

**RAPID PRODUCT AND SERVICE DEVELOPMENT AS THE KEY FACTOR  
TO COMPETITIVE ADVANTAGE IN MULTINATIONAL  
COMPANIES IN UGANDA THE CASE OF UTL**

**BY**

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## DECLARATION

I **Ngugi Mercy Wambui** hereby declare to the best of my knowledge that this dissertation is my original work arrived at through reading and research and has never been published or submitted to any University or Higher Institution of learning for any academic award.

The literature and citations from other people's work have duly been referenced and acknowledged in the text, and bibliography.

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**APPROVAL**

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Signed .....  .....

Date 17/10/2009 .....

**Mr. Kiweewa Immanuel**

## DEDICATION

I dedicate this Project to my  
Beloved Son Bryan Gamaliel  
God Bless you abundantly

## ACKNOWLEDGEMENT

My first appreciation is to God for making me be able to be here. Secondly I wish to extend my gratitude to everyone who provided vital assistance towards the completion of this project.

First and foremost I express my sincere thanks to my Dad and Mum, Mr. & Mrs. Ngugi for their never ending support and love throughout my Education, moral support and advice may God bless you abundantly and to my Brothers Karuingis', Kabira and Njoroge for their love and support, and to my Son Bryan for his patience and understanding. God bless you mightily

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## ABSTRACT

The purpose of this study was to establish the extent to which Uganda telecom Limited (UTL) has adopted the rapid product development strategy to out compete the competition in the Telecommunication industry. This was done by investigating the product development strategies UTL utilised. Products and services are the most important elements of a marketing program product strategy required an evaluation of the basic needs and conditions of use in the company's existing and proposed markets, together with an evaluation and appraisal of the companies' basic strengths and weaknesses. This research intends to solve the problems that arise as a result of rapid product and service development and also to formulate a strategy that will be used to attaining competitive advantage in multinationals companies using the case of (UTL) within Uganda.

In this research a case study design was employed. The target population was made up of UTL employees of all levels and a sample of 80 respondents was chosen using purposive techniques. Data was collected using a self administered questioner composed of open ended and closed ended items.

The findings revealed that UTL had adopted a number of Product Development Strategies (PDS) for example the product innovation and creation, product valuation and product differentiation. The study further established that UTL products goes through three stages that is, low demand, growth and maturity. The product development strategies were also found to be effective.

The study recommended that UTL continue enhancing and improving its products in line with this strategies. Also the study recommended the need for market research in connection with the tastes and performance in the market.



## CHAPTER ONE

### INTRODUCTION

#### 1.1 BACKGROUND OF THE CASE STUDY

Kotler (2000) suggested that, companies that fail to develop new products are putting themselves at great risk. Their existing products are vulnerable to changing customer needs and tastes, new technologies, shortened product life cycles and increased domestic and foreign competition. Therefore, this research was carried out to explore the importance of product development as a tool for competitive advantage.

Prengo (1987) characterized the production process as a complex, adaptive and on-going social system, and thus companies need to bring products fast to the market in order to satisfy consumers continually.

Uganda and most African countries have become potential markets for telephone services; this has caused stiff competition as each telecommunication company tries to get more customers. The presence of other companies apart from UTL (such as MTN, Celtel, HITS Telcom Uganda and Warid Telcom) that are offering the same services is a wake up call for the companies to start innovating different products and services that the competitors do not offer. This has led to rapid development of other services in this sector.

Economist Joseph Schumpeter (1987) once said, “**Technological innovation is both creative and destructive.**” An innovation or development can make established products obsolete overnight, but it can as well make a host of new products possible. Thus, according to Schumpeter, companies need to establish research and development activities around the world where the best expertise can be located. Leading-technology alone is not enough to guarantee a company’s survival; the firm must also apply that technology to product development that satisfies consumer needs. To positively respond to consumer needs, a firm needs to build a link between research and development, marketing and product development.

Uganda Telecommunications Limited (UTL) was established in 1998 as a state-owned monopoly provider of telecommunications service after being unbundled from the Uganda Post and Telecommunication Company (UPTC). UTL was privatized in June 2000. UTL is now majority-owned (51 percent) by a consortium composed of Switzerland's Telecel International, Germany's Detecon and Egypt's Orascrom. The Government retains a 49 percent stake in the company, which it intends to sell (preferably through the local stock exchange). The consortium maintains "full management control," although the Government-appointed Chairman of the Board retains veto power in some areas.

UTL is organized within three main business divisions, one for each of the three core services offered:

- (i) Uganda Telecom provides fixed-line telephone services to approximately 280,000 customers (it is by far the largest provider of this service in the country)
- (ii) UTL Telecel provides mobile (Global System for Mobile-GSM) telephone services to approximately 600,000 customers
- (iii) UTL Online provides dial-up Internet service provision and high speed data services (Econ One Research Report published in July 2007)

After the initial success of the liberalization and the end of the duopoly period in 2005, the Government enacted a new telecommunications licensing policy which took effect in November 2006. The features of the new regime include full competition in the telecommunications sector subject to availability of resources such as spectrum. By March 2007, two infrastructure licences had been issued to HITS telecom Uganda and Warid Telecom as fourth and fifth national operators respectively.

