A SURVEY OF MARKET-SHARE GROWTH STRATEGIES ADOPTED BY PHARMACEUTICAL COMPANIES IN KENYA FOR BRANDED PRESCRIPTION MEDICINES

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Declaration

This Management Research Project is my original work and has not been submitted for a degree in any other university.

Signed.. Date Nov. 11, 2007.

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

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Dedication

Dedicated unreservedly to the late Rev. Sr. Marian Odundo, mom, Veronica A. Ojung'a and dad, the late Mr. Henry Ojung'a Odundo. Your untimely deaths in May 2000 and on July 8, 2005 respectively have changed the lives of those for whom you deeply cared and sacrificed willingly. How lovely it would have been for us all to, once more, celebrate this milestone in our dreams and struggles. Dedicated to you forever more, even in death.

Great People of the World.

To Carol, Arnold and Allison. Gems in my life.

Acknowledgement

The successful completion of this project would not have been possible without the constant encouragement and support of my wife, Caroline, son, Arnold, baby Allison, parents and siblings. Knowing the financial difficulty that I faced, they constantly held the candle of hope in their hearts and in mine too, to complete this worthy race and realize our dream. I sincerely thank them.

Most sincerely, I thank my supervisor, Margaret A. Ombok, for her rich mentorship and tireless guidance and motivation that made completion of my MBA possible. Her unwavering focus on details through countless pages of ideas is unparalleled. Her uncompromising stand on quality is enviable.

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Last but not least, I thank God.

Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
BCG	Boston Consulting Group
BKL	Bell, Keeney & Little
CME	Continuous Medical Education
COMESA	Common Markets of East and Southern Africa
CPD	Continuous Professional Development
DTC	Direct to Consumer
EAC	East Africa Community
GoK	Government of Kenya
HIV	Human Immunodeficiency Virus
HMO	Health Management Organization
HP	Hewlett - Packard
ICT	Information & Communication Technology
JV	Joint Ventures
M&A	Mergers & Acquisitions
NDP	National Development Plan
PIMS	Profit Impact of Marketing Strategies
PLC	Product Life Cycle
PPB	Pharmacy & Poisons Board
R&D	Research & Development
SD	Standard Deviation
SPI	Strategic Planning Institute
SWOT	Strength, Weaknesses, Opportunities and Threats
UNIDO	United Nations Industrial Development Organization

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Abstract

Kenyan pharmaceutical marketplace has expanded and attracted many more entrants. This has caused increased competition and changed the industry structure somehow. The pharmaceutical firms must therefore pursue strategies that will guarantee them a desirable level of growth in market share of their brands. This study sought to find out the strategies employed by pharmaceutical companies to increase market share of their prescription-only branded medicines.

This was a descriptive survey. According to the Kenya Medical Directory (2003), there are 143 registered pharmaceutical companies in Kenya existing either as marketing agencies, distributors or manufacturers. A sample size of 45 companies was drawn for the study. Disproportionate stratified sampling method was used to ensure that even those strata that were smaller in size were still represented in the final sample. From each stratum, the sample elements were then randomly selected.

Primary data was collected using a semi-structured questionnaire which was dropped and picked later from the respondent firms. The response rate was 69%, and was considered satisfactory since it was above the industry average (Ongubo, 2003). The data collected was analyzed using frequencies, percentages, cross- tabulations, means and standard deviation. Selling existing products to existing customers, selling existing products to new customers, selling new products and services, selling more through new delivery approaches, selling to new geographies, establishing new industry structures and finding new competitive arenas were the growth strategies under study.

From the research findings, it was found that pharmaceutical firms in Kenya pursued strategies for market share growth. Selling existing products to existing customers was the market share growth strategy that was pursued most by majority of the firms, followed by selling of new products and services and selling existing products to new

customers. Finding new competitive arenas, selling to new geographies, selling more through new delivery approaches and establishing new industry structures were moderately pursued growth strategies, and the extent of their use varied more from one company to another.

No single strategy appeared sufficient to deliver the ideal market share growth that the surveyed pharmaceutical companies desire. A similar observation has previously been made by Kotler & Armstrong (1998) and Andrawes (1971). The companies therefore designed unique combinations and permutations of different strategies, tactics and activities that conferred them the necessary competitive advantages to realize their growth objectives. The choice of strategy that a company pursued and the extent of its use appeared to be influenced by factors that determined the competitive position that the firm occupied, such as the nature of business and products as well as ownership of the firm (Lee & Masao, 1990). They also relied on superior product quality, better customer relationship and improved service quality, rather than price reduction to gain competitive advantage.

Despite the assurance of confidentiality of information that the researcher gave to all respondents, some did not fill the questionnaire, hence 100% response rate was not achieved. A further study should be carried out to determine the relationship between the strategies and market share growth.

