Assessing the Nature of Competition in the Telecommunication Industry: *A Case Study of Airtel Ghana Limited, Kumasi*

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ABSTRACT

Due to the huge potential in Ghana's mobile phone sector, the industry is experiencing an intense competition, a battle for supremacy in the mobile phone industry. The telecommunication sector is securing extraordinary growth in Ghana with increasing levels of mobile penetration. The study seeks to assess the nature of competition and its impact on the telecommunication industry using Airtel Ghana Limited as the case study. Both primary and secondary sources of data were used. Target population included all top officials and management staff of Airtel Ghana. Random sampling was used to select fifteen (15) members of management and marketing staff as the sample size for the study, this constituted 83.3% of the total population. Analysis of data collected was done using SPSS. Findings revealed that the industry structure is concentrated; the competitive strategy adopted was cost leadership, differentiation and focus, driving forces of competition in the industry were rivalry among current competitors and bargaining power of customers and the basses of competition were price, new product development, and promotions. It is therefore recommended that companies adopt one competitive strategy, embark on customer loyalty programmes, invest in research on new product development, and be skill at internal marketing.

KEYWORDS: Industry, competition, driving forces, concentrated, new product development, strategy.

1.0 INTRODUCTION

The telecommunication sector is seeing extraordinary growth in Ghana, with increasing levels of mobile penetration, Ghana is fast evolving as one of the telecom sector's key investment prospects. Due to the huge potential in Ghana's mobile phone sector, the industry and customers are experiencing an intense competition, a battle for supremacy in the mobile phone industry, between all mobile phone service providers of Ghana. Telecommunications vendors are rapidly acquiring significant product development capabilities as technology changes drive consumer demand. However, they continue to lag behind in understanding the customer. This has led to significant churn as products are developed and discarded in an attempt to retain existing customers and drive new business. Deregulation and increasing competition is forcing companies to move from traditional product-centric operations to consumer-centric operations. Customer demand for new and lower cost services are forcing telecommunications service providers to increase their efficiency as never before. Carlton (2007) claimed that telecommunications vendors have to analyze their customers' needs and tailor all their business processes in the value chain to effectively meet their customers' unique requirements and increasing demands. Implicit in this argument is the assumption that telecommunication companies have the ability to turn large volumes of data pertaining to their customers and services into actionable information. Business intelligence systems can significantly help in almost all aspects of the value chain to achieve this objective (Acutt and Elliot, 2001). Recent developments in Industrial organisation have emphasized the multidimensional nature of competition. For example excessive advertising and product differentiation, pre-emptive patenting and excessive innovation may mark competition (Steenkamp, 2005).

All these strategies could be used to reduce the ability of rivals to compete successfully and some of the standard prescriptions to prevent anti-competitive behaviour can actually be detrimental to competition. The difficulty this concern expresses is compounded by the degree of dynamism that is inherent in telecommunication markets, a feature that it shares with information technology markets (Bismut and Sophie 2004). Often the most important stage of the competitive process is in the race to bring to the market new products. Once a firm succeeds in this sphere no amount of tinkering with the market structure or pricing decisions, short of breaking up the firm, will provide any succour to the competing firms. They will have to devote their energies to producing rival products, which erode the market power of the successful firm. Thus both the regulator and the competition authority will have to keep abreast of new developments in industrial organisation and market developments. It may be the case that developing new tools for analysis may be better served by the competition authority, while the regulator may be current in market developments. The need for close cooperation between regulator and competition authority is again emphasised by such a possibility. The development of competition is marked by the interplay of a number of forces (Porter, 1985). Strategies of telecommunication companies with regard to pricing, entry, brand building, mergers and takeovers, innovations in marketing and new product launch have obvious effects on competition. However, the number and impact of institutions that affect the telecommunications sector is also vitally important.

2.0 STATEMENT OF THE PROBLEM

As a result of the intense competition in the Ghanaian telecommunication industry, players in the industry are continuously initiating strategies to build long term profitable relationship with customers and to achieve customer loyalty. As operators in the communication industry seek for ways to improve upon the quality of their services, increase their customer base and retain their customers, competition has become stiffer in the industry. The five interactive competitive forces collectively determine an industry's long-term attractiveness-present competitors, potential competitors. This mix of forces explain why some industries are consistently more profitable than others and provides further insights into which resources are used and which strategies should be adopted to be successful(Porter, 1985).

The ever-shrinking margins caused by increased competition mean that telecommunication service providers will have to seek innovative ways to minimize the cost of implementing effective solutions. The study therefore seeks to investigate the nature of competition and its impact on the telecommunication industry.