UTL Telecel began offering mobile services through its brand name Mango in 2001. While Telecel provides a limited amount of post-paid services to its creditworthy customers (often corporate), the larger majority of its services are, as for all mobile providers in Uganda, on a pre-paid basis. With 54 base stations in the country, Mango provides services in 41 urban centres of Uganda (namely, Kampala, Entebbe, Mukono, Jinja, Iganga, Mbale, Tororo, Masaka, Mbarara, Kabale, Malaba, Kabale, Busia, Bujiri, Kamuli, Busembatya, Kumi, Pallisa, Lira, Gulu, Lyantonde, Lukaya, Bushenyi, Rushere,

Rwagaaju, Ishaka, Mpigi, Bombo, Luwero, Wobulenzi, Arua, Masindi, Kapchorwa, Wobulenzi, Moroto , Lukaya, Kyotera, Kalisizo, Kayunga, Fort Portal, Kasese, Dudi, Kaliro) and their surrounding areas.

- Value-added services include voicemail, caller identification; short message services (SMS), call waiting, and international calling (Econ One Research Report published in July 2007)

UTL Online has established fibre optic cable links between Kampala and Entebbe, and to some of UTL's core service buildings. There has been an 80% growth rate since last year (2006) in customer requests for data lines (copper-based Digital Subscriber Lines-DSL) with its own international gateway and access to a large base of customers with fixed-line access, UTL Online appears poised to substantially increase its Internet Service Provider (ISP) activity. UTL also offers roaming services within its network. The roaming partners of UTL in year 2009 include the following : Algeria Djezzy/ORASCOM Telecom, Algerie Anguilla Digicel Antigua, Belgium (BASE) Belgium Mobistar, Bermuda Digicel British Virgin Islands Caribbean Cellular Telephone, British Virgin Islands Digicel Bulgaria Globul (Outbound), Congo Vodacom Congo RDC SPRL, Cuba C\_Com, Cuba (Outbound), Czech Republic T-Mobile Czech Republic, Dominican Republic Orange Dominicana, Italy Italy Vodafone, Martinique Digicel French W.Indies Guyana Morocco Maroc Telecom Vodafone UK United Republic of Tanzania Vodacom Tanzania Limited, Kenya safaricom ([www.utl.co.ug](http://www.utl.co.ug))

Uganda telecom corporate slogan, "**Beyond Communication,**" is an indication of how dedicated the company is to the satisfaction of customers needs, and provides them with a wide range of communication solutions. With a comprehensive portfolio of services, the company is leading in satisfying customers' needs and rolling out other corporate, business and personalized services to cater for the different needs. A lot has changed since the privatization of UTL. Measures and policies were put in place to improve on the effectiveness and efficiency of the company which show that the company is developing and expanding drastically to cover almost the entire part of Uganda and gain a bigger customer base.

## **1.2 STATEMENT OF THE PROBLEM**

Products and services are the most important elements of a marketing program. Currently, a company is largely defined by the products or services it offers. International marketers face the challenge of formulating a coherent global product strategy for their companies; product strategy requires an evaluation of the basic needs and conditions of use in the company's existing and proposed markets, together with an evaluation and appraisal of the companies' basic strengths and weaknesses. This research intends to solve the problems that arise as a result of rapid product and service development and also to formulate a strategy that will be used to attaining competitive advantage in multinationals companies using the case of (UTL) within Uganda.

## **1.3 GENERAL OBJECTIVES**

The general objective of this research was to establish the impact of rapid product and service development strategy on competitive advantage in multinational companies with specific reference to Uganda telecommunication limited. (UTL)

## **1.4 SPECIFIC OBJECTIVES**

- i) To determine the product development strategies that are used by UTL in competing with its rivals.
- ii) To investigate UTL's distinctive characteristics and strategies for product life cycle.
- iii) To investigate the effectiveness of product development as a strategy for competition in the telecommunication industry.

## **1.5 RESEARCH QUESTIONS**

- i) What are the strategies used in product development by the UTL Company?
- ii) What are the distinctive characteristics used in the product life cycle?
- iii) What is the effectiveness of product development as a strategy for competition in the telecommunication industry in Uganda?

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 INTRODUCTION

A fact of life for most companies in today's highly competitive environment is that, the product life cycle is becoming shorter and shorter. In order to remain competitive and retain overall market share within their respective industries, managers, therefore, need to focus their resources on developing new products and bringing them into the market more quickly and efficiently, and doing it on a continuous basis. New products often represent the majority of a company's sales and competitive advantage. Thus, a failure to introduce new products will ultimately erode a firm's market share and its associated competitiveness.

According to Gary Kotler and Sridhar, (1999), a product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. Perreault, Jereme, and McCarthy (2002) further defined a product as a need satisfying the offering firm.

Many consumers understand products as only physical goods that are tangible and visible. But a product is both tangible and intangible, for instance: when a consumer buys a hammer, he is buying a good and if one goes to the beach for a holiday he is receiving a service, both are classified as products.

Product definition is a critical starting point in the development of any new product. Yet for its importance, there are a number of common shortcomings to the process of product definition in many companies which include: No defined product strategy or product plan, Lack of formal requirements as a basis for initiating product development, Product requirements developed without true customer input, A Marketing Requirement Specification (MRS) that is completed late - after development is underway, Engineering having little or no involvement in development of MRS, thereby, lacking a true understanding of requirements, An incomplete, ambiguous, or overly ambitious MRS, and Creeping elegance or a constantly evolving specification that requires increasing development scope and redesign alteration.