CHAPTER ONE

INTRODUCTION

1.1 Background

Over the past few decades. globalization and rapid technological advancement have immensely transformed the way companies do business worldwide, spurred innovation and development in various sectors. and driven the world economic changes (Kotler. 2001). They have fuelled liberalization by breaking monopolistic market boundaries beyond countries to regions and continents (Kotler 2001: Ndinda, 2005). Consequently. they have created global markets where consumers and marketers converge (Barkowitz et al, 1989). These forces have not only challenged the traditional premises and practices of marketing (Robert. 1997: Mbau. 2002). but also introduced stiffer competition in traditional or home markets. globalized consumer preferences. encouraged product dumping. increased speed of product development. made it more difficult to establish successful brand equity but at the same time encouraged international brands portfolios. Besides. the forces have fuelled privatization of public and family companies in the belief that they would become more efficient (Kotler. 1997) and improved longevity and quality of life of people. growth of world economies and enhanced knowledge and technology transfers. As a result. there is an immense diversity not only of consumer needs but also of available alternatives. which together continue to challenge the abilities of marketers to produce ideal products for their markets.

These developments have greatly impacted the market share of firms, which now increasingly face both the threat of erosion as well as opportunity of growth. In order to mitigate the negative effects of these market forces while simultaneously scaling up the positive ones, an increasing number of firms have therefore adopted various measures such as rightsizing, attracting, retaining and developing right talents (Kotler & Armstrong, 2004). They are also re-evaluating their marketing measures in general so as to improve the competitiveness of their 4P elements namely Price, Product, Place and Promotion, while strengthening their branding activities in particular (Aaker, 1998). Moreover, they are going into mergers and acquisitions (M&A) or joint ventures (JV's), undertaking business process re-engineering (BPR) to refocus on core competences, leveraging technology platform, becoming more innovative and creative, increasing investment in research and development (R&D) and undertaking organizational restructuring among others (Ndinda, 2005; Kotler & Armstrong, 2004; Mbau, 2000; Munyiri, 2000; BusinessWeek, 2006).

Currently, businesses also rely on information technology to mine customer data and to continually interact, address and respond appropriately to individual customer needs in order to maintain competitive advantage (Johansson, 2000; Barkowitz et al, 1989; Wylie & Patel, 2005). These response measurers, which are leveraged on the three Porter's generic strategies of cost leadership, differentiation and focus, provide the basis for competitive advantage (Porter, 1985) by improving the firm's abilities to create superior customer value relative to competitors so as to ensure its success at the market place (Robert, 1997).

1.1.1 Market Share

According to Bernhardt (1991), market share is that fraction of total market that a company or a brand commands. According to Lee & Masao (1990), market share should be defined in terms of a certain target market and time point. They define it as "shares of actual unit or dollar sales volume for a product in a given geographical market over a known period". 'Market' in this case implies sales performance of a product class in the market, rather than a collection of buyers for the product. In the latter case, it is referred to as consumer or buyer shares.

Porter and Grundy (1995) define strategy as a continuum of deliberate and flexible pattern in a stream of current or past steps and decisions taken by a firm, which define where it is now, where it is worthwhile for it to be, and how to get there through competitive advantage, with least difficulty and in the least time. Because of rapid changes in business environment, it has become hard to sustain any competitive advantage. Grand strategy is therefore required to guide the firm through the change processes and to attain its objectives.

Market share strategies, therefore, are the activities and plans that a company employs to either increase, maintain its share or to harvest or divest them from its market(s). Based on the BCG matrix, Kotler (2001) identifies four market share strategies namely gaining share, holding or maintaining shares, harvesting, and divestment.

Though market-share growth strategies are often ambiguous and uncertain (Grundy, 1995), more attention has in the recent past been paid to market share especially in attractive segments than to any other strategic marketing variable (Kotler, 2001; Lee & Masao, 1990). This is because it is recognized widely as a source of cost (and hence competitive) advantage and a measure of business health and strength based on the general assumption that the higher the share the better the capacity utilization and economies of scale, hence the higher the profitability (Barkowitz et al, 1989; Porter, 1985). In his article in the BusinessWeek (2006) on Cephalon Inc., an American drug maker, Weintraub demonstrated that an increase in sales revenue (which is a direct function of market share) has some positive relationship with profitability. In their work, Szymanski et al, (1993) found that market share has a direct positive effect on profitability as long as relevant costs of direct activities remain constant. However, according to Jacobsen (1988) and Lee & Masao there is no cause-and-effect relationship between market share and profitability, arguing that both are but joint outcomes of successful strategies. In agreeing, Porter says that each can be achieved without the other.