2.1 Objectives of the Study

2.1.1 General Objective

The general objective of the study was to assess the nature of competition and its impact on the telecommunication industry

2.1.2 Specific Objectives

The study therefore sets out to achieve the following specific objectives:

i. To identify the nature of competition in the telecommunication industry of Ghana

ii. To identify the forces that drive competition in the industry

iii. To identify the competitive strategies adopted by Airtel Ghana

iv. To identify the challenges involved in the implementation of competitive strategies.

2.3 RESEARCH QUESTIONS

To achieve these objectives, the following questions needed to be answered:

- What is the nature of competition in the telecommunication industry of Ghana?
- What are the forces that drive competition in the industry?
- What strategies are used by Airtel in order to remain competitive?
- What are the challenges involved in the implementation of competitive strategies?

3.0 LITERATURE REVIEW

3.1 Competition Defined

Stone (1991) defined competition as "the rivalry among sellers trying to increase sales profits, or market share while addressing the same set of customers." He further explained that, the element of competition can be categorized both in terms of products and of, overall market structure. This is because, the common element of competition is of value added by different firms to describe the amount by which selling prices are greater than the cost of providing bought goods or services that the market is offering.

The Merriam-Webster dictionary defines competition as "the effort of two or more parties acting independently to secure the business of a third party by offering the most favourable terms". (Merriam Webster Online, 2011) Correspondingly, Stigler, (2008) states that "competition arises whenever two or more parties strive for something that all cannot obtain". In this thesis, these competing "parties" are telecommunication operators who act to "secure the business" or "strive for" the limited resource, i.e. the money of their customers.

Considering the view of others to bring the true picture of competition, Baker (1991) suggested that: outside the economic sphere the word "competition" means a type of activity that involves contestants who are going against each other, some common goal sought by them, efforts on the part of each to achieve superiority in attaining the goal, some method of judging superiority, judging mechanisms to do the judging, the selection of one or perhaps several of the constants and rejection of others. Baker (1991) continued to say that, "within the field of economics, precise definitions of this kind are less easy to come by and usually finish up not by defining competition in itself, but the conditions under which it exists, or its consequences. To Baker, among the exceptions to this generalization is Clark (1940) who sees competition as the "availability of alternatives" in which alternatives implies both the existence of alternatives and the ability of participants to choose freely between them. Competition from the definition of Clark sees it as a dynamic process, the central element of which is offering the other party a bargain enough to induce him to deal with you in the face of his free option of dealing with others. Similarly, Abbott (2002) sees it as the effort of each producer to get or to keep patronage, which might go to another. These efforts take the form of striving to offer more alternatives to the buyers than the offer of competitors.

3.2 NATURE OF COMPETITION

Contemporary marketing requires marketers to be more competitive. When one thinks about it, at the same time that a company is trying to satisfy customers' needs, so are its competitors. Although, successful marketers still keep their primary focus on their competitors as well, the nature of competition varies dramatically from market to market and from situation to situation, thus market structure.

Over the years, theorists have discussed four types of competition which are: Pure competition, Perfect competition, Fragmented and Concentrated competition.

3.2.1 Pure Competition

According to Houston (1995) "pure competition is an ideal competitive advantage structure in which many organisation market products that cannot be differentiated on anything other than price".

Kotler (2000) also wrote, "Pure competition market consists of many buyers and sellers trading in a uniform commodity where no single buyer or seller has much effect on the going market prices". A seller cannot change more than the going price because buyers can obtain as much as they need at the same going price nor would sellers charge less than the market price because they can sell all they want at this price. They further explained that if price and profit rise, new sellers can easily enter the market.

3.2.2 Perfect Competition

Baker (1991) describes perfect competition from the economists view point that, the demand curve is horizontal, each supplier has a u-shaped cost curve, and a large number of buyers and sellers, all of whom have perfect knowledge, there is a complete freedom of entry and exit from the industry and the entrepreneur's sole motivation is profit maximization. He further explains that, the assumption of perfect knowledge eliminates both the need for, and the economic feasibility of sales promotion, while the assumptions of product homogeneity eliminates the possibility of product differentiation, so quantity is the only variable of competitive behaviour.

Economists have worked with many different models of competition. Still central to much of their work is the model of perfect competition, which is, to summarize, based on the premise that, when a large number of buyers and sellers in the market are dealing in homogeneous products, there is complete freedom to enter or exit the market and everyone has complete and accurate knowledge about everyone else.