A company does not blindly respond to customer needs and opportunities. A business strategy which defines customers and markets to be served, competitors, and competitive strengths provides a framework from which to evaluate potential opportunities. The result of this evaluation of opportunities is expressed in a product plan.

Charles Revson (1932) recognized that in the factory, they make cosmetics and the marketer's job is to uncover the needs hiding under every product and to sell benefits not features. For example, when a woman is buying lipstick it is not simply a lip colour, but the service she receives from it is what matters.

Ahuja (1999) defines a product by its physical attributes such as weight, dimension and material. However, a marketer should know that any description limited to physical attributes is incomplete because it says nothing about the needs a product fills. For instance, a car is a product that fulfils many needs, the most obvious being transportation. However, the marketer cannot ignore the importance of recreation status, and power needs and desires satisfied by this product. Then, the product will be defined as a collection of physical, service and symbolic attributes which yield satisfaction or benefits to users and buyers.

The shift, in emphasis, from the actual product to the needs and desires of customers represents an important event in the evolution of marketing thoughts and marketing concept. This shift implies equally to customers and industrial products.

## ***2.1 PRODUCT DEVELOPMENT AS A STRATEGY FOR COMPETITIVE ADVANTAGE***

As competitors break into the market replicating products and service of competing firms, other firms ordinarily prepare to roll out new products or services. These new products and service ideas come from various sources, e.g. from customers, top management, research department and marketing. Once launched, all products have limited life-cycles. Thus, to remain competitive and profitable, an organisation seeks a constant flow of new products possibilities in the market.

Product development is a broad field of endeavour dealing with the design, creation, and marketing of new products. Sometimes referred to as **new product development (NPD)**, the discipline is focused on developing systematic methods for guiding all the processes involved in getting a new product to market.

There are a number of organizations dedicated to supporting product development professionals, such as, The Product Development and Management Association (PDMA) and The Product Development Institute (PDI).

Pearce and Robinson (2001) identified Product development as the substantial modification of existing products, or the creation of new but related products that can be marketed to current customers through established channels. This strategy is often adopted by companies to either prolong the life cycle of the products or to take advantage of a favourite reputation or brand name.

The product development strategy is based on the penetration of existing markets by incorporating product modifications into existing items or services, or by developing new products with a clear connection to the existing product line. Examples of the product development strategy may include a revised edition of a college book, new car style, new rates of calls, the new profiles and in particular for UTL revised their calling rates

### ***2.1.1 EVALUATING REASONS FOR NEW PRODUCT DEVELOPMENT***

In this context this section discusses reasons why companies need to produce new products. Currently companies are under more pressure than ever before to develop new goods and services and the process necessary to produce and deliver them, this is brought about by increased competition and advanced technology.

First is the increased competition which is caused by the world becoming a global economy. This has seen many firms increasing foreign competition on new markets and other firms exerting competition in their markets. This is made possible by the advancement in telecommunication technology, the formation of trade blocs and custom

unions, and the ease of transportation of goods and services to foreign markets (Evans 1998:54). Second, the advancement of technology where rapid advance in technology is causing many products to become obsolete more quickly. Computers are a good example of products that have been significantly impacted by advanced technology. For example, speed and storage of modern computers is far much better than it was in the early 80's. Technology has also impacted on the process by which goods and services are produced and delivered, by significantly reducing the time between product development and production. Technology has further affected the production process through the increasing use of robotics in factories that cuts down production cost, time and improves quality (Ibid: 55).

### ***2.1.2 NEW PRODUCTS CATEGORIES***

New products exist in different forms; this is because of the degree of innovation associated with them in comparison to existing ones. In this section there, three broad categories of new products including, Incremental or derivation products, Next generation or platform products and Breakthrough or Radical products discussed (John, Menor, Roth, and Chase (2000:111-19).

**Incremental or derivation products:** These are products that have the least amount of innovation, also referred to as hybrids or enhancements of existing products. The end results are often cost reduced versions of the existing products or similar products with some additions in features; those products require minimal changes in both product design and manufacture. This type of products are crucial to the company as they ensure continually near-term cash flows and allows the firm to maintain market share and competitiveness in the short term by continual improving and refining the existing product line. Companies can also bring these products to the market quickly. Minor changes in product can significantly impact the production processes, therefore a decision must be made carefully on what changes to include on the products (Ibid: 116).

**Next generation or platform products:** These will often represent new "system" solutions for the customer. These provide a base of a product family that can be leveraged over several years to the market, thus requiring significantly more resources than do



