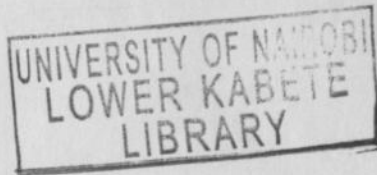


**THE EFFECTIVENESS OF MARKETING STRATEGIES ON SALES
PERFORMANCE OF PHARMACEUTICAL COMPANIES IN NAIROBI,
KENYA**

ELIZABETH N. LULE

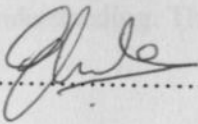


**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF
BUSINESS ADMINISTRATION (MBA) DEGREE SCHOOL OF BUSINESS,
UNIVERSITY OF NAIROBI**

JUNE 2011

DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

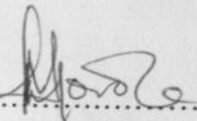
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Date 4th Nov 2011

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D61/8356/2006

This research project has been submitted for examination with my approval as University supervisor.

Signature 

Date 4th NOV 2011

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DEDICATION

To my parents for supporting me, encouraging me and praying for me. To my husband for his continued support and motivation throughout the course. I would also like to thank the lecturers that have taught me. This is also dedicated to those I have worked with professionally for their support and understanding. Thank you all.

ACKNOWLEDGEMENTS

My gratitude goes to God Almighty who renewed my strength at every stage of doing this project. A lot of thanks to my supervisor, Mrs. Mary Kinoti, who has given many hours of positive criticism, comments and suggestions that have enabled me to come up with a refined project.

ABSTRACT

The pharmaceutical sector in Kenya has been expanding at an increasing rate and is becoming intensely competitive. As such, every organization needs to adopt some strategies which will enable it to have a competitive edge over the others. As competition intensifies, many businesses continue to seek profitable ways in which to differentiate themselves from competitors.

The study sought to establish the effectiveness of marketing strategies used by pharmaceutical companies operating in Nairobi on sales. Descriptive research design was used for the study. Towards this end, the study collected primary data from 38 multinational pharmaceutical companies operating in Kenya who employ pharmaceutical representatives and managers. The data was collected through the administration of questionnaires to the companies. The data collected was analyzed using SPSS. Descriptive statistics were used in the presentation and analysis of results.

The study established that the marketing approach of the pharmaceutical firms differs as some prefer segmentation while others prefer mass marketing. The target market for the firms varied from national, multinational to both. The strategies which were used by the firms and that increased sales included the 4Ps of marketing, product, place, promotion and pricing. Other marketing strategies used and increased sales were competitive market strategies including defender strategy which describes holders of the highest market share, prospector who will continually search for market opportunities and are creators of change and analyzer who read the market and watch competitors closely in various segments and rapidly adopt promising ideas. The strategies which were not used quite often and thus their effect in sales was unknown included penetration pricing, economy pricing, skimming, single channels, reverse distribution, direct mailing, advertising, different quality products, entering into joint ventures, mergers, acquisition takeovers and reactor competitive strategies. Therefore, pharmaceutical companies operating in Nairobi need only adopt the marketing strategies that result in an increase on sales. Organizations should ensure that they pursue the marketing approach which best suits them and also they should not stick to one or a few strategies but instead must be dynamic and change the strategy to suit the changing times.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The pharmaceutical sector is expanding at an increasing rate and is becoming intensely competitive. As such, every organization needs to adopt some strategies which will enable it to have a competitive edge over the others. As competition intensifies, many businesses continue to seek profitable ways in which to differentiate themselves from competitors. Strategies are at ends and these ends concern the purpose and objectives of the organization. They are the things that organizations do, the paths they follow and the decisions they take in order to reach certain points or level of success. During the twenty-first century, pharmaceutical companies have grown to an unprecedented size and strength. In experiencing such exponential growth, large pharmaceutical companies have obtained much leveraging power and now lead efforts to secure their future in this industry. According to Kotler (2003), change is inevitable and yesterday's determinants of success can be today's and tomorrow's determinants of failure. Therefore, organizations must respond appropriately to the changes in their environment in order to survive and to achieve their strategic objectives (Arnold 1996). As Charles and Gareth (1998) noted, changes may be technological, legal, social, economic and political. These emerging challenges affect all organizations whether private, public; non-governmental or non-profit making organizations. Some of the responses adapted by these organizations to these changes include restructuring, innovation, and re-engineering, continuous service quality improvement and generally developing effective strategy to counter the present and new challenges.

One of the prime concerns for strategic management as a field of inquiry is the phenomenon of strategic adaptation of firms, i.e., how firms achieve a proper 'fit' with the environment through changes in strategy (Summer *et al.*, 1990; Zajac, Kraatz and Bresser, 2000). During the past two decades, a number of African countries-Kenya included- have moved from an insular command and plan-oriented economy towards increasingly liberalized and market-oriented economy. With a history of a planned oriented institutional framework, the economic transformation in some of these countries presents a unique business environment for firms that operated in these economic set ups. As was observed by Khandwalla (1977), with the changes in the business environment various challenges, constraints, contingencies and opportunities will affect firms in such set-up

experiencing the changes. One of the most prominent effects that have come with liberalization of the economies is the intense level of competition that firms experience.

In today's world of cut throat fierce competition, customer satisfaction is very essential to not only exist but also to excel in the market. Today's market is enormously more complex. Henceforth, to survive in the market, the company not only needs to maximize its profit but also needs to satisfy its customers and should try to build upon from there. Flexibility and adaptability have become key management concepts to develop a sustainable marketing strategy, and successful firms apply them in new organizational strategies that put into question many conventional tenets on organizations and their management. These strategies involve a decentralized and responsive work organization, based on co-operative relations not only within the firm but also in its relations with customers, suppliers and competitors. However, firms are also increasingly resorting to traditional market mechanisms through the use of contingent workers and arms'-length subcontracting relations.

1.1.1 The concept of marketing strategy

A strategy is a pattern or plan that integrates an organizations' major goal, policies and action sequences into a cohesive whole (Porter, 1980). The Kenya firms, like any other firm, exists in a complex environment that needs to be assessed and responded to appropriately. Thomson and Strickerland (2003) observe that strategies are at ends and these ends concern the purpose and objectives of the organization. They are the things that organizations do, the paths they follow and the decisions they take in order to reach certain points or level of success. Mintzberg (1994) portrays strategy as a plan, a direction, a guide or course of action into the future and as a pattern, that is, consistency in behavior over time. Most organizations began their strategic planning cycle by updating and revising their business objectives in relation to performance reviews in key areas (such as people, standards and business development), achieved results and development priorities (Teare *et al.*, 1992).

Gole (2005) proposes that strategic management is a process, directed by top management to determine the fundamental aims or goals of the organization, and ensure a range of decisions

which will allow for the achievement of those aims or goals in the long-term, while providing for adaptive responses in the short-term. The three core areas of corporate strategy: strategy analysis, strategy development and strategy implementation. Strategic management is therefore concerned with deciding on a strategy and planning how the strategy is to be put into effect through strategic analysis, strategic choice, strategic implementation and control (Johnson and Scholes, 1993). The strategic management process allows an organization to take advantage of key environmental opportunities to minimize the impact of external threats, to capitalize upon internal strengths and overcome weakness. A large number of research studies have concluded that organization's that have adopted strategic management are likely to be more profitable and successful than those that do not (Fred, 1996).

Marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage (Blumberg and Perrone 2001). A marketing strategy should be centered on the key concept that customer satisfaction is the main goal. Marketing strategy is a method of focusing an organization's energies and resources on a course of action which can lead to increased sales and dominance of a targeted market niche. A marketing strategy combines product development, promotion, distribution, pricing, relationship management and other elements; identifies the firm's marketing goals, and explains how they will be achieved, ideally within a stated timeframe. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of overall firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena.

1.1.2 Sales performance

Change in sales is the ultimate but the most difficult way of assessing the effect of marketing strategies. Sales act as a key performance indicator (KPI), a measurement that reflects the health of an organization. By looking at sales one can answer the question of how well we are doing as an organization and from a timely perspective, "is the activity being done today, appropriate and enough?"

Many companies find it difficult to align their marketing and sales relationship. The sales force provides critical information about the external environment. Building a good relationship between the two encourages the exchange of information which can be the key to success. "Good sales management properly applied is the least expensive, most effective, way to increase dollars of revenue and margins, market share, cash flow, return on investment, and net present value, as well as to beat the competition and make you a hero. . . . It costs no more to properly hire, train, compensate, motivate, and evaluate salespeople. Effective time and territory management, forecasting, planning, budgeting, and good communication and control are no more expensive than performing these same functions poorly" (Calvin 2000).

As stated above it is clear that certain concepts of the sales are also common in that in marketing like market share, ROI as well as hiring and training of people. This highlights its usefulness as key performance indicator to measure effectiveness of marketing strategies.

1.1.3 Pharmaceutical industry in Kenya

The pharmaceutical industry consists of three segments namely the manufacturers, distributors and retailers. All these play a major role in supporting the country's health sector, which is estimated to have about 4,557 health facilities countrywide. Kenya is currently the largest producer of pharmaceutical products in the Common Market for Eastern and Southern Africa (COMESA) region, supplying about 50% of the regions' market. Out of the region's estimated of 50 recognized pharmaceutical manufacturers; approximately 30 are based in Kenya. It is approximated that about 9,000 pharmaceutical products have been registered for sale in Kenya. These are categorized according to particular levels of outlet as free-sales/Over the Counter, pharmacy technologist dispensable, or pharmacist dispensable/ prescription only.

The pharmaceutical sector includes local manufacturing companies and large Multi National Corporations, subsidiaries or joint ventures. Most are located within Nairobi and its environs. These firms collectively employ over 2,000 people, about 65% of who work in direct production.

The number of companies engaged in manufacturing and distribution of pharmaceutical products in Kenya continue to expand, driven by the Government's efforts to promote local and foreign investment in the sector. Pharmaceutical products in Kenya are channeled through pharmacies,

chemists, health facilities and shops. There are about 700 registered wholesale and 1,300 retail dealers in Kenya, manned by registered pharmacists and pharmaceutical technologists. The drugs on sale in Kenya are sold according to the outlet categorization, which can be described as free-sales/over the counter, pharmacy technologist dispensable, or pharmacist dispensable/prescription only. The market for pharmaceutical products in Kenya is estimated at KShs 8 billion per annum. The government, through Kenya Medical Supplies Agency (KEMSA) is the largest purchaser of drugs manufactured both locally and imported, in the country. It buys about 30% of the drugs in the Kenyan market through an open-tender system and distributes them to government medical institutions.

1.2 Statement of the Problem

Many features and reference are made of organizations and countries which are claimed to have very good blue prints on recognition of where they are and where they will wish to move through the development of strategic plans. This usually meets an abrupt end as strategies are left to gain dust in the shelves. Thus strategy implementation proves tougher and more time consuming than crafting the same strategy. Organizations have often formulated excellent strategies but have not achieved excellent results due to poor strategy implementation. Studies have revealed that this failure is due to variety of managerial activities that are undertaken to implement strategy and implementing strategy takes adept managerial leadership. Managing resistance to change associated with marketing strategies also proves difficult for most organizations.

Recent studies which have been done in the area of marketing strategies include Isabwa (2008) who focused on application of marketing strategies by political parties in Kenya. It was found out that marketing budget is important for political parties since it enables the parties to reach as many potential members as possible. Door-to-door campaigns and leaflets were the most prevalent means of promotion used by the political parties and no unique features that would distinguish their party from others. Anyika (2007) studied marketing strategies applied by the major motorcycle marketing firms in Kenya and found out that changing macro-environmental factors indeed pose various challenges to these motorcycle marketing firms in Kenya. The political-legal environment, economic, demographic, technological and socio-cultural environments were each a force to reckon with in their own respective ways. Through use of marketing strategies by the companies, they have been able to face up to some of these

challenges posed by the macro-environment, though there is still a lot of room for improvement by both companies to effectively use marketing strategies to their advantage with an end goal of increasing sales.

A study by Mwaura (2003) on marketing strategies in hotel industry in Kenya in the age of terrorism found that hotels were not consistent when it came to the extent to which they used the strategies although. However there was some general consensus on particular strategies. New strategies used by the hotels included the use of psychological pricing, customization in regards to the process and the use of highly qualified personnel. Masika (2005) did retail marketing strategies adopted by commercial banks in Kenya and found out that commercial banks in Kenya pursue several strategies as part of the wider retail banking marketing strategies. The most pursued strategies are marketing segmentation, product strategies, distribution, pricing, marketing relationship and promotions.

As observed above, the studies conducted on marketing strategies did not consider the marketing strategies applied by pharmaceutical companies operating in Kenya. This research will therefore seek to identify the marketing strategies used by pharmaceutical companies in Kenya. The study research question is “what marketing strategies do pharmaceutical companies operating in Kenya use if any and how effective are they?” This will be measured by sales a key performance indicator of marketing effectiveness.

1.3 Research Objectives

The objective of this study is to measure the effectiveness of marketing strategies on sales performance of pharmaceutical companies operating in Kenya.

1.4 Significance of the Study

The study will be important to:

The study will be useful to various stakeholders: the pharmaceutical owners will obtain details on the various available marketing strategies which they can pursue in order to have competitive edge over its competitors. This study will be of academic value to those interested in pharmaceutical studies with an aim of establishing a business in the pharmaceutical industry

since they will be able to understand what to do right to succeed and what if done wrong will bring the business down.

This study will benefit the government especially the Ministry of health for making policy decisions whose overall objectives are to accelerate the rate of growth in the pharmaceutical industry and take advantage of the growing world markets. This study is expected to increase body of knowledge to the scholars on marketing strategies used by pharmaceutical companies and especially make them in touch with the internal and external factors influencing marketing by the pharmaceutical companies.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are theoretical review, empirical review, marketing strategies, competitive forces that shape strategy and the environment.

2.1 Marketing Strategy

Advancing technology, resource shortages, rapid inflation, wide swings in the business cycle, changing social values and a multitude of other dynamic forces are radically altering the environment and markets of various industries. Predictions of what is on the horizon for businesses vary greatly, and the rapid pace of current change has stimulated many businesses to expand their marketing strategies. Companies aspiring to meet the challenges of today's rapidly changing markets and increasing competition require strategic management decisions to be founded on well-conceived strategies. Well-justified decisions and clearly defined strategies are vital if the firm is to achieve its goals and objectives while optimizing the use of its resources (Ward and Lewandowska, 2008). The choice of a strategy must fit the particular business climate or environment that the firm operates in (Maignan and Ferrell, 2001).