Due to heightened competition resulting in increased marketing costs, companies have continued to formulate strategies of grabbing share from others rather than expanding the total market size since it is relatively much cheaper to erode existing share than to build share from scratch (Barkowitz, 1989). As a result, they invariably face real threat of share erosion and of weakened competitive position from their competitors in their traditional markets. They lose revenue base, and with it the financial capacity to fund innovation and research into new products that could help to further spur their growth and fend off competitor attacks. Described by Porter as a stuck-in-the-middle situation, this is a futile-cycle state in which a firm is in a position of strategic disadvantage from which it cannot get out. According to Lee & Masao, there is an evident need therefore, for companies to be concerned not only about desired market share but also to understand the possible consequences of pursuing it.

1.1.2 Pharmaceutical Industry in Kenya

Pharmaceutical companies are concerned with researching, designing, developing and marketing efficacious, safe and high-quality medicines to cure human and even animal and plant diseases. According to Batizlazo & Holland (2000) organized pharmaceutical industry emerged in the late 19th Century when dyestuffs were found to have antiseptic properties. Many of these early firms were however, family-owned enterprises, and never emphasized research and development until after the discovery of penicillins in the 1950s. With the post-war economic expansion of the 1960s, the industry boomed and issuance of patent rights to secure companies' R&D molecules from imitation began. In the 70's, however, generic industry emerged (Batizlazo & Holland, 2000).

According to Muiva (2001), the pharmaceutical industry in Kenya can be divided into multi-national companies, generic companies and consumers. Multinational companies are involved in researching and developing original brands while generic companies on the other hand are involved in manufacturing and marketing imitated brands. Consumers can be categorized as direct or indirect. Direct consumers are individual patients who buy drugs for their own use, while indirect consumers are either companies such as hospitals and Health Management Organizations (HMOs), or individuals who buy pharmaceutical products for their clients or patients but do not themselves consume the products. Vinayak (2001) further breaks the industry into manufacturing companies, multinationals, Kenya agents and local traders and distributors. It has recorded significant growth since the early 80's (Ongubo, 2003; Munyiri, 2000) and attracted more foreign investment mainly from India (Ronoh, 2002; PPB Drug Register, 2002-2005) especially in the early 1990s after trade liberalization began (Economic Survey, 2003). Subsequently manufacturing plants like Dawa Pharmaceuticals, in which the government had shares shut down, paving way for free market in which multi- and trans-national firms have dominated local manufacturers.

As a country, Kenya still remains a preferred strategic entry point for foreign companies, as it opens up a tax-preferential COMESA and EAC markets with a population estimated in 2002 to be 360 million (Monthly Bulletin of Statistics, 2005; Population Vital Statistics, 2005). Even though there is no accurate data about the size of this industry in Kenya, the Economic Survey report of 2003 estimated its value to be Ksh 10.375 billion per year based on the export and import value. It further shows that the import value of pharmaceutical products have steadily increased from Ksh. 6.559 billion in 1998 to Ksh. 8.678 billion in 2002, dropping only in 2000 to Ksh. 5.976 billion.

Followed by private hospitals, retail chemists and religious-based hospitals, Government of Kenya (GoK) is still the single biggest buyer of pharmaceutical products, spending 14% of its Ministry of Health budgetary allocation in 2001/02 (NDP, 2002 – 2008). Between June 2004 and June 2005, the industry profits averaged 34% compared to average Kenya Treasury Bill rate of 8.62% (Monthly Bulletin of Statistics, 2005) over the same period, underscoring its attractiveness as an ideal alternative investment. Besides, between 2002 and 2005, there were 688, 743, 750 and 854 new products registered yearly in the country, representing an overall growth of 24.1%, with the highest growth (13.9%) observed in 2005 and the lowest (0.9%) in 2004 (Drug Register, 2002-2005). In the region, Kenyan pharmaceutical industry has stood out as the best developed, having the most superior health infrastructure in terms of the number. network and growth rate of health facilities (Sagwa. 2001; Kenya Medical Directory. 2003). By 2002. it was estimated that health facilities and cot capacity in the country would grow marginally by 1.8% and 4.4% respectively compared to 2001. According to the latest Kenya Medical Directory (2003). there are 143 pharmaceutical firms in Kenya which manufacture about 90% of its essential drugs requirement (Wamalwa. 2002). Considering its size. infrastructure development. profit and rate of new entries. the Kenyan market may be regarded as attractive and therefore continues to attract private and public sector investment.

However. the unfavorable distribution of health facilities has hindered access to and affordability of health services and has therefore skewed the distribution of health expenditure in favor of the urban population compared to the rural population. taking 70% and 30% of the expenditure respectively (NDP. 2002-2008. GoK). Distribution of pharmaceutical companies has also followed this pattern. On a national average. the low doctor : patient ratio of 15 doctors to every 100.000 patients. less than 20% of whom are in public service (Kenya Medical Directory. 2003) is attributable to the sector's brain drain especially to the United Kingdom. United States of America and South Africa (Economic Survey. 2003) owing to relative poor remuneration.