It can be deduced from the above illustration that the ultimate irony under the economists so called "perfect competition" means the complete absence of all marketing activities such as lower price, improved quality, altercative design and many more which cannot be applied to the telecommunication industry, subject of this study.

According to Organisation for Economic Co-operation and Development (OECD, 1999) perfect competition is defined by four conditions:

a) There are such a large number of buyers and sellers that none can individually affect the market price. This means that the demand curve facing an individual firm is perfectly elastic.
b) In the long run, resources must be freely mobile, meaning that there are no barriers to entry and exit.
c) All market participants (buyers and sellers) must have full access to the knowledge relevant to their production and consumption decisions.
d) The products should be homogenous.

3.2.3 Fragmented Industries Competition

According to Porter (1985), an important structural environment in which many firms compete is the fragmented industry. That is, an industry in which no firm has a significant market share and can strongly influence the industry outcome. Fragmented industries according to Porter are populated by a large number of small and medium-sized companies, many of them privately held.

There is no single precise quantitative definition of a fragmented industry. However, the essential notion that makes these industries a unique environment in which to compete is the absence of market leaders with the power to shape industry events. Porter identified that fragmented industries are found in many areas of an economy most of which are the area of service, retailing and distribution etc…

3.2.4 Concentrated Competition

Houston (2000) describes "concentrated competition" as a situation where a few competitors control the market, particularly the element of pricing and in addition the barriers of entry so high that few competitors can join the fray. He concluded that marketers in the industry do not enjoy complete freedom in establishing their marketing mix and it is because of the presence of other competitors that forces each marketer to develop strategies and tactics aimed at gaining an advantage over the others.

According to Kotler (2000) "Concentrated competition" market consists of a few sellers who are highly sensitive to each other's pricing and marketing strategies and which the product can be uniform or non-uniform". He continued to say that, there are few sellers because it is difficult for new sellers to enter the market and also each seller is alert to competitors' strategies and moves. This is so because, they look out for their competitors' position in the market and developed some future strategies to sustain or establish advantage over their competitors in the target market. And also competition as a competitive structure includes many marketers with a relatively small share of the market and products that are unique to at least a small degree.

To gain market share under this situation, marketers try to differentiate their offerings from those of the competition by varying their marketing mixes.

3.3 THE FORCES THAT DRIVE COMPETITION IN AN INDUSTRY

The nature and degree of competition in an industry hinge on five force identified by Porter (1985) which are: the threat of new entrants, the threat of substitute products and services, the bargaining power of customers, the bargaining power of suppliers, and the rivalry among competitors of an industry. To establish a strategic agenda for dealing with these contending currents and to grow despite them, a company must understand how they work in its industry and how they affect the company in its current situation.

Figure 2.1 Illustration of the Michael Porter's five competitive forces

Source: Porter (1985)

The five interactive competitive forces collectively determine an industry's long-term attractiveness-present competitors, potential competitors. This mix of forces explain why some industries are consistently more profitable than others and provides further insights into which resources are used and which strategies should be adopted to be successful.

3.3.1 Threats of New Entrants

One major force affecting industry attractiveness is the threat of new entrants. New entrants add capacity to an industry and bring with them the need to gain market share, thereby making competition more intense.

Over the past three years, the telecom industry in Ghana has witnessed entry of major players such as Glo, Airtel acquisition of Zain and Kassapa and Expresso respectively. This is because the telecommunication industry in Ghanaian is very attractive.

However, Porter puts across that the greater the threat of new entrants, the lesser an industry's attractiveness would be. And to him, entry into an industry is more difficult under the following conditions:

i. Economics of scale: When high fixed costs are involved and learning effects are present, since it takes time to obtain the volume and learning required to yield a low relative cost per unit. Here, profit might depend on the ability to achieve a high volume of sales.
ii. Capital requirement: That is the amount of capital new entrants needs to invest in order to establish in an industry. This constitutes a barrier in the situation whereby the capital is required for unrecoverable expenditures in up-front advertising or R&D.
iii. Product differentiation: Brand identification creates a barrier by forcing entrants to spend heavily to overcome customer loyalty.
iv. Switching cost: The likelihood of customers moving from one supplier to another

3.3.2 Threat of Substitute Products/Services

In an economic view point, Substitutes are alternative product types that perform essentially the same functions. Substitute products put a leaning on the profitability of an industry by limiting the price that can be charged, especially when supply exceeds demand. Porter (1985) suggests that, by placing a ceiling on prices that can be charged, substitute products or services limit the potential of an industry.