As a result of the dynamic nature of the business environment, the role of marketing in business organizations has not remained stable through time (Brown, 1997); rather, it has evolved quite markedly, passing from a concentration on very specific aspects of business management, to the use of different marketing strategies by firms to maintain and improve their performance.

It should be noted that marketing strategy is the manner in which the company resources are used in the search for a differential advantage (Cooke, 1985). It was also emphasized that a marketing strategy should be formulated with reference to the market environment and competitive conditions in which an organization operates.

2.1.1 Marketing mix strategies

The common elements of the marketing mix are classified by the 4Ps. These include the Product strategy that defines the characteristics of the product aimed at meeting the customers needs. Product strategy consists of various key decisions including: branding, services associated with product, packaging and quality. The Price strategy offers options of premium pricing, penetration, economy or skimming pricing. These strategies are based on the quality of the product against price. The Place strategy (Distribution strategy) considers types channels and intensity of distributions. This considers direct or indirect channels, single or multiple channels, reverse distribution and market coverage. The Promotion strategy considers the entire marketing armoury available and encompasses personal selling, sales promotion, public relations, direct mail, trade fairs and exhibitions, advertising and sponsorship (Lilien 1992).

The marketing mix is a set of controllable marketing tools that an institution uses to produce the response it wants from its various target markets. According to Kotler (2001), marketing scholars and practitioners have long depended on the same basic elements for success. The elements of successful corporate marketing have traditionally boiled down to the familiar four P's: price, promotion, product, and placement. Companies typically organize these elements into proven patterns, marked by logical step-by-step processes. The plans behind the patterns are both highly structured and disciplined (Carson, 1993).

Gronroos (1994) argues that the usefulness of the four P's as a general theory is highly questionable. Others note that adherence to the four P's misses the "fundamental point of marketing – adaptability, flexibility and responsiveness" (McKenna, 1991, p. 13) and is "both wasteful and inappropriate, and consequently is not seen to function effectively" (Carson, 1993, p. 190). This is not to say that the conventional marketing approach is not relevant to SMEs (Reynolds, 2002). However, SMEs face opportunities and concerns that large corporations do not, and as such they may benefit from marketing theory which considers the particularities of the SME context.

Other components which have been listed that make up the marketing mix are probe decisions, people and process management.

One way that marketers have begun to address the added components is by specifically investigating marketing in entrepreneurial contexts. Hills et al (2008) investigated the evolution and development of this scholarship and found that indeed, marketing among entrepreneurs deviates from mainstream marketing. Carson (1993, p. 12) describes the other components added as the “experience, knowledge, communication abilities and judgment of the owner-manager, key competencies on which marketing effectiveness depends,” while Zontanos and Anderson (2004) as a better frame for understanding marketing in entrepreneurial firms.

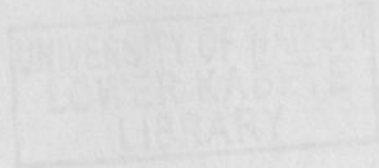
2.1.2 Miles and Snow typology of competitive marketing strategies

A taxonomy of generic strategies that has attracted attention is that of Miles and Snow (1978). The strength of this taxonomy is that it specifies relationships among strategy, structure and process in a manner that allows the identification of organizations as integrated wholes in interaction with their environments. In their model, Miles and Snow (1978) suggested four archetypal competitive strategies: defender, prospector, analyzer and reactor focusing on intended rate of product market change. They defined the various strategies in the following ways:

According to Miles and Snow (1978) defender organizations are those which have narrow product-market domains. Top managers in this type of organisation are highly expert in their organization’s limited area of operation but do not tend to search outside of their domains for new opportunities. As a result of this narrow focus, these organizations seldom need to make major adjustments in their technology, structure, or methods of operation. Instead they devote primary attention to improving the efficiency of their existing operations.

On the other hand, prospectors are organizations that almost continually search for market opportunities, and they regularly experiment with potential responses to emerging environmental trends. Thus, these organisations often are the creators of change and uncertainty to which their competitors must respond. However, because of their strong concern for product and market innovation, these organizations usually are not completely efficient.

Analyzers on their part are organizations that operate in two types of product-market domains, one relatively stable, the other changing. In their stable areas, these organizations operate



routinely and efficiently through use of formalized structures and processes. In their more turbulent areas, top managers watch their competitors closely for new ideas, and then they rapidly adopt those that appear to be the most promising.

Reactors are organizations in which top managers frequently perceive change and uncertainty occurring in their organizational environments but are unable to respond effectively. This type of organisation lacks a consistent strategy-structure relationship, it seldom makes adjustment of any sort until forced to do so by environmental pressures" (Miles & Snow, 1978: pp. 29).

According to the defender model, marketing spending on advertising and distribution should be reduced after entry into a fixed market. Variations from this proposition arise in growing markets (Kumar and Sudharshan, 1988). They further observed that, the main results of the defender model were that; distribution and awareness advertising should always be lowered in response to entry, pricing strategy is independent of distribution and awareness advertising spending but not vice versa, profits will also always decrease in response to the new entrant and if consumer tastes are uniformly distributed, profits will increase compared to no response.

A number of empirical studies have been conducted on Miles and Snow's typology. Zahra and Pearce (1990) carried out a study aiming to evaluate the research evidence for the Miles- Snow typology based on an analysis of 17 empirical studies. According to Zahra and Pearce (1990), results from a high number of studies have strongly supported Miles & Snow's propositions that four types of different strategies exist in different environments. The hypothesis that reactors will be outperformed by the other three types, seem to have been strongly supported albeit the moderate coverage it has received in the studies analyzed. Other dimensions such as differences in domain definition, production technology choice, environmental analysis, functional importance, and top management team characteristics among the four strategic types have received low to moderate attention and, thus, have resulted in weak or mixed support for the business level strategy (Zahra & Pearce , 1990).

2.1.3 Ansoff's Product/Market Matrix

This is summarized by Ansoff's product/market matrix strategies. Marketers who use this matrix have growth objectives.

	Present product	New product
Present Market	Market penetration strategy <ul style="list-style-type: none"> • Increase share of customer spending • Increase market share • Non users to users 	Product development strategy <ul style="list-style-type: none"> • Product modification via new features • Different quality levels • New products
New Market	Market development strategy <ul style="list-style-type: none"> • New markets • New distribution channels • New geographical areas 	Diversification strategy <ul style="list-style-type: none"> • Joint ventures • Mergers • Acquisitions/Takeovers

Source: H. I. Ansoff (1957), 'Strategy for Diversification', *Harvard Business Review*, September–October, pp. 113–24.

2.1.4 Porter's Generic marketing Strategies

The main idea behind Porter's (1980) generic strategies is that companies derive competitive advantages by concentrating on specific features (cost advantages, product advantages as perceived by customers) in the market, and that they may exploit these advantages in different target markets (broad market coverage or niches). Porter (1980) goes on to suggest that firms that are "stuck in the middle" perform poorly relative to firms that pursue a "clean" strategy.

Cost leadership implies that the firm has achieved certain scale advantages, and it is assumed that it will seek to capitalise on these advantages in broader markets, adopting a relatively aggressive stance to marketing its products.