Due to falling national economic growth since early 90's. surge in cases of HIV/AIDS. malaria and tuberculosis as well as expanding population. government expenditure in quality prescription drugs has dropped (Central Bank of Kenya Monthly Economic Review, 2001; World Bank Report. 1993; Human Development Report. 1999). The alternative private sector is also expensive and restrictive (Ndinda. 2005; Mbatia. 1997) as demonstrated by a 4.8% rise in health and medical care inflation index between 2001 and 2002 due mainly to increase in private physician charges alone (Economic Survey 2003).

Both public and private care-givers are forced to turn to cheaper but sometimes less effective and poor quality generics, further compromising the quality of care. Because of their increased numbers. drug representatives are also restricted by some doctors. HMOs and hospitals. ending up making fewer and rarely effective detailing calls (The Scrip. 2006; Anders. 1993). There is also a shift in the competitive forces (Porter. 1985; Mbau. 2000). with an increase in entry barriers such as drug formularies, expensive and complex regulatory processes. generic pressure as well as aggressive detailing. sampling and branding practices all of which enhance price sensitivity (Gunul et al. 2001) and trigger price wars (Ongubo, 2003). Patent infringement (Southern Africa Economic Summit. 2002), parallel imports and illegal trade in counterfeits is becoming increasingly prevalent due to corruption and ineffectiveness of the PPB (Wamalwa. 2002; Dale & Sheffet, 1988). Moreover. the cost structure of Kenyan manufacturing firms has remained higher compared to their foreign counterparts due to capacity underutilization. tax on raw materials. high electricity tariffs. among others (Wamalwa. 2002).

Firms struggle to occupy new market positions and retain or recreate new sources of competitive advantage (Ndiho. 2001). Sometime. this situation results into competitive stalemates that thoroughly undermine industry structure (Porter. 1987), shortens product life cycle. erodes market share. causes volatility of competitive positions (Kotler. 2001) and raises cost of business in the form of cost of improved security packaging against counterfeits. In such an environment. succeeding at developing new products into strong brands is hard.

To overcome these challenges. firms are adopting varied marketing strategies to create superior customer value in order to gain desired market share. For instance, some firms differentiate their products through branding, reducing prices to enter formularies. sponsoring continuous medical education (CME) or continuous professional development (CPD) sessions, and improving the management of Key Opinion Leaders relationship (Kimani, 2003). They also have to look for cheaper alternative production sites especially in China and Asia, turning away from their expensive traditional import destinations in Europe and the U.S.A. (Bastizlazo, 2000; Ronoh, 2002, Chao, 1998). According to the PPB Drug Register (2006), China and

Asia accounted for 65.9% of all new product applications in 2005 followed by Africa (17.9%), Europe (9.0%), Australia (3.0%), South America (2.4%) and North America (1.8%).

1.2 Statement of the Problem

Pharmaceutical companies have the responsibility of researching and developing safe and effective medicines to treat diseases. In doing so, they not only improve quality of life and alleviate suffering, but also create employment, grow economies and return desirable profits to their shareholders (Frank, 2006). In order to achieve these, they must grow in terms of the market share they command in their target markets. The importance of market share to the growth of any business has been underscored by many scholars such as Lee & Masao (1990), Kotler (2001), Barkowitz et al (1989) and Porter (1985). However, market share growth is facing stiff competition which is compounded by regulations that prohibit direct-to-consumer (DTC) advertising of majority of important products, and consequently impacting negatively on their market share. As such, pharmaceutical companies must constantly seek appropriate strategies to support their growth and profits (Wamalwa, 2003; Kotler, 2001; and Noognes, 1990). Since there is no single strategy for success (Porter, 1985), it is important to study the strategies most commonly used by pharmaceutical companies to grow in terms of market share.

Yet, according to Gönül et al, studies in pharmaceutical marketing are generally few the world over. In their study in Europe, the researchers investigated the effect of free sampling and detailing on physician's choice of branded prescription medicine. In the Kenyan pharmaceutical industry, Thuo (1999), Ronoh (2002), Muiva (2002), Ongubo (2003), Kimani (2003), Misumi (2003), Naikuni (2001), Ndiho (2001) and Vinayak (2001) have studied determinants of retail pharmacy patronage, direct marketing, competitive intelligence systems, determinants of brand loyalty, key opinion leadership, doctor perception of medical representatives, application of promotional mix elements by multinational companies (MNCs), marketing practices and strategic marketing of locally manufactured products respectively. In a related study, Kioi (2001) evaluated strategies used in Kenya's dairy industry and forces influencing them. He concluded that market share growth strategies were the most commonly employed of all strategies. Kiilu (2004) surveyed the extent to which public utility firms employed Ansoff's strategies of growth. None of these studies focused on the market share growth strategies used by pharmaceutical firms. It has not been established whether pharmaceutical companies in Kenya pursue any structured growth strategies, and the extent to which they employ them. It would therefore be necessary to conduct a study to establish the market share growth strategies used by pharmaceutical companies in Kenya, and the extent to which they pursue these strategies to increase their market share. Such an understanding is important in determining the most appropriate strategies that a firm in this industry may undertake to grow in this competitive environment.