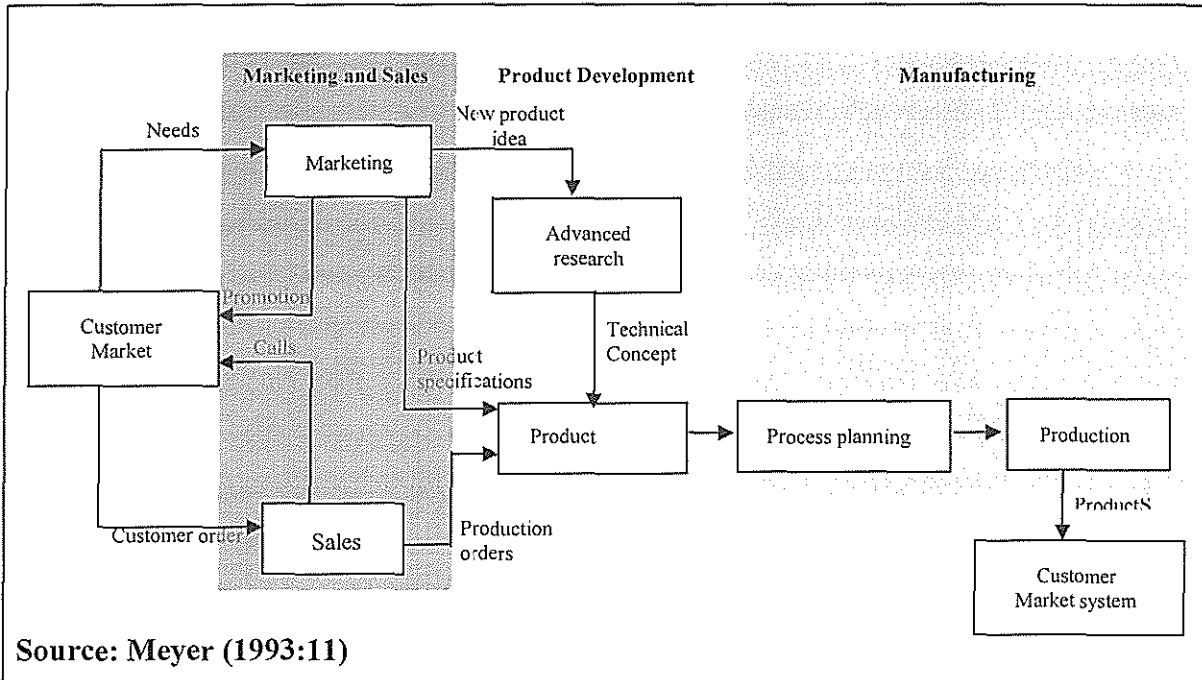
derivation. Intel's 286,386, 486, Pentium, P1, P2, P3, and P4 provide a good example of this category of products. In this category the key to a company's continued growth is that they provide the necessary foundation for a series of evolutionary products that customers can migrate to over several years (Ibid: 116).

**Breakthrough or Radical products:** These are entirely new product categories, which require the company to allocate substantial amount of resources in their development, this product become the new core business for the company, and thus creates an opportunity for it to be the first to enter an entirely new market. The first mobile phone, laptops and personal computers are the perfect examples. To come up with such products the management is required to recognize that a significant process development is required, since products in this category are necessary for long term success of the firm. A combination of competitive, environment, and technological forces often render existing products obsolete in the long term. Therefore, breakthrough products enable the firm to succeed in its current market, as well as in new market, that will be created in the more distant future (Ibid: 118).

### ***2.1.3 NEW PRODUCT DEVELOPMENT (NPD) PROCESS***

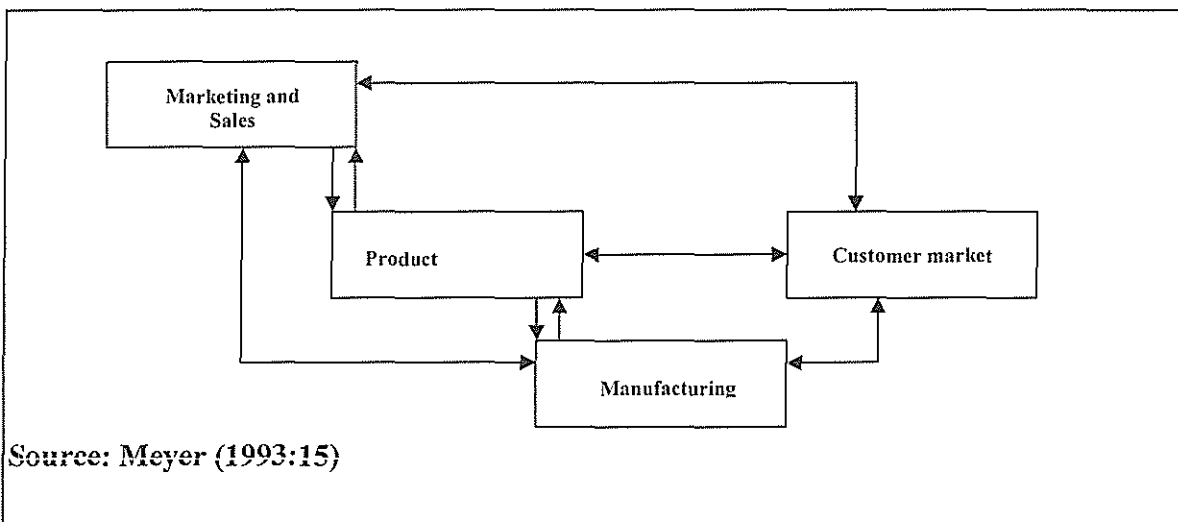
NPD process is a method by which new products evolve from conceptualization through engineering to manufacturing and marketing, with the trend towards a shorter product life cycle. Companies that want to be successful must: continuously generate new product ideas, convert the ideas into reliable functional designs, ensure that the design is readily producible and select the proper process that will satisfy customers' needs. In addition, all this must be accomplished within an increasingly shorter time frame (Evans, 1998:68). Designing and delivering of new products to the market quickly is a challenge facing companies in every industry. As a result, more successful firms are focusing their resources on reducing the NPD process to a fraction of what it once was. NPD process includes most of the functions within an organization, such as, marketing, R&D, and operations. However, finance and information systems also provide important input into the process as seen in the figure 2.8 on the below; the three major functions (Marketing, R&D and Operations) were traditionally conducted in sequence.