3.3.3 Bargaining Power of Buyers

An industry's customers constantly look for reduced prices, improved product quality and added services and thus can affect competition within an industry. Buyers play individual firms against one another in their effort to obtain these and other concessions.

According to Porter (1985), the extent to which buyer groups succeed in their bargaining effort depends on the level of buyer concentration or volume of purchase, when a few large buyers that account for a large portion of industry sales can gain concession. Also they can force down prices and still demand higher quality if the products or services in the industry are standardized or undifferentiated. This therefore leaves room for alternative suppliers. Finally, profitability is another area that they will seek to exploit. In effect, Porter argues that buyers are rarely price sensitive; they are rather interested in quality. This argument of his makes sense of services like that of the telecom where failure to satisfy customers while they are paying a higher price cannot be tolerated. If buyers earn low profits and the product involved is an important part of their costs, then bargaining will be more aggressive.

Porter concluded that, the greater the power of the high-volume customers served by an industry, the less attractive will be that industry.

3.3.4 Bargaining Power of Suppliers

The bargaining power of suppliers over firms in an industry is the third major determinant of the industry attractiveness identified by Porter (1985). It is exercised largely through increasing prices. Its impact can be significant, particularly when limited number of suppliers service several different industries. Their power is increased if switching costs and prices of substitutes are high and they can realistically threaten forward integration.

Porter further explained his theory saying that suppliers are especially important when their products are a large part of the buyer's value added. In recent years, the bargaining power of suppliers in many industries has changed dramatically as more companies seek partnership (just-in-time) relationship with their suppliers. The greater the bargaining power of the key suppliers to an industry, the less will be the overall attractiveness of the industry.

3.3.5 Rivalry among Present Competitors

Rivalry occurs among firms that produce products that are close substitutes for each other, especially when one competitor acts to improve its standing or protect its position. Thus, firms are mutually dependent as what one firm does affect others, and vice versa. Ordinarily, profitability decreases as rivalry increases.

To Porter (1985), rivalry among competitors in an industry is greater under the following conditions: When:

i. There are many small firms in an industry or no dominant firm exists
ii. There is little product differentiation: commodity products encourage rivalry while highly differenced products which are hard to copy are associated with less intense rivalry.
iii. Switching cost are high because product is specialized, the customer has invested a lot in resources in learning how to use the product or has made investments that are worthless with other products and suppliers, rivalry is reduced
iv. There is high investment intensity: that is the amount of fixes and working capital required produce a dollar of seal is large. High intensity firms require firms to operate at or near capacity as much as possible, thereby putting strong downward pressure on prices when demand slackens.

The greater the competitive rivalry in an industry, the less attractive it is to current players or would be entrants.

Each element of the five forces has a significant impact on companies in the telecommunication industry. To the researcher, the ability of a company to stand firm in the face of all these external factors, greatly depends on how strategic and how financially strong the organisation is.

3.4 Porter Competitive Strategies

Porter (1985) describes Competitive Strategy as taking offensive and defensive actions to create a defendable position in an industry, to cope successfully with the five forces and thereby yield a superior return on investment for the firm. He identified three internally consistent generic strategies, which can be used singly or in combination; for creating a defendable position in the long-term and performing better than competitors.

Porter therefore proposed three generic strategies to achieve competitive advantage. These are: Cost leadership, Differentiation and Focus strategies.

3.4.1 Cost Leadership Strategy

In cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average.

3.4.2 Differentiation

In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price.

3.4.3 Focus

The generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others.

The focus strategy has two variants.

(a) In cost focus a firm seeks a cost advantage in its target segment, while in

(b) Differentiation focus a firm seeks differentiation in its target segment.

Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments. Cost focus exploits differences in cost behaviour in some segments, while differentiation focus exploits the special needs of buyers in certain segments (Porter, 1985).

3.5 Kotler and Singh Competitive Market Strategy

Kotler (1975) first turned his mind to how optimal marketing strategy might depend on a firm’s market share by looking at market leaders. At the time, conventional wisdom suggested that a higher market share was better. Work on the experience curve by Boston Consulting Group (1972) suggested that one way to get a sustainable cost advantage was to race down the experience curve by gaining an early high market share. The benefits of a higher market share seemed to be supported at the time by empirical evidence from Buzzell and Gale (1987). Kotler pointed out that rewards in terms of earnings may decrease with increased share, depending on the cost of obtaining that share. Moreover, risk was also likely to grow with higher share due to external competitive factors (possible entry), regulatory factors (monopoly controls), and consumer factors (consumer lobby groups). This led him to propose a methodology to determine optimal share in a given situation (based on returns to increased share, cost of share realization, and changes in risk). Given the resultant strategy that emerged from this analysis, Kotler proposed a range of strategies to maximize returns for share enhancement, share maintenance, and share shedding strategies.