This study therefore aimed at closing the gap by answering the following questions:

(i) What strategies do pharmaceutical companies in Kenya employ to grow their market share ?

(ii) To what extent do they employ growth strategies?

1.3 Objective of the Study

The objective of this study was to determine the extent of use of market share growth strategies by pharmaceutical firms in Kenya.

1.4 Importance of the Study

The results of this study are expected to benefit:

(i) Firms in the pharmaceutical industry to formulate strategies that will help them grow in terms of market share

(ii) Firms in other industries to formulate strategies that will help them gain high market share quickly and less expensively.

(iii) Scholars and researchers who want to conduct further research in this area.

CHAPTER TWO

LITERATURE REVIEW

2.1 The Concept of Strategy

Strategic thinking began with Peter Drucker in the 1950s in the U.S.A. and was more limited to managing organizations. Later, Andrawes (1971) defined strategy more elaborately as a pattern of decisions that reveal objectives, goals, policies and plans for not only achieving specified objectives but also defining the range of business activities a firm intends to pursue and the benefits it intends to advance to its shareholders (Kioi, 2001). According to Grundy (1995), strategy is a flexible pattern in a stream of past and present decisions which are taken by a firm to define where it is now and where it wants to be, and how to migrate there through competitive advantage with least difficulty and cost. Eisenhardt & Sull (2001) define strategy as a composition of strategically significant processes, and the simple rules that guide those processes. Aosa (1988) defines strategy as a plan that matches the internal with external environmental conditions to solve a strategic problem.

However, the lack of understanding of how effective strategies are developed has been documented in much literature (BusinessWeek, 1996; Fortune, 1996). Kotler & Armstrong conclude that there is no one strategy to success. An effective strategy is therefore only seen in retrospect of how an organization has improved in terms of efficiency in attaining its objectives and allocating resources. Some scholars such as Aosa (1988) and Morris, et al (1990) have proposed that for a strategy to be effective, both its development and execution must be linked together. The management must therefore identify key success factors based on this linkage against which to benchmark its performance, segment its markets, analyse competitor advantages and anticipated reactions, exploit available strategic degrees of freedom, and invest its resources strategically. It must also harmonise its strategies with its environmental dynamics and should aim to out-compete its competitor's strategy. This is referred to as 'competitive strategy' in the sense that it is a firm's strategy that would guarantee it success despite a competitor's strategy and challenges from external environment. This way, a sound strategy should therefore confer a company with a unique advantage (competitive advantage) over its rivals (Wamalwa, 2001). When a state of competitive advantage is attained, customer value will have been enhanced, making the customers to continue preferring the firm and its products to their competitors'.

2.2 Market Share

According to Porter (1985) and Fogg, (1974) market share growth is premised on a company attaining relative competitive advantage. According to Reis & Trout (1989), Kotler (2001), Day (1994) and Baradwaj et al (1993), competitive advantage is attained when a company achieves a unique configuration of its value chain, defines an appropriate scope of operation and aligns the two with the value chains of its target customers. The company therefore offers superior customer value by meeting their needs at the lowest possible price, which makes its brands more attractive to both current customers and prospects despite existence of alternative brands, thereby increasing the market share of its brands.

Moreover, market share also depends on the internal (re)organization of the firm or marketing department, coordination of activities, quality of information and communication technology, procurement system, quality human resource capital, and how they interact and impact on costs and differentiation. As such, Eisenhardt & Sull, (2001) observe that in high velocity markets for instance, competitive advantage can arise from simple rules that aim at focusing the management attention to key strategic processes and how to carry them out, key projects and their priority in resource allocation, timing of management decisions as well as defining strategic boundaries without stifling creativity and flexibility. Besides, simple rules can be used as quick reference guides, performance benchmarks and signals for strategic change such as harvesting or divesting from a market. They can also help the company to identify market opportunities worth seizing and developing. Since organizational capabilities and resources define the distinctive competencies, comprehensive planning and budgeting, therefore, are other important sources of competitive advantage as they allow firms to demonstrate how they will achieve sales and profit growth besides developing contingency plans to hedge against risks due to environmental turbulence.