Differentiators are expected to behave much the same way, but for different reasons. Their competitive advantage lies in the brand and/or the product, but – like cost leaders – they seek to cover greater parts of the market, albeit using other marketing tactics.

Focus strategies imply that the firm has concentrated on a narrow segment of the market seeking to serve this segment better than its larger competitors. This can be done either with a product or service advantage, or with a narrow cost focus. Porter's presentation of the generic strategies has

widely been criticized. His presentation seems to give an impression that it is up to enterprises to choose from them, although the appropriate selection of a generic strategy is dependent on the firm's resources and capabilities, the industry life cycle, and the state of competition in the market.

From a marketing perspective, Baker (1992) argued that Porter's three generic strategies are typical marketing strategies that have been presented by marketers for the past thirty years. Porter had only rebranded such marketing strategies using different names. Cost leadership invariably depends upon standardization and so is equivalent to an undifferentiated marketing strategy. Differentiation is identical in both models. Cost focus and focus differentiation are both variants of a concentrated marketing strategy and involve niche marketing. Due to these criticisms Porter's strategies will not be used in this study.

2.2. Empirical literature on marketing strategies used by multinational pharmaceutical companies.

One of the constants of pharmaceutical company strategy over the past decade has been increasing scale (Sweeny, 2007). Only by growing larger are companies able to afford the considerable costs of drug development and distribution. Within this broad approach at least two business models are discernable:

2.2.1 Blockbuster model

This involves the search for and distribution of a small number of drugs that achieve substantial global sales. The success of this model depends on achieving large returns from a small number of drugs in order to pay for the high cost of the drug discovery and development process for a large number of candidates. Total revenues are highly dependant on sales from a small number of drugs (Sweeny, 2007).

According to Thomke (2004) there are some in the industry who would argue that the dependence of global pharmaceutical companies on a small number of high selling drugs is an outcome of the industry's economics not a result of a deliberate strategy. There is little doubt however that a

large number of the largest pharmaceutical companies are highly dependent on the sales of a handful of drugs for most of their sales and an even higher proportion of their profits (Johnson, 2002).

A number of companies have found themselves caught short, without new blockbusters to keep sales growing. In some cases this arises from a failure to invest adequately in the pipeline. Gambardella (1995) outlines the case of SmithKline which failed to reinvest the proceeds of its Tagamet success in upstream research and it was forced to merge with Beecham in 1989. The element of desperation in the continual rounds of consolidation in the industry reflects the difficulty presented by the underlying uncertainty of the economics of new drug development. The skewness of the returns to drug development makes it difficult for a company of any size to achieve stable and predictable returns.

2.2.2 Diversification model

According to Grabowski and Vernon (2006) this model is suitable where a larger number of drugs are marketed to smaller niche markets. The advantage of this model is that its success is not dependant on sales of a small number of drugs. However without a blockbuster to help pay for the high development costs, the model only works for small markets where distribution costs is low. An area where scale delivers clear advantage is in sales and marketing. Sales per representative typically rise with company size (Walton 2001, p. 90). Marketing absorbs 35% of revenues and its efficiency can have a major impact on company value.

A survey of US pharmaceutical companies suggests that marketing and sales capability accounts for 42% of the variation in financial performance (Blumberg and Perrone 2001). Each major new drug is launched with a comprehensive and expensive global marketing campaign that involves the full range of marketing tools including media advertising, comprehensive information packs, and special events for doctors, conference presentations, dedicated sales forces and increasingly the Internet. Sales and distribution is emerging as a major issue for pharmaceutical companies. A number of marketing strategies are being tested. Direct-to-customer techniques include special purpose Internet sites providing information to both physicians and patients about a particular

drug. Each expected major drug is now launched with its own dot.com site. In addition to attracting the attention of doctors, the objective is to alert potential patients to the attributes of the drug and encourage them to seek prescription from their physician. Increasingly media, including television advertising, is being used to announce the arrival of new drugs. The challenge of direct-to-customer for pharmaceutical companies is that patients need a script from a physician to obtain the drug. They are not (except for over the counter drugs) able to buy directly, (Keegan, 1999).

2.3. Marketing strategies and effect on sales

The contention that marketing strategy in particular the core marketing strategy affects sales has been tested by several authors (Zou and Cavusgil, 2002; Solberg and Durrieu, 2006). The correlations however are somewhat unclear. For instance, Samiee and Roth (1992) found no correlation between standardized marketing approach and performance measured by sales. Zou and Cavusgil (2002) on the other hand found that strategic marketing (including standardization of the marketing mix) correlate positively with sales in a sample of US multinational firms. However, as was observed by van Raaij (1997), standardization of the marketing mix is a complex area of research (and practice), involving elements at different levels).

Concerning integration of marketing operations, there is reason to believe that each entry mode has its own economic *raison d'être* (Solberg and Nes, 2002) and that there should therefore be no difference concerning their impact on performance. On the other hand, conventional wisdom suggests that integrated sales and marketing operations in international markets yield better rewards than independent ones, particularly so for global market leaders whose need for monitoring, control and coordinated action is thought to be critical (Zou and Cavusgil, 2002). This is partly corroborated by Solberg and Nes (2002) who found that integrated modes of operation yield better returns in terms of strategic position (as opposed to financial performance).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the method that will be used for the study and adopts the following structure: research design, population, population description, data collection methods, and data analysis and presentation methods.

3.2 Research Design

The study will use descriptive research design, which will involve eliciting opinions of the pharmaceutical firms on the marketing strategies adopted. This design will provide an insight into research problem by describing the variables of interest. Further, this research design will permit the researcher to make statistical inference on the broader population and generalize the findings to real life situations and thereby increasing the external validity of the study. Cooper and Emory (1985) contend that surveys are more efficient and economical than observations.

3.3 Population

The population of interest for this research will be made up of the 38 multinational pharmaceutical companies in Kenya who employ pharmaceutical representatives and managers. The information has been gathered from Kenya Medical Services Directory 2010.

Nairobi area is defined for purposes of this research as the area that is administratively under the jurisdiction of Nairobi City Council. The criteria for this selection were on the fact that pharmaceutical firms in Nairobi constitute the highest number of firms in one location in the country and the researcher considers that they will be able to provide the greatest insight to the strategic marketing tools they use in their business including even those not written down by some firms. The pharmaceutical firms will be analyzed separately to find out their strategic marketing practices. The study will target individuals in these firms charged with the responsibilities of developing and implementing the firms marketing strategies. This is the sales manager or marketing manager in the organization.

3.4 Data collection

Primary data will be collected by means of a semi structured questionnaire (Appendix II). The questionnaires will be hand delivered to the respondents offices with a request to fill in the questionnaire in one week time where upon it will be collected. The target respondents will be the marketing managers or individuals concerned with developing and implementing the firms marketing strategies. The survey instrument will involve both closed-ended and open-ended questions. The open-ended questionnaire will sought to encourage respondents to share as much information as possible in an unconstrained manner while the closed-ended questionnaire will involve "questions" that could be answered by simply checking a box. The questionnaire used will consist of three sections. Section A will have general information about the organization and the respondent profile. Section B will aim to assess whether the firm has a documented marketing strategy. Section C will have more of the firms' specific marketing strategies adopted, the challenges they face in its implementation and what effect the same strategies has had on its performance.