Kotler proceeded to consider strategies for market followers; that is, firms with the second largest share in the market. Kotler (1980) considered the circumstances under which it is optimal for a follower to attempt to take share from the market leader (“direct attack”) and when targeting smaller firms makes more sense (a “guppy” strategy). The third type of strategy he proposed is a “backdoor strategy” in which the follower attempts to redefine the rules of the category (an approach that has subsequently gained popularity in the strategy literature under the title of a "breakout strategy"). Kotler (1980) suggested an analysis of the firm's relative strengths and weaknesses in comparison to all competitors in terms of both cost structures (and thus price) and quality. Kotler stands in contrast to Porter's (1980) admonition not be get "stuck in the middle" and he foreshadows the later popularity of value curves as a means to trade off consumer utility (differentiation) against cost of provision (low cost) (Kim and Mauborgne 2004).

Kotler's final work in the area of strategies relating to market share proposed a typology of methods to defend share and to grow it (Kotler and Singh 1981). Drawing heavily on analogies to military warfare, Kotler and Singh outlined techniques of attack and defence, as well as gave a description of the situations in which each is likely to be successful. Attack can be direct ("Frontal"), lateral ("Flanking"), on multiple fronts ("Encirclement"), opportunistic ("Guerrilla") or in a different arena ("Bypass"). Somewhat analogously, defence may be by a set piece ("Position defence"), adaptive ("Mobile"), by first strike ("Pre-emptive"), lateral ("Flanking"), counter attack ("Counteroffensive") or by partial retreat ("Strategic withdrawal"). In considering the likely efficacy of these strategies, Kotler and Singh (1981) discussed not only the internal capabilities required for their execution, but also the environments and likely competition reactions that would favour each.

In common with much of Kotler's work, these papers not only influenced the development of academic thought in the area of market share strategies, but because of their clarity and applicability, they also became widely adopted in industry by market leaders and firms aspiring to improve their positions in their industries.

3.6 CHALLENGES INVOLVED IN THE IMPLEMENTATION OF COMPETITIVE STRATEGIES

According to Joe (2010) a renowned publisher of strategic planning said that, the quality of an organisation's strategic plan is not the primary determinant of success in goal achievement. The primary factor is that success hinges on execution. He outlined the following as the challenges organisations face in the implementation of strategies.

3.6.1 Poor Prioritization

Every goal cannot be the top priority; organisations set themselves up for failure by treating them all as if they were equal. Organisations lack the energy or focus to take on too many goals at once. Even if the capacity were there to take on unlimited amounts of work associated with implementation of strategic goals – it is a bad idea to over extend. A final tally of more than five overall plan goals is too many for most organisations. Additionally, many elements of the plan may be foundational components that need to be in place before other goals can be put into execution.

3.6.2 Lack of Detail Planning

Most firms avoid getting into the details of planning, and would prefer for someone else to sort that mess out. The trouble is, when it comes to execution and achieving goal outcomes, the details of execution tactics are just as critical as the strategy. Detailed planning involves breaking down work into smaller parts. It is far easier to solve a small puzzle than to launch into solving a massive one. Detailed planning works the same way. Human beings accomplish work more efficiently when we deconstruct complex jobs into smaller groupings of related tasks.

3.6.3 Poor Communication and Coordination

When we are not enlightened as to what is expected of us, we simply do our best and follow our instincts to get the job done as best we can. This is why communication of plan details is so important. Additionally, we must make sure everyone on the team understands the big picture as well. Failure to communicate and educate is a huge factor in executing successfully. Employees who are responsible and accountable for their scope of plan execution must understand what is to be done, when and how that affects the overall outcome.

3.6.4 Strategy and Culture Misalignment

Strategic execution cannot be planned without consideration of the organisation's culture. Strategic goal implementation is a form of organisational change management. The methods of strategy implementation are affected not only by organisational structure, but also the values and social mores of the organisation's culture.

3.7 COMPETITIVE PRACTICES

The Keen competitive practice today does not permit businesses to operate as before. Most successful businesses in the part have failed in the current business environment. Their management has failed to implement strategies or practices that match up with modern competition.

Once a firm identifies and lists its strengths and weaknesses, it needs to relate it to the environment in which it operates, thus the product market, competitive and environmental situation. The external environment represents both the ultimate constraints and opportunity for the organisations freedom of action. Further, because it is common to all competitors those who understand it best will be able to use this knowledge as a source of competitive advantage.