**Figure 2.1 Sequential flows of activities in product design and process selection**



From the above figure the function usually was done after the previous is completed, this was a major reason why the NDP process took so long. To shorten the NDP process, many of the activities involved are now done in parallel or concurrently, as seen in figure 2.2. This coordinated effort from all of the function areas is known as concurrent engineering or simultaneous engineering

**Figure 2.2 Concurrent or Simultaneous Engineering approach to NPD**



From figure 2.2 functions are concurrent and thus, this shortened the time of production and marketing of new products for many companies, Processes that are involved in NPD process include managing the development process, concept development and quality function development.

## ***2.2 MANAGING THE DEVELOPMENT PROCESS***

### **2.2.1 Idea Generation**

Prior to the development of a new product, it is necessary to have some initial ideas for new products, one of which will become the new product. The creation of those ideas forms the basis for the proper development of a new product (Kouvelis and Mallick 1991:398-415).

### **2.2.2 Ideas from customers or users of company products**

Ideas for new products can quite easily ensue from the very customers of the company or from users of previous company products. In this case, the golden rule is for the company to offer its customers what they want and not what the company thinks they want. Gathering such ideas is very easy with the use of questionnaires either upon the purchase of a product (research at the product outlets), or over the phone (telephone research based on the company clientele list), or through the Internet (on-line questionnaires).

### **2.2.3 Ideas from competitors**

Shows and seminars of rival companies may be a very good source for the creation of ideas, because through these events a company may become informed on market innovations, on technological advances, as well as on possible improvements on existing products - competitive or not (Product Development Management Association, 2000:44). As the new-product idea moves through development, the company will constantly need to revise its estimate of the product's overall probability of success, using the following formula:

Overall Profitability of success	=	Profitability of technical completion	x	Profitability of commercialization given technical completion	x	Profitability of economic success given commercialization
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**2.3 COMPETITIVE ADVANTAGE**

A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices (Porter, 1985). According to John, Menor, Roth, and Chase (2000) Competitive advantage is a condition which enables a company to operate in a more efficient or otherwise higher-quality manner than the companies it competes with, and which results in benefits accruing to that company. A competitive advantage therefore exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself. (Chase, 2000)

Cost and differentiation advantages are known as positional advantages since they describe the firm's position in the industry as a leader in either cost or differentiation.

A resource-based view emphasizes that a firm utilizes its resources and capabilities to create a competitive advantage that ultimately results in superior value creation.

**2.3.1 Resources and Capabilities**

Welch (1993:140) Suggested, in order to develop a competitive advantage the firm must have resources and capabilities that are superior to those of its competitors. Without this superiority, the competitors simply could replicate what the firm was doing and any advantage quickly would disappear. Resources are the firm-specific assets useful for creating a cost or differentiation advantage and that few competitors can acquire easily. Examples of such resources include: Patents and trademarks, Proprietary know-how, Installed customer base, Reputation of the firm, and Brand equity (Ibid: 140).

Capabilities on the other hand refer to the firm's ability to utilize its resources effectively such as the ability to bring a product to market faster than competitors. Such capabilities are embedded in the routines of the organization and are not easily documented as procedures and thus are difficult for competitors to replicate. The firm's resources and capabilities together form its distinctive competencies. These competencies enable innovation, efficiency, quality, and customer responsiveness, all of which can be leveraged to create a cost advantage or a differentiation advantage.

**Value Creation:** The firm creates value by performing a series of activities that Porter (1985: 20) identified as the value chain. In addition to the firm's own value-creating activities, the firm operates in a value system of vertical activities including those of upstream suppliers and downstream channel members. To achieve a competitive advantage, the firm must perform one or more value creating activities in a way that creates more overall value than do competitors. Superior value is created through lower costs or superior benefits to the consumer (differentiation).

### **2.3.2 Product Life Cycle**

Demand for products generally follows predictable stages with distinctive characteristics, marketing objectives and strategies, known as, the product life cycle. Products go through a series of stages, beginning with low demand during market development, proceeding through growth, maturity, saturation and finally decline (Cornelis, 1977).

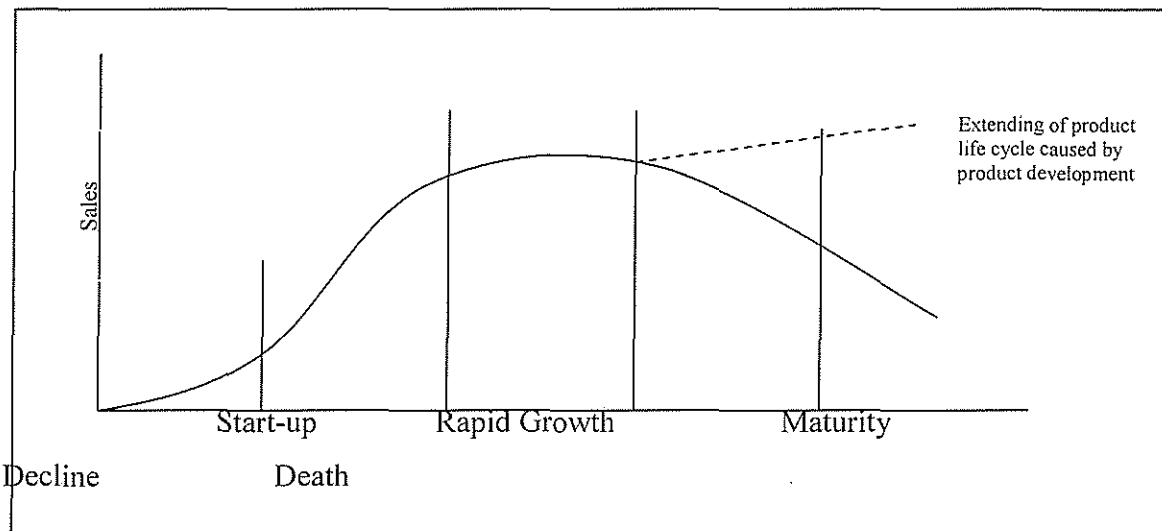
Some product life cycles are short while others are long. In any case, the pattern raises significant questions for management. For instance, when will various stages occur and what material, resources, labour and management are required? Thus, management should identify all the objectives and come up with strategies that will aid the attainment of their objectives effectively.