Since competitive advantage is built on Porter's three generic strategies of cost leadership, differentiation, and focus shown on **Figure 1**, so therefore is market share (Porter, 1985; Grundy, 1989). The successful application of these grand strategies to the marketing mix elements has an influence on the choice of strategies and actions to be used in 'positioning' the 'offer' (product, service, price, and communication message) for effective market share gain.

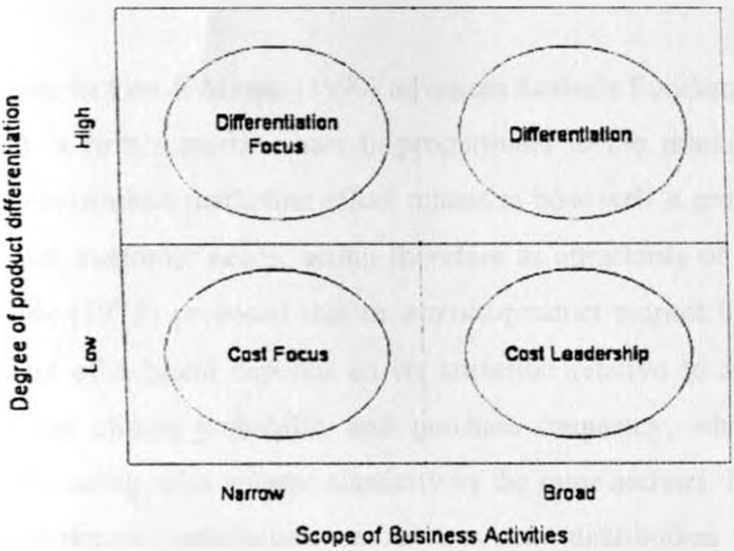


Figure 1: Three Generic Strategies

Adapted from Porter, M. E., (1985), **Competitive Advantage: Creating and Sustaining Superior Performance,** The Free Press, New York, Pg. 12.

In cost leadership, a firm sets out to be the lowest-cost producer and consequently the price giver in its industry. It is therefore capable of building its market share by offering lower prices relative to its competitors. In focus strategy, a firm or a product line is tailored to meet identifiable needs only of a specific niche that are poorly met or not served at all. In this way, it is able to capture higher share of the target segment. On the other hand, a firm pursuing differentiation (or product leadership) strategy seeks to be unique in its industry along one or a few dimensions that are widely valued by customers, subsequently attaining higher market share (Porter, 1985). Aaker & Day (1986) as well as Peters & Waterman (1982), Clifford & Cavanagh (1985), and Peters & Austin (1985) argue that competitive advantage built around product benefits (differentiation) rather than low-cost or time of entry is the most critical determinant of success in share growth in brand markets. McKenna (1986) avers that high-tech products need to be positioned on the basis of more tangible attributes such as quality, performance and reliability or service rather than on narrow performance specifications and price, arguing that technical advantages are short-lived and that most customers rely on quality and performance when choosing brands, and less on the technical details

Kotler in Lee & Masao (1990) advances Kotler's Fundamental Theorem which states that 'a firm's market share is proportional to the marketing effort of its product', where product marketing effort relates to how well a product's features and benefits match customer needs, acting therefore as attractants of customers. Bell, Keeney & Little (1975) proposed that in a multi-product market like pharmaceuticals, market share of a brand depends on its attraction relative to alternative brands. This will dictate choice probability and purchase frequency, which have been identified as influencing sales volume elasticity by the same authors. Intervening variables such as preferences, satisfaction, awareness and distribution determine the motives of purchase and use of a brand and influence the extent of repeat purchases of a brand.

Value factors that enhance product benefits, such as product and service quality, courtesy, customer intimacy and nichemanship have been found to have a direct and positive effect on market share, sales revenue and return on investment (ROI) as they support premium prices, influence demand (Buzzell & Gale, 1987; BusinessWeek, 2006), reduce costs and in general terms increase customer value. The intensity of distribution enhances availability and accessibility and so improves buyer value by reducing acquisition time and effort. Buzzell & Gale further found that a combination of highest quality and premium price gives the most profits, while highest quality and parity price gives high market share. Ongubo (2003) observed that pharmaceutical products that are efficacious and safe - the primary comparator parameters for consumers and doctors - gain customer satisfaction and hence market share while reducing cost of sale and of attracting and retaining a prospect.

Market share is also dependent on the extent of use of the promotional mix elements such as advertising, promotion, personal selling and distribution, among others. These are secondary or support activities under the control of the marketing manager which can therefore be modified to enhance and deliver superior value.