According to Day and Wensiely (1998), firms which emphasize on competitor assessment, “Watch costs closely, quickly match the marketing initiatives of competitors, and look at their sustainable edge in technology”. Managers keep a close watch on market share and contracts won or lost to detect changes in competitive position”. On the other hand customers pay relatively little attention to these criteria and emphasize the quality of customer relationships.

They see competitive advantage (or distributive competence) arising from either Superior skills or superior resources which give rise to positional advantages in terms of either superior customer value or lower relative cost with performance outcome in terms of satisfaction, loyalty, market share and profitability which is then reinvested to sustain and improve the original source advantage. These have been summarized in the diagram the below:

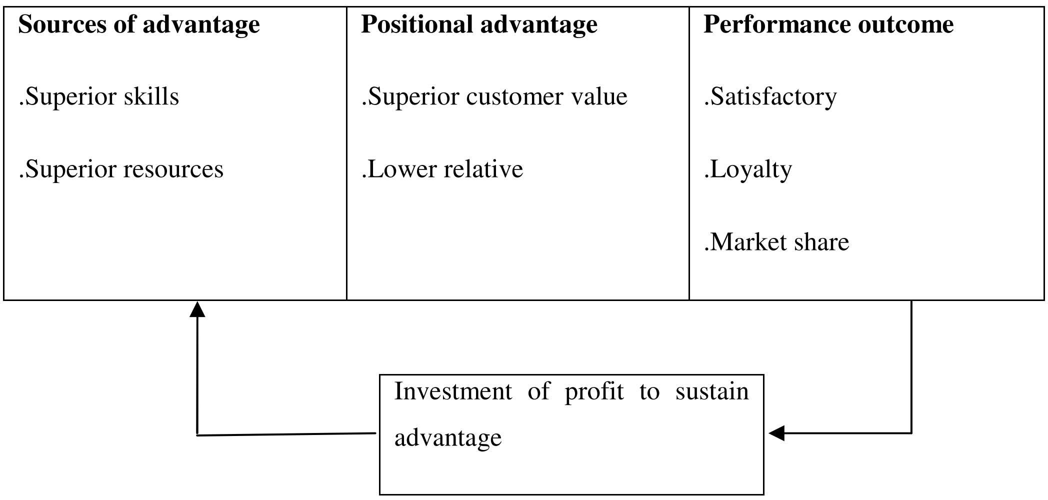

Figure 2 .2: The creation and sustenance of competitive advantage

Source: Day and Wensiely (1998)

They further stated that superior skills and resources are not automatically converted competitive advantage. This transformation is accomplished by management taking strategic choices and implementing these tactically in accordance with a predetermined timetable.

4.0 Research Method

The design adopted for the study was descriptive which seeks to assess the nature of competition in the telecommunication industry. The study dealt with both qualitative and quantitative methods of data collection so as to enable the researcher to adequately tackle the issues at hand with factual data. However, it adopted largely qualitative approach so as to provide a very wide lens in examining the nature of competition in the telecommunication industry using Airtel as a case study. The study explored human attitudes and experiences of participants with competition which was important to this study. Hence the uses of a largely qualitative research. The data from primary sources were obtained from self-administered questionnaires to management/staff of Airtel Ghana Limited, Questionnaires were made up of both open and close ended mainly based on predetermined and standardized questions. The secondary data used involved an intensive research from books, journal, reports, interviews, internet material and published work within the study area which is related to the study.

The target population identified for the study were management of Airtel Ghana, Kumasi-Asafo branch. The total population for the study were eighteen (18) in number. The population constituted the Territory Sales Executives, Zonal Sales Managers, and Advertising Managers.

Simple random sampling was used to select fifteen (15) members of management and marketing staff as the sample size for the study, this constituted 83.3% of the total population. The researcher believed that involving more than 80% of the population was very appropriate since it duly captured the views of the majority of the target population.

5.0 Data Analysis

Data were computed using the SPSS Data Editor 20.0 Package. This enabled easy computation of frequencies and percentages, and the various types of graphs produced to illustrate the analysis. The analyses were more descriptive in nature. Actually fifteen (15) questionnaires were administered to Airtel management and ten (10) were received for the data analysis.

Table 5.1: Positions of officers

Position of Respondents	**Frequency**	**Percent (%)**
Territory Sales Executive	4	40
Zonal Sales Manager	4	40
Advertising Manager	2	20
Total	**10**	**100**

Source: Research's field work, June, 2014

From table 5.1 above, out of the total respondents of 10, 4 of them representing 40% were territory sales executives; another 4 representing 40% were Zonal executive managers. 2 respondents representing 20% were advertising managers. All the respondents were from the marketing department.