3.5 Data Analysis

The data collected will be analyzed using descriptive statistics (measures of central tendency and measures of variations). The sample will be not be restricted to those firms with marketing strategies written down but be open to include firms that have outlined strategies to be used by representatives in regular sales or marketing meetings. However, before final analysis is performed, data will be cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. This method of analysis is most desirable as it will enable the researcher to have an insight of the commonly used strategies by the pharmaceutical companies. Data obtained from respondents will be entered into an SPSS database application for analysis. Descriptive statistics will basically be used in the presentation and analysis of empirical results.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.0 Introduction

The research objective was to establish the marketing strategies adopted by pharmaceutical organizations in Kenya and their effects on sales. This chapter presents the analysis and findings of the research based on the objective of the study. The findings are presented using frequency distribution tables.

4.1 Response rate

Questionnaires	Number	%
Returned	31	81.6
Non returned	7	18.4
Total	38	100%

Out of 38 questionnaires issued out 31 were returned which represent 81.6% response rate. These form the basis of analysis of the data as shown in Table 4.1 above.

4.2. Respondents profile

4.2.1 Respondents gender

Table 4.2.1: Gender Composition

Gender	%
Male	77.4%
Female	22.6%
Total	100%

As can be observed, in Table 4.2.1, the respondents comprised of 77.4% male and 22.6% female.

4.2.2: Level of education

Table 4.2.2: Level of education

	Frequency	%
Middle level college	10	32.3
University	21	67.7
Total	31	100.0

The analysis in Table 4.2.2 indicates that 67.7% of the respondents had attained university level of education, 32.3% had attained middle level college. This shows that the minimum qualification of the respondents was middle level college.

4.2.3: Experience in pharmaceutical organization

Table 4.2.3: Experience in Pharmaceutical Organization

	Frequency	%
Less than 2 years	6	19.4
2-5 years	8	25.8
6-10 years	15	48.3
Over 10 years	2	6.5
Total	31	100.0

The results presented in Table 4.2.3 shows that the respondents experience in the organization varies from a period of less than 2 years to over 10 years. 48.3 % of the respondents have worked in their respective organizations for a period of between 6 and 10 years, while 25.8 % had worked for between 2 to 5 years. Majority of the respondents having worked in their organization for over 6 years may indicate that most pharmaceutical organizations in Kenya are mature in the market.

4.3 Information on the organization

4.3.1: Number of years the pharmaceutical organization has been in existence

Table 4.3.1: Number of years the pharmaceutical organization has been in existence

	Frequency	%
Under 5	2	5.7
6-10	13	37.1
11-15	15	42.9
16-20	4	11.4
21-25	1	2.9
Total	35	100.0

Majority of pharmaceuticals organizations have been in existence for between 11 and 15 years with 42.9%, followed by organizations which have been in existence for 6 – 10 years with 37.1%. However, only 2.9% of pharmaceutical organizations had been in existence for 21 – 25 years as shown table 4.2.1.

4.3.2: Organizations product profile

Table 4.3.2: Organizations product profile

Product profile	%
Adult	9.7
Pediatric	0
Both	90.3
Total	100%

The analysis above shows that 90.3% of the pharmaceutical organizations market both adult and pediatric products while 9.7% deals only with adults.

4.4 Marketing strategies used by organization

This section describes the marketing strategies being used by the pharmaceutical organizations to market their products. The respondents were to give their independent opinion on the effects of different marketing strategies adopted by their pharmaceutical organizations. A five point Likert scale was used. Where, (1) meant to 'a very large extent (1)', (2) 'large extent, (3) 'moderate extent', (4) small extent and 'Not at all' (5). The mean score are interpreted as follows: mean scores of 0 to 1.4 on the continuous Likert scale; ($0 \leq S.E < 1.4$) represent very large extent. Mean scores of 1.5 to 2.4 represent to a great extent on the continuous Likert scale: ($1.5 \leq S.E < 2.4$). The scores of 'moderate extent' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ($2.5 \leq M.E. < 3.4$) and the score of small extent have been taken to represent a variable which had a mean score of 3.5 to 4.4 on a continuous Likert scale; ($3.5 \leq L.E. < 4.4$). The mean score of 4.5 to 5 represents the variable of Not at all on the continuous Likert scale ($4.4 \leq L.E. < 5.0$). A standard deviation of >1 implies a significant difference on the answers from the respondents.

4.4.1 Product marketing strategy

Table 4.4.1: Product marketing strategy

Product	Marketing strategy	
	Mean	Std. Deviation
Branding	1.55	.810
Product	1.71	.783
Packaging	1.97	1.169
Quality	1.35	.709
<i>Average mean score</i>	<i>1.64</i>	<i>-</i>

From the findings shown in the table above on the average mean score for the product marketing strategy is 1.64. This shows that this strategy is used to a great extent. Product quality with a mean score of 1.35 was used the most to a very large extent. Branding, product and packaging were also used to a great extent with mean scores of 1.55, 1.71 and 1.97 respectively. The packaging strategy had a standard deviation of 1.169 indicating the answers given by respondents on this were significantly different.

4.4.2 Price marketing strategy

Table 4.4.2: Price marketing strategy

Price	Marketing strategy	
	Mean	Std. Deviation
Premium pricing	2.55	1.362
Penetration pricing	3.06	1.389
Economy pricing	3.70	1.317
Skimming	3.23	1.606
<i>Average mean score</i>	<i>3.14</i>	<i>-</i>

The price marketing strategy was used by majority of the organizations to a moderate extent, shown in the table above with an average mean score of 3.14. Premium pricing with a mean of 2.55 was used to a moderate extent while economy pricing with a mean of 3.70 was used to a small extent. The standard deviations varied between 1.317 and 1.606, indicating varied responses.

4.4.3 Place marketing strategy

Table 4.4.3: Place marketing strategy

Place	Marketing strategy	
	Mean	Std. Deviation
Single channels	3.13	1.708
Multiple channels	2.35	1.450
Reverse distribution	3.55	1.352
Market coverage	1.70	.794
<i>Average mean score</i>	<i>2.68</i>	<i>-</i>

The use of the place marketing strategy as shown in the table above is to a moderate extent with an average mean score of 2.68. Market coverage with a mean 1.7 was used to a great extent. Reverse distribution with a mean of 3.55 was used to a small extent. There was no significant difference in the answers in regard to market coverage with a standard deviation of 0.794 while

the answers to the other strategies used indicated varied responses. Having wide market coverage geographically is important when implementing the marketing strategy.

4.4.4 Promotion marketing strategy

Table 4.4.4: Promotion marketing strategy

Promotion	Marketing strategy	
	Mean	Std. Deviation
Personal selling	1.32	0.541
Sales promotion	2.35	1.380
Public Relation	2.16	1.241
Direct mailing	3.48	1.262
Advertising	4.00	1.265
<i>Average mean score</i>	3.33	-

Personal selling with a mean of 1.32 is used to a very large extent. Direct mailing with a mean of 3.48 and advertising with a mean of 4.00 was used to small extent. The average mean score of this strategy is 3.33 indicating overall the promotion marketing strategy may only be used to a moderate extent. The standard deviations of use of advertising, direct mailing, public relations and sales promotion channels varied between 1.265 and 1.380, indicating varied responses.

