographical areas and territories (e.g. regional expansion, partnerships, etc.)					
3.	Market penetration strategy activities like advertising, cross-promotions have helped the firm increase share or audience and therefore grow market share					

SECTION D: PRODUCT DEVELOPMENT STRATEGIES AND MARKET SHARE

8. Using a scale of 1-5 where 5 = Strongly agree (SA), 4=Agree (A), 3= Neutral (N), 2= Disagree (D), 1= Strong disagree (SD) , Please tick in the appropriate box the extent to which you agree with each of the statements in regard to the relationship between product development strategies and market share

No	Statement	5	4	3	2	1
		SA	A	N	D	SD
1.	Competition will revolve around provision of fast, accurate and factual information on a real time basis to the audience.					
2.	TV stations will establish a mix of local and international programs with a greater focus on specialisation to achieve taste and preferences of various audiences.					
3.	The firms' service and product development is dedicated towards increasing affinity and revenue by modifying present products or services					
4	My organization has increased audience research on social media in order to enhance audience feedback on various programs.					

SECTION E: PRODUCT DIVERSIFICATION STRATEGIES AND MARKET SHARE

9. What diversification strategies has your organization put in place to in order to regain and grow your market share? (where diversification entails the entry into a new market in which the business was previously not operating)

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10. Please indicate the areas in which your organization has embraced diversification strategies in order to enhance market share?

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11. What are the challenges are faced in product diversification in your organization and how do you handle them?

(State briefly)

	Challenge	How it is handled
1		
2		
3		
4		
5		
6		
7		

12. Which of the following products has your organization diversified into as it pursues the diversification strategy? (Please tick appropriately)

	Products diversified	Please tick appropriately
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

13. Using a scale of 1-5 where 5 = Strongly agree (SA), 4=Agree (A), 3= Neutral (N), 2= Disagree(D), 1= Strong disagree(SD) , Please tick in the appropriate box the extent to which you agree with each of the statements in regard to the relationship between product diversification strategies and market share

No	Statement	5	4	3	2	1
		SA	A	N	D	SD
1.	The firm has invested in high level innovation and technology to create unique products and services while minimizing costs					
2	The fins has well established research and development department and commits resources for its operations					
3.	The firm's product innovation is driven by product new and innovating technologies					
4	The firm quickly launches new products and					

	services in the market in response to changes in the market.					
5	The firm maintains both a long term as well as short term product development projection in tandem with changes in the market, consumer preferences and short product/service shelf life					
6	The firm's innovation strategy is directly linked to the overall corporate strategy					
7	The firm's growth and market share is directly linked to its innovation strategies as well as research and development.					

SECTION F: MARKET DEVELOPMENT STRATEGIES AND MARKET SHARE

14. What strategies/ actions has your organization crafted to reduce fragmentation of TV audiences due to digital migration?

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15. Please list the actions that your organization has put in place in order to move from immediate customer base to new ones as a results of competition brought by digital migration?

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16. Using a scale of 1-5 where 5 = Strongly agree (SA), 4=Agree (A), 3= Neutral (N), 2= Disagree(D), 1= Strong disagree (SD) , Please tick in the appropriate box the extent to which you agree with each of the statements in regard to the relationship between market development strategies and market share

No	Statement	5	4	3	2	1
		SA	A	N	D	SD
1.	The market development strategies helps in changing customer perception hence increase in sales					
2.	The market development strategies helps in conveying product's unique value					
5	In order to strengthen our brand differentiation in the Kenyan media industry, our organization has developed of unique, relevant, quality and audience driven content.					
6	Our organization has created niche products for niche audiences					
7	Broadcasters will have to appeal to their audience and grow their viewership by offering relevant, educative and entertaining programming.					

8	Television content will have to be viewed from a marketing perspective with the product life cycle being centre in the development of advertising and PR strategies.					
9	Advertisers and content developers are set to establish strategic, brand related partnerships based on advertisers' funded program production model.					
10	Due to digital migration, my organization has or is planning to expand to new regions					