5.1 Nature of Competition of Airtel

This section treats the first objective of the study which was to identify the nature of competition in the telecommunication industry of Ghana

5.1.1 The type of competition Airtel faces

All respondents (10 representing 100%) confirmed that Airtel Ghana faces concentrated competition. That is competition in which an industry is dominated by a small number of large firms (Researcher's field work, June, 2014)

5.2 Forces that drive competition in the industry

This section also treated the second objective of the study which was to identify the forces that drive competition in the industry. Below is an analysis of responses to questions that were put to the respondents.

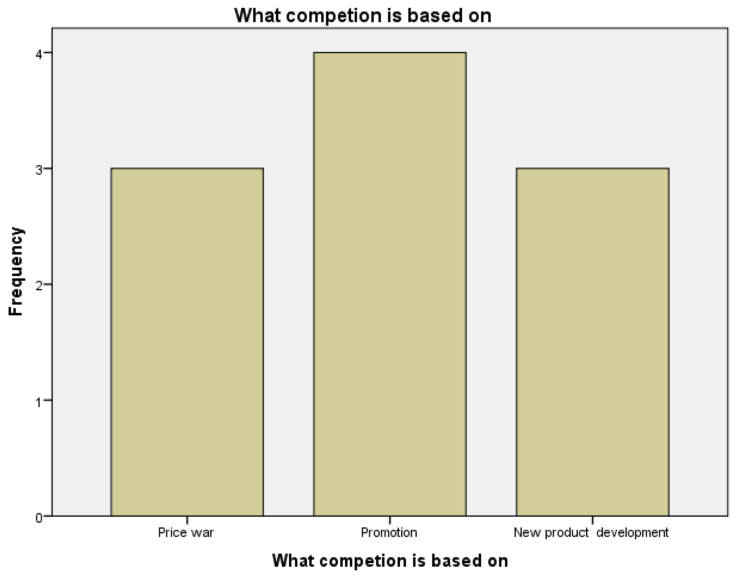

Figure 5.2.1 What competition is based on

Source: Researcher's field work, June, 2014

The study explored the basis of competition in the industry. From the figure above, 3 respondents representing 30% identified price war and another 3 also representing 30% also said new product development was the basis of competition. However, majority (4 respondents representing 40%) argued that promotions are the basis of competition in the industry.

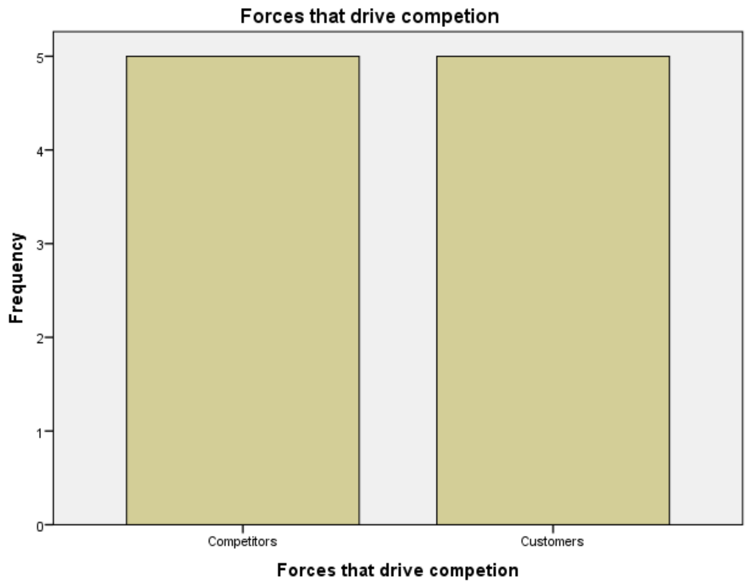

Figure 5.2.2: Forces that drive competition

Source: Researcher's field work, June, 2014

The study sought to identify the forces that drive competition, 5 representing 50% submitted that competitors rivalry are the main driving force of competition in the industry ,whilst another 5, representing 50% said customers bargaining power are the main driving force of competition. When asked if there were other forces that derived competition all respondents representing 100% confirmed that there were no other driving forces now.