4.4.5 Market Penetration growth strategy

Table 4.4.5: Market Penetration growth strategy

Marketing penetration strategy	Growth strategy	
	Mean	Std. Deviation
Increased share of customer spending	2.10	1.044
Increase market share	1.58	0.672
Convert non users to users	1.71	0.783
<i>Average mean score</i>	<i>1.80</i>	<i>-</i>

The table shows organizations aim to increase their market share and convert non users to users to a great extent with a mean score of 1.58 and 1.71. The standard deviations recorded to increase market share and convert non users to users were 0.672 and 0.783 respectively showing respondents answers were consistent. Penetration is a strategy used to great extent by pharmaceutical organizations to increase their share of customers, increase market share and convert non users to users.

4.4.6 Market Development growth strategy

Table 4.4.6: Market Development growth strategy

Market development strategy	Growth strategy	
	Mean	Std. Deviation
Entered new markets	1.84	0.860
Introduced new distribution channels	2.84	1.319
Entered new geographical areas	2.42	1.311
<i>Average mean score</i>	<i>2.37</i>	<i>-</i>

The use of the market development strategy is used to a great extent as shown in the table above with a mean score of 2.37. Pharmaceutical organizations aim to enter new markets shown by a mean of 1.84 to a great extent. Entering new geographical areas with a mean of 2.42 and

introducing new distribution channels with a mean of 2.84 were used to a moderate extent. There is a significant difference in answers given by respondents when it comes to introducing new distribution channels and entering into new geographical areas with standard deviations of 1.319 and 1.311 respectively. This shows that the organizations use the factors as marketing strategies although the degree of usage depends with the organization.

4.4.7 Product Development strategy

Table 4.4.7: Product development strategy

Product development strategy	Growth strategy	
	Mean	Std. Deviation
Product modification via new features	2.94	1.315
Different quality products	3.13	1.544
Development of new products	2.32	1.514
<i>Average mean score</i>	<i>2.80</i>	<i>-</i>

The table shows that the product development marketing strategies were used to a moderate extent with an average mean score of 2.8. Development of new products was the factor used to a great extent, product modification via new features was used to a moderate extent and developing different quality products was used to small extent, indicated by mean scores of 2.32, 2.94 and 3.13 respectively. The standard deviations scores show variations in responses.

4.4.8 Diversification strategy

Table 4.4.8: Diversification strategy

Diversification strategy	Growth strategy	
	Mean	Std. Deviation
Entering into joint ventures	3.73	1.552
Mergers	4.37	1.159
Acquisition Takeovers	3.77	1.454
<i>Average mean score</i>	<i>3.95</i>	<i>-</i>

The product diversification strategy is used by pharmaceutical organizations to a small extent, scoring an average mean score of 3.95 as shown in the table. Entering into joint ventures was scored a mean of 3.73 and diversification through acquisition takeovers scored a mean 3.77 indicating these strategies were used to a small extent. The answers from respondents varied significantly as indicated by standard deviations of >1.

4.4.9 Competitive marketing strategies

Table 4.4.9: Competitive marketing strategy

Competitive market strategies	Growth strategy	
	Mean	Std. Deviation
Defender – Holders of the highest market share	2.19	1.302
Prospector – Continually search for market opportunities and creators of change	1.84	.898
Analyzer – read the market watch competitors closely in various segments and rapidly adopt promising ideas	2.32	1.137
Reactor – Perceive changes in the market but need to improve response to it	3.10	1.513
<i>Average mean score</i>	2.36	-

Competitive marketing strategies were used overall to a moderate extent with an average mean score of 2.36. The use of competitive market strategies indicates that the pharmaceutical organizations mainly behave as prospectors who continually search for market opportunities and who are creators of change to a very great extent/great extent with a mean score of 1.84. The answers given by respondents for the prospector strategy also recorded a standard deviation of 0.898 showing consistency in responses.

4.5 Effect of adopted marketing strategy on increasing sales

Table 4.5.1: Overall effect of marketing strategy on increasing sales

Effect of new marketing strategy on increased sales	%
Yes	90.3%
No	9.7%
Total	100%

Majority of the respondents (90.3%) indicated that the adopted marketing strategy resulted in increased sales while 9.7% said it did not increase the sales. This shows that the change in marketing strategy worked for majority of the organizations as they respond to the changing environment in which they operate.

4.5.1 Product marketing strategy on increasing sales

Table 4.5.1: Product marketing strategy on increasing sales

Product	Effect on increasing sales	
	Mean	Std. Deviation
Branding	1.77	1.203
Product	1.61	.844
Packaging	2.17	1.262
Quality	1.55	.723
<i>Average mean score</i>	<i>1.78</i>	<i>-</i>

The average mean score as shown in the table above is 1.78 implying the product marketing strategy had a great effect on increasing sales. Quality with a mean of 1.55 increased sales to a great extent and also recorded the least standard deviation score of 0.723. Packaging had the highest standard deviation of 1.262 indicating variation in responses. This indicates these are that quality of product has the greatest effect on increasing sales.

4.5.2 Price marketing strategy on increasing sales

Table 4.5.2: Price marketing strategy on increasing sales

Price	Effect on increasing sales	
	Mean	Std. Deviation
Premium pricing	2.74	1.316
Penetration pricing	2.97	1.378
Economy pricing	3.34	1.396
Skimming	3.28	1.486
<i>Average mean score</i>	<i>3.08</i>	<i>-</i>

The price marketing strategy had a moderate effect on increasing sales with a mean score of 3.08. Premium pricing, penetration pricing, economy pricing and skimming had a moderate effect on increasing sales with respective mean scores of 2.74, 2.97, 3.34 and 3.24. The standard deviation scores varied between 1.316 and 1.486 indicating that the respondent's views regarding the pricing strategies and their effect on sales varied.

4.5.3 Place marketing strategy on increasing sales

Table 4.5.3: Place marketing strategy on increasing sales

Place	Effect on increasing sales	
	Mean	Std. Deviation
Single channels	3.35	1.473
Multiple channels	2.19	1.327
Reverse distribution	3.79	1.346
Market coverage	2.10	1.213
<i>Average mean score</i>	2.86	-

Place strategy is shown in the table as not to have a moderate effect on increasing sales with an average mean score of 2.86. Market coverage and multiple channels with a mean of 2.1 and 2.19 respectively had great effect on sales while reverse distribution with a mean of 3.79 had a small effect on increasing sales. There is a significant difference in answers given by respondents as shown by the standard deviation scores that are > 1 .

4.5.4 Promotion marketing strategy on increasing sales

Table 4.5.4: Promotion marketing strategy on increasing sales

Promotion	Effect on increasing sales	
	Mean	Std. Deviation
Personal selling	1.39	0.803
Sales promotion	2.26	1.460
Public Relation	2.23	1.334
Direct mailing	3.81	1.302
Advertising	3.97	1.251
<i>Average mean score</i>	2.73	-

Personal selling with a mean of 1.39 increased sales to a very large extent. The answers from respondents in regard to personal selling did not vary significantly with a standard deviation of 0.803. Public relation and sales promotion with means of 2.23 and 2.26 respectively are indicated

as great effect on increasing sales while direct mailing with a mean of 3.81 and advertising mean 3.97 have a small effect or none at all on sales. The sales promotion marketing strategy had a moderate effect on increasing sales with an average mean score of 2.73.