### **2.3.3 Characteristics and strategies for the product life cycle**

Though the exist of some main drawbacks in using the product life cycle to reduce uncertainty, the number of stages and duration of each varies from product to product. It

was also difficult to tell when a stage starts and ends. In any case, they provide regularities to help a firm know when to invest in an innovation and produce new product for the market before others do. Source: (Hayes and Wheelwright (1984, p. 203)

**FIGURE 2.3 Characteristics of the prolonged product life cycle**



Source: Hayes and Wheelwright (1984, p.203)

**NB:** The idea portrayed here is to attract satisfied customers to new products and maintain competitive advantage as a result of their positive experience with the firm's initial offerings. These new products and services ideas come from various sources, e.g. from customers, top management, research department and marketing. Once launched, all products have limited lives and, to remain competitive and profitable, an organisation seeks a constant flow of new products possibilities in the market.

## ***2.4 THE EFFECTIVENESS OF PRODUCT DEVELOPMENT AS STRATEGY FOR COMPETITIVE ADVANTAGE***

The findings revealed that most of the products (services) offered by UTL have generated customer loyalty in a way that UTL has been able to capture customers from their competitors. By meeting the needs of its customers, the company has been successful in retaining its customers and thus gained a competitive edge over its rivals. This is evident from the findings in that several products like mobile telephone service, delivers wireless services for its customers anywhere, anytime. Further the study revealed that, Mango, the

brand name for the company's mobile services was currently the fastest growing network; offering quality products and service that were reliable, clear and also provided its customers with interconnection benefits to the company's landlines across Uganda. It was further revealed that Uganda telecom has been at the fore front in providing internet services to its customers and as a result the company has become internet gateway for its customers and. It was also revealed that UTL provides the backbone infrastructure that supports Dial-up Internet access in Uganda; which has also been available through landlines nationwide.

Additionally the findings revealed that UTL leads the system in making the Internet more accessible and affordable for individuals and organizations in the country. Above all, the findings revealed that UTL's product development campaign has contributed to the company's goal of securing its competitive advantage and increasing in its profitability margin.

## CHAPTER THREE

### METHODOLOGY

#### 3.0 INTRODUCTION

This chapter describes the methodology used in gathering data on the impact of rapid product development as a strategy for attaining competitive advantage in multinationals. The case study was designed in a manner that brings out the logical methods used in collecting data, defines the target population and sample size, data collection procedures research, instruments and data analysis techniques.

#### 3.1 Research Design

The study was quantitative, correlation and cross-sectional. It took the case study of UTL as one of the telecommunication companies in Uganda that is also multinational.

#### 3.2 Target Population

The research targeted top management, marketing department and operational departments of UTL. The researcher's target was drawn from three departments and their sub-departments. Even though there were many other departments but due to time factor the researcher only settled for three key departments. There were approximately 160 employees in the three departments and the researcher came up with a list of all the employees from the various departments.

Table 3.1 showing target population

Departments	Population Size	Percentage
Top	50	42
Marketing	70	52
Operational	40	6
<b>Total</b>	<b>160</b>	<b>100</b>

Source: Author (2009)



### 3.3 Sample Design

The researcher used Judgmental sampling, otherwise known as purposive sampling to carry out this research. This technique was used purposely because there are a limited number of people that had expertise in the area being researched. Hence, the researcher chose the sample based on whom he thought wise and appropriate for the study. This method is useful because, the sample selected is based on researcher's expertise about the population, the method avoids the statistical analysis that is necessary to make probability sample, and there are more convenient and can be used successfully even though it is impossible to measure their validity. The researcher managed to investigate half of the population which was 80 respondents drawn from the three departments.

Table 3.2 sample size

Departments	Target	Sample size	Percentage
Top	50	25	42
Marketing	70	35	52
Operational	40	20	6
<b>Total</b>	<b>180</b>	<b>80</b>	<b>100</b>

Source: Author (2009)

### 3.4 Data Collection Instrument

Primary data was collected from the selected samples of respondents from the various departments.

#### 3.4.1 Questionnaire Design

The questionnaire design was based on Likert scale questions. Likert scaling is a bipolar scaling method, measuring either positive or negative response to a statement. In this study a five-point scale was used; this is: Strongly disagree, Disagree, neither agree nor disagree, Agree and strongly agree.