Market share and strategy are also influenced by the nature and stage in the product life cycle. Pharmaceutical products are classified into specialty and unsought products if they are used in specialized disease areas like cancers or in general diseases like pain respectively. A new specialty product can gain significant portion of its target market especially if its nature makes it unique and unsubtitutable (McCarthy & Perreault, 2001). This way, it commands a huge inelastic demand that can spur its growth due to brand insistence and will require different share strategies from unsought products.

Market share is also influenced by environmental variables as competition, though marketing experts are divided on this (Varadarajan, Clark and Pride, 1990). It is therefore important to carry out a strategic audit of the business performance and operations relative to competition in order to identify weaknesses, threats, and opportunities of growth and to design appropriate growth strategies (Porter, 1985). In particular, Lee & Masao (1990) recommend that formulation of market share strategies should be based on the outcome of market share analysis using such models as MCI, Linear, Multiplicative and Exponential models. SWOT, PEST, Porter's Industry Analysis, BCG portfolio matrix, PIMS model, the Market-Attractiveness-Business Position (GE-McKinsey) matrix, Strategic Gap model as well as the Product Life Cycle (PLC) is some market planning tools that consider the aggregate environmental influence when designing market share strategies. Consequently, Porter. Grundy (1994a), Kotler. Mintzberg (1987) and Hymowitz & O'Boyle (1991) recommend that to increase its market share for instance, strategies and plans must be continually upgraded to reflect actual and/or anticipated internal and external changes, refocus the firm to its objectives and get necessary resources and management commitment.

Adequacy and allocation of resources also affect market share. According to Moore (1993) more resources should also be allocated to activities that create awareness ("pull effect") than those that encourage wide availability ("push effect"). Decision models such as NEWSTRAT and MARMIX criterion models help in appraising how awareness, distribution and sales will respond to any level of expenditure for each support element.

The way in which the marketing unit or process is organized will also influence market share as they determine rates of market penetration, product development, market development and adoption. According to Wylie & Patel (2005), marketing unit should be organized based on segmentation and product categories. The aim is to focus the firm or unit to its goals and mission.

Market share growth also depends on available opportunities. Normally, opportunities arise when something is in short supply, an existing product or service is not properly meeting market needs, or when the market needs a new product, technology or service. For instance a new scientific discovery may create a new indication for a drug, or may close the 'strategic window' (a period of maximum fit between the product and market needs) by negatively affecting its fit in the market, and hence its share growth (Abell, 1978). Kotler (2001) and Grundy et al, (1995) propose two models that can assist a company to identify more opportunities, namely the idea manager and the strategic breakthrough (or gap) models respectively. The latter helps to reveal and fill strategic gaps that hinder a company from attaining its projected sales or market share goals.

Market orientation, as a product of corporate strategy also has an effect on sales performance. Whether this effect is positive or not is still controversial. In their study, which has however been adjudged to have several limitations, Noble, C.H. et al (2002) found that firms with competitor orientation (≡ market orientation), national brand focus (≡ product orientation) and selling orientation attained superior performance than their counterparts who did not. They concluded that in volatile markets, focus on competitor activity is important as it poses the immediate single most important threat to success of the firm, and also that customer orientation did not relate to performance. While reviewing literature, Jaworski & Kohli have reported positive relationship between market orientation and firm performance, even though many critics considered it to be an aggregate effect of other factors (Han, Kim & Srivastava, 1998). They concluded that in volatile markets, selling orientation improves financial performance, while competitor (outward) orientation rather than production efficiencies (inward orientation) provides superior sales performance. They were however unable to demonstrate a direct positive relationship between customer orientation alone and firm performance. A positive relationship between performance and innovation was however reported by Gatignon & Xuereb (1997) only in highly uncertain markets.

Market share is measured as the fraction of total dollar or unit sales volumes that a company or a brand commands in its target market (Lee & Masao, 1990: Bernhardt, 1991). Mathematically, it is expressed as:

$$\text{Market share} = \frac{\text{Company sales level (units or dollars)}}{\text{Total market sales (units or dollars)}}$$

Market share analysis is a competitive, descriptive, predictive and profit-oriented process of evaluating the effectiveness of marketing actions in a competitive environment in terms of the fraction of total market sales (units or dollars) a firm or brand commands. It requires that all competitive more complex in a multi-brand market. It is useful in gaining deeper understanding of the market, in the planning process and for effective internal communication. It should provide information or the structure of the market, the competition and on the influence that marketing actions have on brand performance. These are critical information to formulation of viable strategies.

The authors posit that there is "no single correct analytical framework for market share". Rather, every situation demands relevant model, collection and review of data, estimation of model parameters and converting the parameters to decision dated factors: Eventually, planning, forecasting, strategy formulation and follow-up should be performed.

There are several models, the most popular of which is the Multiplicative Competitive Interaction (or attraction) Model (MCI) for multi-brand analysis. It proposes that market share is equal to the levels or shares of attraction of respective brands, and that attraction partially depends how the marketing instruments interact.