4.5.5 Marketing penetration growth strategy on increasing sales

Table 4.5.5: Market penetration growth strategy on increasing sales

Marketing penetration strategy	Effect on increasing sales	
	Mean	Std. Deviation
Increased share of customer spending	2.16	1.319
Increase market share	1.90	1.165
Convert non users to users	1.74	1.064
<i>Average mean score</i>	<i>1.93</i>	-

The table shows the market penetration growth strategy increased sales to a great extent with an average mean score of 1.93. Conversion of non users to users, with a mean of 1.7 increased sales to a great extent. Increasing share of customer spending with a mean of 2.16 also increased the sales to a great extent. The findings indicates that majority of the organizations uses the growth strategy to increase their sales. The responses varied significantly shown by variation in the standard deviations from 1.064 to 1.319.

4.5.6 Market development growth strategy on increasing sales

Table 4.5.6: Market development growth strategy on increasing sales

Market development strategy	Effect on increasing sales	
	Mean	Std. Deviation
Entered new markets	2.10	1.193
Introduced new distribution channels	2.84	1.416
Entered new geographical areas	2.58	1.523
<i>Average mean score</i>	<i>2.51</i>	-

The market development growth strategy is used to a moderate extent with an average mean score of 2.51 as shown in the table above. Entering into new markets with a mean of 2.10 increased the sales to a great extent; entering new geographical areas with a mean of 2.58 and introduction of new distribution channels increased the sales moderately. The standard deviation shows variation in opinion on how much the market development strategies had an effect on increasing the sales with scores of 1.193 to enter new markets, 1.416 to introduce new distribution channels and 1.523 to enter new geographical areas.

4.5.7 Product development strategy on increasing sales

Table 4.5.7: Product development strategy on increasing sales

Product development strategy	Effect on increasing sales	
	Mean	Std. Deviation
Product modification via new features	2.84	1.485
Different quality products	3.23	1.707
Development of new products	2.39	1.453
<i>Average mean score</i>	2.82	-

The product development strategy increases sales to a moderate extent as shown in the table above with an average mean score of 2.82. Development of new products with a mean of 2.29 had a great effect on sales, while the use of different quality products with a mean of 3.23 had the moderate effect on increasing the sales. The standard deviations were all > 1 showing significantly different answers by respondents.

4.5.8 Diversification strategy on increasing sales

Table 4.5.8: Diversification strategy on increasing sales

Diversification strategy	Effect on increasing sales	
	Mean	Std. Deviation
Entering into joint ventures	3.77	1.633
Mergers	4.16	1.416
Acquisitions Takeovers	3.65	1.603
<i>Average mean score</i>	3.86	-

Product diversification strategy has a small effect on sales as shown in the table above with an average mean score of 3.86. This is reflected in the mean scores of 3.77, 4.16 and 3.65 for entering into joint ventures, mergers, acquisitions or takeovers respectively also having a small effect on increasing sales. The factors do not have a significant influence on the sales of the organizations as they are rarely used by the organizations as a form of strategy. The standard deviations varied from 1.416 to 1.633 showing significantly different responses.

4.5.9 Competitive marketing strategies on increasing sales

Table 4.5.9: Competitive marketing on increasing sales

Competitive marketing strategies	Effect on increasing sales	
	Mean	Std. Deviation
Defender – Holders of the highest market share	2.19	1.276
Prospector – Continually search for market opportunities and creators of change	2.06	1.124
Analyzer – read the market watch competitors closely in various segments and rapidly adopt promising ideas	2.65	1.355
Reactor – Perceive changes in the market but needs to improve response to it	3.13	1.455
<i>Average mean score</i>	2.50	-

CHAPTER FIVE

The competitive marketing strategies had an overall moderate effect on increasing sales as seen in table above with an average mean score of 2.50. The competitive marketing on sales revealed that behaving like prospectors and defenders with a mean of 2.06 and 2.19 respectively affected the sales to a great extent. Analyzer and Reactor with mean of 2.65 and 3.13 respectively affected the sales to a moderate extent. The factors which were used to a great also have an effect to a great extent on increasing sales. The standard deviations were all > 1 showing significantly different answers by respondents.

Study established that majority of the organizations have documented marketing strategy which enable them to refer whenever a need arises. With regard to adopted marketing strategy, it was established that majority of the organizations have adopted their marketing strategy over the last three years tilted to a specific target group, focusing on branded drug segmentation, mass media marketing, entering new markets and recruitment of medical marketing staff. The pharmaceutical organizations registered increased sales following the adopted marketing strategy.

Study established that the pharmaceutical organizations use branding, product packaging policy to market their products to a great extent which in turn have an effect of increasing sales to a great extent.

Pharmaceutical organizations use pricing strategies that include premium pricing, low pricing, economy pricing and skimming to a moderate extent implying that they do not use pricing strategy very much to market their products. The moderate usage of the pricing strategy resulted in moderate increase in sales. Respondents indicated that if they use market segmentation and multiple channels to a great extent and these strategies also increased the sales to a

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

In summary, majority of the respondents have attained university level of education and mid level college education which shows that the minimum qualification of the respondents was middle level college. The findings indicate that the respondents have worked in the pharmaceutical market for over six years indicating that most pharmaceutical organizations in Kenya are mature in the market. The pharmaceutical organizations they understand the market they serve and its needs. The findings indicate that majority of the organizations targets a certain particular segment when marketing their products. The respondents indicated that they aim to target the multinational market which implies that majority of the pharmaceutical organizations are multinationals.

The study established that majority of the organizations have documented marketing strategy which can enable them to refer whenever a need arises. With regard to adopted marketing strategy, it was established that majority of the organizations have adopted their marketing strategy over the last three years tailored to a specific target group, focusing on branded marketing, segmentation, mass media marketing, entering new markets and recruitment of experienced marketing staff. The pharmaceutical organizations registered increased sales revenue following the adopted marketing strategy.

The study established that the pharmaceutical organizations use branding, product, packaging and quality to market their products to a great extent which in turn have an effect of increasing the sales to a great extent.

The pharmaceutical organizations use pricing strategies that include premium pricing, penetration pricing, economy pricing and skimming to a moderate extent implying that they do not use the pricing strategy very much to market their products. The moderate usage of the strategy resulted in moderate increase in the sales. Respondents indicated that they use market coverage and multiple channels to a great extent and these strategies also increased the sales to a

great extent. The use of single channels and reverse distribution increased the sales to a small extent.

Organizations use personal selling, sales promotion and public relations as they increase the sales to a great extent while advertising and direct mailing are used to a small extent and also had a small effect on increasing the sales.

The marketing penetration growth strategy was used to a great extent and also increased the sales to a great extent. Increasing the share of customer spending, increasing market share and converting non users to users had an effect of increasing sales to the organizations to a great extent. The use of market development strategy was used to a great extent and its' effect on sales was to a moderate extent. Entering new markets resulted in increased sales to a great extent while introduction of new channels and entering new geographical areas resulted in moderate effect increase in the sales. The respondents' organizations indicated that they use product development strategies of modification via new features, different quality products, development of new products to a moderate extent while their impact on sales was also to a moderate extent.

The usage of diversification strategies like entering into joint ventures, mergers and acquisition takeovers by the organizations was to a small extent and their impact was equally to a small extent.

The competitive market strategies which were used by the organizations to a great extent were to be prospectors and analyzers and defenders. A competitive reactor strategy was used to a moderate extent. These strategies used to a great extent resulted in increased in the sales to a great extent also and reactor strategy had a small effect on increasing sales also.

5.2 Conclusion

From the research findings and the answers to the research questions, some conclusions can be, made about the study.