5.3 Competitive strategies adopted by Airtel Ghana

Table 5.3.1: Existence of competitive strategy

Existence of competitive strategy	**Frequency**	**Percent (%)**
Yes	10	100
Total	**10**	**100**

Source: Researcher's field work, June, 2014

From the table above, all 10 respondents representing 100% confirmed that Airtel uses one of the 3 generic competitive strategies by Michael Porter.

Table 5.3.2 The type of competitive strategy adopted

Type of Strategy Adopted	**Frequency**	**Percent (%)**
Cost leadership strategy	3	30
Product differentiation strategy	4	40
Focus strategy	3	30
Total	**10**	**100**

Source: Researcher's field work, June 2014

When questioned as to the type of competitive strategy adopted by Airtel, 3 representing 30% of the total number of respondents identified cost leadership strategy as the major strategy adopted. A further 3 respondents representing 30% identified focus strategy as the competitive strategy use. However 4 (40%) representing the majority identified product differentiation as the major strategy adopted by the company.

From the data above it was clear that a lot of the management staff are not exactly sure of the type of competitive strategy Airtel uses, which contradicts porter argument that a firm must pursue one of them. A "stuck in the middle" strategy is almost certain to make only low profits.

5.4 Challenges involved in the implementation of competitive strategies.

This section of the study also treated the fourth objective of the study which was to identify the challenges involved in the implementation of competitive strategies.

Table 5.4.1: Existence of problems in strategy implementation

Existence of problems	**Frequency**	**Percent (%)**
Yes	10	100
Total	**10**	**100**

Source Researcher's field work, June 2014

All respondents confirmed the existence of challenges in the implementation of adopted competitive strategies. The challenges according to the respondents include tight competition from competitors and the cost of implementation being high.

5.5 Other Views on Competitive Situationa

There is the existence of illegal porting. Almost all the respondents disclosed that some of the subscribers are not aware of their numbers being ported from their network especially in the rural and urban market centres. This practice greatly affects their subscriber base, market share and revenue in the long run.

6.0 DISCUSSIONS

The study found that Airtel is in an industry which is concentrated. Houston (2000) describes "concentrated competition" as a situation where a few competitors control the market, particularly the element of pricing and in addition the barriers of entry so high that few competitors can join the fray. Houston concluded that marketers in the industry do not enjoy complete freedom in establishing their marketing mix and it is because of the presence of other competitors that forces each marketer to develop strategies and tactics aimed at gaining an advantage over the others. The major competitors of Airtel were MTN, Vodafone, Tigo, Expresso and Glo.

It was also gathered that two of the M. Porters five forces (Bargaining Power of Customers and rivalry among current competitors) were driving competition so high in the industry. This confirms Porters assertion that customers constantly look for reduced prices, improved product quality and added services and thus affect competition within an industry. Buyers play individual firms against one another in their effort to obtain these and other concessions.

The study further reviewed that competition between the current players in the industry was based on price wars, new product development and promotions (which include, advertising wars, sales promotions, event management, sponsorship, personal selling and corporate social responsibility)

Even though Airtel uses a competitive strategy, it was not clear the exact competitive strategy adopted by the company since there were mix responses on the type of Michael Porters competitive strategy the company use. 30% said cost leadership; another 30% also said focus whiles 40% said product differentiation strategy. From the data obtained it was clear a lot of the management staff are not exactly sure of the type of competitive strategy Airtel uses, which contradicts porter argument that a firm must pursue one of them. A "stuck in the middle" strategy is almost certain to make only low profits.

It was further found that there were challenges in the implementation of the adopted strategies, tight competition from competitors and the cost of implementation was deem high.

7.0 CONCLUSIONS AND RECOMMENDATIONS

Based on the findings of the study, the telecommunication industry is concentrated, which has resulted in massive competition in the industry. This has led to price wars, new product development, and promotional battles among current players in the industry. Even though some competitive strategies were mention, there was no clear competitive strategy used in solving the issue to Airtel's advantage, since the company was stuck in the middle of the three Michael Porter generic competitive strategies.

To this end, these recommendations are made,

- Since the industry is concentrated competition would be high, which will affect profitability of companies in the industry. There will be the need for companies to adopt one clear competitive strategy (cost leadership, differentiation, or focus) to create a strong position in the mind of the consumers. A "stuck in the middle" strategy is almost certain to make only low profits.
- Companies in the industry should embark on customer loyalty programmes to enable them keep exiting customers and also attract new ones.
- Companies must invest in research to introduce new products that are tailored at solving current customer needs.
- Top management must work on internal marketing skills to educate management to understand the going strategy to get their effectiveness and commitment.
- It is suggested that future studies should be done on the impact of different marketing strategies on companies marketing objectives.

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