### **3.4.2 Scoring and analysis**

Likert scales are often called summative scales. After the questionnaire was completed, each item was analyzed separately or in some cases item responses were summed to create a score for a group of items. Individual Likert items were considered as interval-level data, or merely ordered-categorical data subject of disagreement. The five response categories represented an Interval level of measurement

### **3.5 Data Collection Procedure**

In the study both primary and secondary data were used. The secondary data was obtained mainly from previous studies, training manuals and others documentations records in the organization such as website and personal index register, among other literature. The primary data, which was collected was based on the problem under investigation and was aimed at achieving the objectives of the study. The questionnaires were delivered individually to the respondents and collected after a certain period. The questionnaire had been pre tested before data was collected.

### **3.6 Data Analysis**

The qualitative and quantitative analysis method were used to collect and analyze the data. The use of tables enabled the researcher to present report, analyze and interpret the result for the purpose of making conclusions and recommendations on the way forward as far as impact of rapid product development as a strategy for attaining competitive advantage was concerned. Data from the questionnaire were analyzed clearly in line with the objectives of the study in order to define the response rate.

### **3.8 LIMITATIONS OF THE STUDY**

While carrying out this study, a number of obstacle arose that affected the accuracy of the findings. These obstacles included the following.

**Unco-operative respondents-** some respondents did not take the study seriously. They ignored some of the items in the questionnaires.

**Dishonesty-** some respondents did not give proper and genuine feedback regarding the study. This was bound to distort the findings. To correct this, it was wise to cross check the information to establish its validity.

**Victimization-** it was possible for some respondents to fear participating effectively because of fear of victimization by the employer especially if they stepped on someone's toes. Thus to correct this it was important to assure them that their feedback would not be divulging to any other party and that no individual names would be mentioned in the study.

## CHAPTER FOUR

### DATA PRESENTATION ANALYSIS AND INTERPRETATION OF FINDINGS

#### 4.0 Introduction

This chapter seeks to analyze and present the data collected and discuss the findings of the study on the impact of rapid products and services development as a strategy for attaining competitors' advantage in multinational a case study of UTL.

#### 4.1 Overview of data collection and analysis.

A total of 80 such questionnaires were successfully filled and submitted to the researcher. The data collected however forms the analysis and findings of the said study.

##### 4.1.1 Response rate

Table 4.1 Response rate

Respondent	Actual response	Percentage
Top	25	42
Marketing	35	52
Operational	20	6
<b>Total</b>	<b>80</b>	<b>100</b>

Source author (2009)

From the table 4.1, it was evident that victimization from the employer was possible for some respondents hence fear to participating effectively especially if they stepped on someone's toes. Thus to collect this it was important to assure them that their feedback would not be divulging to any other arty and that no individual names would be mentioned in the study.

##### 4.1.2 AGE

Table 4.2 indicates the age bracket of the employees of the UTL company, from the table it was observed that the age bracket of persons above 46years of age had a higher number compared to the other age groups. This therefore carries a bigger advantage as to why it was proved that the employees of UTL have the experience to carry out their objectives and strategy well.

Table 4.2 Age bracket of the UTL employees

AGE	25-30	31-35	36-45	ABOVE46
Top	Nil	5	7	10
Marketing	4	8	6	18
Operational	Nil	5	5	12
Total	4	25	18	33

Source: Author (2009)

#### 4.1.3 Gender

Table 4.3 Description of respondents by gender

Respondent	Target	Percentage
Male	50	48
Female	70	52
Total	120	100

Source: Author (2009)

Table 4.3, most of the responses received from the field came from the female gender. This was because they were able to create some time from their busy schedule to participate in answering the questioners as compared to their male colleagues.

#### 4.2 Product Development strategy used by UTL as a competitive tool

The findings revealed that Uganda Telecoms mainly uses the value creation and product differentiation strategy as a competitive tool in facilitating product development in this competitive market. Under product differentiation, Mango has been able to satisfy different groups of customers by offering differentiated services to all it has different tariffs that suit any customer when required. Of these services offered the findings revealed the following:

#### 4.2.1 Importance of product development

Table 4.4, although getting the information was faced with minor setbacks, confidentiality of company competitive touched on the lives of the company and most respondents were not willing to open up lest they reveal some of the inner issues about their company secrets. They were not sure whether the information would be treated with confidence. There was need to assure the respondents that their feedback would be protected and that nothing can be disclosed without their authority. They were also assured that the research ethics and law would be fully observed.

**Table 4.4 Importance of Product Development**

Product development	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
UTL is able to deliver same products like other companies	26	30	14	Nil	Nil	70
UTL products are more effective	30	12	18	Nil	Nil	60
UTL has modified its products	50	Nil	Nil	Nil	Nil	50
UTL has induced new products into the market	48	23	7	2	Nil	80

Source: Author (2009)

#### 4.2.2 Product development generation ideas

The successful development of a new product required a very good knowledge of customers and their needs and, more generally, of the market to which the new product is addressed. Thus, all the more companies or enterprises develop new products based on the orientation of the market (Market-orientation NPD firms). The table below shows the response from various sectors that were involved in the research

Table 4.5 product development ideas

Category	Frequency	Percentage
Customers	78	60
Top Management	30	8
Marketing	42	22
Operational	20	10
<b>Total</b>	<b>170</b>	<b>100</b>

Source: Author (2009)

### 4.3 Customer support service

Table 4.6, indicates how UTL customers supported the efforts that were been made by the UTL company in improving their services and their competitiveness in the market. 60 out of the 70 customers who participated in answering the questioners were satisfied with the UTL network services and the products as compared to 10 who were neutral with the services offered.