Marketing is very vital for the success of any business entity. The study showed that the marketing approach of the pharmaceutical organizations differs as a slightly higher majority prefers segmentation while others prefer mass marketing. The target market for the organizations

varied from national, multinational to both. The organizations have well documented marketing strategy which some of them have changed in the past and registered increased sales.

The pharmaceutical organizations use different marketing strategies which to them suits the products which they manufacture or handle. The strategies which were used by the organizations and which increased the sales included branding, product, packaging, quality, premium pricing, market coverage, multiple channels, personal selling, sales promotion, public relation, increased share of customer spending, increased market share, converted non users to users, entering new markets, introduction of new distribution channels, entering new geographical areas, product modification via new features, defender which is holders of the highest market share, prospector which will continually search for market opportunities and creators of change and analyzer which is reading the market watch competitors closely in various segments and rapidly adopt promising ideas.

The strategies which were not used quite often and thus there effect in sales was low included penetration pricing, economy pricing, skimming, single channels, reverse distribution, direct mailing, and advertising, different quality products, entering into joint ventures, mergers, acquisition takeovers and a reactor competitive strategy.

5.3 Recommendations

The following recommendations are given to both the policy makers and researchers;

The pharmaceuticals organizations should ensure that they pursue the marketing approach which best suits them and also they should not stick to one or a few strategies but instead must be dynamic and change the strategy to suits the changing times. The marketing strategy adopted by the organization should be one which increases the organizations sales. Thus the pharmaceutical organizations should adopt only those strategies which increase the organizations sales.

5.4 Recommendations for further Research

The study was based on a survey of all the pharmaceutical organizations without categorizing whether it is local or a multinational and thus this research should be replicated to determine having categorized the organizations to determine whether the marketing strategies which they

use are the same or not. It was found though that majority of the organizations were multinationals but focused their marketing strategies at a national level.

It may also be necessary to research the extent and effectiveness by which the pharmaceutical organizations marketing strategy is communicated to the marketing team in the organization. It has been noted that nearly one fifth of the pharmaceutical organizations in Kenya do not hold a documented marketing strategy which may affect the performance of the marketing team.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER

Miss Elizabeth Nassimbwa

P.O BOX 20882,

Nairobi, Kenya

Dear Respondents,

This questionnaire is designed to gather information regarding marketing strategies adopted by pharmaceutical companies operating and marketing in Kenya and their effectiveness.

This study is in fulfillment of Masters of Business Administration (MBA) degree of the University of Nairobi.

The information you shall avail will be treated in confidentiality and will not be used other than for this academic exercise.

Your assistance is highly appreciated. A copy of this research paper will be made available to you upon request.

Yours Sincerely,

Elizabeth Nassimbwa

MBA Student

Mrs. Kinoti

University Supervisor

APPENDIX II: QUESTIONNAIRE

The questionnaire seeks to establish the marketing strategies adopted by pharmaceutical firms in Kenya.

PART A: RESPONDENTS PROFILE

1) Gender Male [] Female []

2) What is your level of education?

Secondary [] Middle level college []

University []

3) For how long have you worked in this organisation?

Less than two years [] 6-10 years []

2-5 years [] Over 10 years []

ORGANISATIONS PROFILE

4) Name of Pharmaceutical organization.....

5) For how long has your organisation been in existence?

a) Under 5 years [] b) 6 – 10 years []

c) 11 – 15 years [] d) 16 – 20 years []

e) 21 - 25 years [] f) Over 25 years []

6) What is your organization's product profile?

Adult [] Pediatric [] Both []

PART B: FIRM'S MARKETING STRATEGY – A process or model to allow an organization to focus limited resources on best opportunities and achieve sustainable competitive advantage.

7) What is your overall marketing approach?

- a) Targeting a specific niche group – Segmentation []
- b) Mass marketing approach []
- c) Other (Specify)

8) Which is your target market?

- a) National Market []
- b) Multinational market []
- c) Both []

9) Does your firm have a documented marketing strategy?

- Yes []
- No []

10) Has your firm changed its marketing strategy over the last three years?

- Yes []
- No []

11) If yes, please indicate the new marketing strategy that the firm has adopted?

.....

12) With the change in the marketing strategy, has the pharmaceutical firm registered and increased sales revenue?

- Yes []
- No []
- Not sure []

13) Rate the extent to which your firm uses the following different marketing strategies and their effect on increasing sales (tick in the appropriate space)

Key: 1) Very large extent 2) Large extent 3) Moderate extent 4) Small extent
 5) Not at all

Marketing mix strategy	1	2	3	4	5	Effect on increasing sales	1	2	3	4	5
Product											
Branding											
Product											
Packaging											
Quality											
Price											
Premium pricing											
Penetration pricing											
Economy pricing											
Skimming											
Place											
Single channels											
Multiple channels											

	1	2	3	4	5	Effect on	1	2	3	4	5
Reverse distribution						Effect on increasing sales					
Market coverage											
Promotion											
Personal selling											
Sales promotion											
Public relation											
Direct mailing											
Advertising											
Growth strategy - Product market/mix strategies											
Marketing Penetration Strategy	1	2	3	4	5		1	2	3	4	5
Increased share of customer spending											
Increase market share											
Converted non users to users											

Market development Strategy	1	2	3	4	5	Effect on increasing sales	1	2	3	4	5
Entered new markets											
Introduced new distribution channels											
Entered new geographical areas											
Product development strategy											
Product modification via new features											
Different quality products											
Development of new products											
Diversification Strategy											
Entering into joint ventures											
Mergers											
Acquisition / Takeovers											

APPENDIX 3B

LIST OF PHARMACEUTICAL COMPANIES OPERATING IN NAIROBI

Competitive market Strategies	1	2	3	4	5	Effect on increasing sales	1	2	3	4	5
Defender – holders of highest market share											
Prospector – continually search for market opportunities and creators of change											
Analyser – read the market watch competitors closely in various segments and rapidly adopt promising ideas											
Reactor – perceive changes in the market but need to improve response to it											

- 1. Dabir Pharmacy
- 2. Teva
- 3. Bioprima
- 4. Janso
- Actavis
- Kanada
- Sandoz
- Cipla
- Care Pharma
- Stada
- Amgen
- Pharmaceuticals
- Novartis
- Merck
- Roche

APPENDIX III

LIST OF PHARMACEUTICAL COMPANIES OPERATING IN NAIROBI

1. Astra Zeneca
2. Bayer
3. Beijing Holley Cotec
4. Beta Healthcare International
5. Boeringer Ingelheim
6. Cadila Pharmaceuticals
7. Glaxo Smithkline
8. Glenmark
9. Mepha
10. Pharmathen
11. Dafra Pharma
12. Teva
13. Bioplazma
14. Ivax
15. Actavis
16. Kamada
17. Sanofi Aventist
18. Cipla
19. Life Pharma
20. Merck
21. Avenco
22. Reckitt Beckinser
23. Baxter
24. Novo Pharma
25. Norbrook

- 26. Novartis
- 27. Pfizer
- 28. Sun pharmaceuticals
- 29. Prisma Pharma
- 30. Ranbaxy
- 31. Roche products
- 32. Sanofi Pasteur
- 33. Syner med Pharma
- 34. Cosmos
- 35. Innotech
- 36. Jansen Cilag
- 37. Servier
- 38. UCB