Competitive advantage	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
UTL customers are satisfied by the service offered as compared to other networks	40	20	10	Nil	Nil	<b>70</b>
Manpower of UTL is better than the other companies of telecommunication	25	15	20	Nil	Nil	<b>60</b>
UTL market growth is better as compared to other network	5	25	20	Nil	Nil	<b>50</b>
UTL has been able to compete effectively with the other networks	25	35	15	5	Nil	<b>80</b>

Source: Author (2009)

competitive position. Strategic scope is a demand-sided dimension and looks at the size and composition of the market being targeted. Whereas, strategic strength is a supply-sided dimension which focuses on the core competence of the firm in response to the demand or product substitute to offer competition edge in the market.

### **5.1.3 Effectiveness of Product Development**

Regarding the effectiveness of the product development strategy, the primary function of effective management as a strategy in rapid products development is to organize and ensure that the available resources are utilized in ways which minimizes the impact of environmental threats and pressure on the firms. UTL must adapt to its environmental threats if they are to remain viable. That is in order to maximize long-term effectiveness; organization needs to develop the capability not only to cope with daily events in the market but also to cope with external events that are both unexpected and of critical importance (crisis) which may be unique or of rare occurrence.

### **5.1.4. Barriers to entry.**

Barriers to entry are unique industry characteristics that define the industry. Any firm should be able to enter and exit a market however, in reality, industries possess characteristics that protect the high profit levels of firms in the market and inhibit addition rival from entering the market. These become the barrier to entry. UTL has no powers to resist entry but its sets itself for the threats that are likely to arise as a result of competition from the new entrants.

### **5.2 Summary and conclusions**

From the previous chapter majority of the respondent were females and male has a tentatively low number thus the respondents were equally distributed in the category of top management, marketing department and the operational depth whom have directly or indirectly affect the existence of the company products/ services existence in the valuation of the customers needs, decision making and the production of the said product into the market. It can be drawn from the finding that the staff of UTL that were sampled has good expertise and aware of their products /services offered. This is true since a good number of them were well educated and had expertise and experience in various capacity within the telecommunication industry.



The level of competition was high since the company has designed three types of products/ services that are landline, wireless and mobile and internet services which all aimed at having a clear competitive and over the others.

The products differentiation has led to the company being able to cater for everyone anywhere in Uganda thus becoming the favourite amid other telecommunication industry, the study reveals that its UTL has adopted new campaign of developing new products in the country. It does provide data handling well hosting and customer care services. The findings reveal succession in response to the demand of the market. It can therefore be concluded that UTL uses rapid product developments as a competitive tool.

The UTL's rapid product development strategy has been relatively effective. Since its privatization UTL'S has increased its customers drastically and is the leading telecommunication with different range of products. Landlines, wireless, mobile telephony and internet services amid other services thus becoming a competitive unit in this industry. This has resulted in UTL's is being used across Uganda and favourite choice for all Ugandan's. Thus develop a good rapid products strategy.

The study also revealed that UTL has adopted rapid product strategy to survive in the market this is marked by its bench mark of three products, landline, when is its incremental product whereas mobile telephony is its breakthrough products. Thus, creating a new market from.

In summary the study shows that competitive advantage is quietly determined by the product development effort and differentiation effort of a company in order to meet the needs of their clientele. The study shows that UTL has been using rapid products development to gain competition edge against its rivals.

### **5.3 Recommendations**

Product differentiation and rapid product development are strategies employed by UTL to ensure and enhance its products improvement and survival in terms of competitiveness in the communication industry however it is important to determine carefully which strategy

to adopt to ensure it utilizes the company available resources and satisfies the customers needs at the same time.

Rapid products development is usually an efficient tool in ensuring continuous improvement of products /services in place and developing new products that offer competitive advantages in the new market however this technologies should be employed when all efforts seems to be effective since it may lead to company's closure when huge amount of money is allocated and there is no way of reappraising the same funds.

UTL has developed a variety of products in a rapid succession in response to the demand of the market. This should only continue when the prevailing product seems to be obsolete or the needs of the customers have changed. Therefore, there is need for market research in connection with the tastes and performance of the market.

It is recommended that a more detailed study be carried out in line with understanding of rapid products development is concerned as a way of competitive advantage amongst various telecommunication companies in Uganda is concerned. Further studies should be carried out in determining the repercussion of rapid products development in the same market of different companies in the same sector as the concept of products development is universal

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**APPENDIX ONE**

**QUESTIONER**

SELF-ADMINISTERED QUESTIONNAIRE ON PRODUCT  
DEVELOPMENT AS THE KEY FACTOR TO  
COMPETITIVE ADVANTAGE IN MULTI-  
NATIONAL COMPANIES IN UGANDA

TH CASE OF UTL

School of economics and  
Applied statistics (KIU)

October 2009

**Dear Sir/Madam**

**Re: Response to items in the attached questionnaire**

I am carrying out a survey in Uganda telecoms limited. The purpose of the study is to establish the impact of rapid product development strategy on competitive advantage in multinational companies with specific reference to Uganda Telecommunication Limited. This questionnaire is for the employees of UTL. You have been selected to take part in this study by faithfully completing the attached questionnaire. Please note that your responses will be kept confidential and the questionnaire will be collected in one week time. Your cooperation will greatly contribute to the success of this study.

**Yours faithfully**

**Ngugi Mercy Wambui (Researcher)**