According to this model, market share of brand i is given as:

$$Si = \frac{A_i}{\sum_{i=1}^{m} A_i}$$

or

$$= \prod_{k=1}^{k} fk(x_{ki})^{\beta k}$$

Where

A I = attraction of brand i

M = number of competing brands

x_{ki} = value of the Kth explanatory variable x_{ki} for brand I (e.g. prices, product attributes, expenditures for advertising, distribution, sales forces).

K= the number of explanatory variables

f_k = a monotone transformation on x_{ki} ($f_k(.) > 0$)

δk = a parameter to be estimated

According to Kotler's Fundamental Theorem, market share is proportional to the marketing effort of the brand or firm i, expressed as:

$$Si = k.Mi = \frac{M}{\sum_{j=o}^{m} M_j}$$

Where,

Mi = the marketing effort of brand or firm i

K= a constant of proportionality

However, Bell, Keeney and Little's (BKL) Market Share Theorem postulates that market share is dependent on brand i's attraction.

$$si = \frac{A_i}{\sum_{j=1}^{m} A_j}$$ where A_i is attraction of brand i

Other alternative but closely related models of market share analysis are Linear, Multiplicative and Exponential models.

The ways in which market share changes also depend on the individual purchase frequency and individual choice probability, which are aggregate effects of the marketing effort and brand attraction. The ratio of the relative change in market shares to relative change in a marketing mix variable is referred to as market share elasticity, denoted as e.

2.3 Market-Share Strategies

According to Kotler and Bernhardt (1991) market share strategy is defined as a pattern of activities and plans employed by a company to achieve a desired market share objective such as to grow market share, hold and maintain share, harvest or divest share from the market. According to Benhardt (1991) it is a plan of obtaining a desired fraction of total market sales volume. According to Lee & Masao, it is the fraction of actual sales (units or dollars) of a product class in a geographical market that a product in that class commands over a certain time period. However, Reis & Trout (1989) believe that it should rather focus on growing desired share of mind, arguing that it is what drives unit sales. But Bogart & Lehman (1973) warn that unless it translates into sales, share of mind is worthless objective.

Since market share is a direct function of competition and the marketing effort (Lee & Masao, 1990), the share strategy pursued depends on the firm's objectives, resources, size and industry position, as well as history and management orientation, all of which determine the competitive position it occupies. Kotler (2001) advances four competitive positions, viz market leader (highest market share objective), market challenger, market follower and finally market nicher positions in that order. For instance, a market leader would employ strategies that defend or maintain it share whereas a market challenger would employ growth strategies aimed at gaining share from the leader.

The market share strategies originate from the market planning models (Grundy, 1993; Pride & Ferrell, 1991). The PLC model postulates that the stage in which a product is in its life cycle has a strong influence on the choice of strategy (McCarthy & Perreault, 1991, and Kotler, 1999). For instance, growth phase should be supported by intense growth strategies such as market penetration and development. In the maturity phase when competitive situation is stabile and customers become more experienced with the products, their expectations may therefore change (DeBruicker and Summe, 1985) making market development and product development strategies more suitable. Product modifications, different pricing strategies (which, for instance, considers daily or full cost of treatment), incentives to dealers, large or moderate advertising and promotional spending to help with differentiation and sales promotion campaigns are important for maintaining or growing share.

The Profit Impact of Marketing Strategies (PIMS) Model, developed by Strategic Planning Institute (SPI) from 1970 to 1983 for the PIMS research program (Jacobson, 1988) identified more than 30 factors that affect firm performance and grouped them into three variables, namely those relating to the structure of the market, those that describe the firm's competitive position, and those that relate to the strategy chosen by the firm (Buzzell & Gale, 1987). It supports the view that companies which had strong market position (high market share), high quality products, as well as lower investment and capital-related cost structure were more successful in growing their market share than those that did not.

BCG Growth Share Matrix **(Figure 2)** has been used to classify products by measuring their growth potential and market share, and to examine future competitive positions and opportunities (Guiltinan and Paul, 1982). From it, four market share strategies have been derived in order of reducing commitment of the firm to its strategic growth objective, namely build share, maintain share, harvest or divest (Kotler, 2001; Guiltinan & Paul, 1982). Under it, products are classified into stars, cash cow, problem child or dogs (Day, 1977) depending on their market share and growth potential. The future position of a firm is indicated by the prospects of the stars, the size and vulnerability of the cash cows, and the number of the problem children and dogs. This model has however been criticized because even though some firms did not follow its market share strategy recommendations they were all the same successful (Fierman, 1974; Furhan, 1972; Aaker & Day, 1986; Woo & Cooper, 1982).

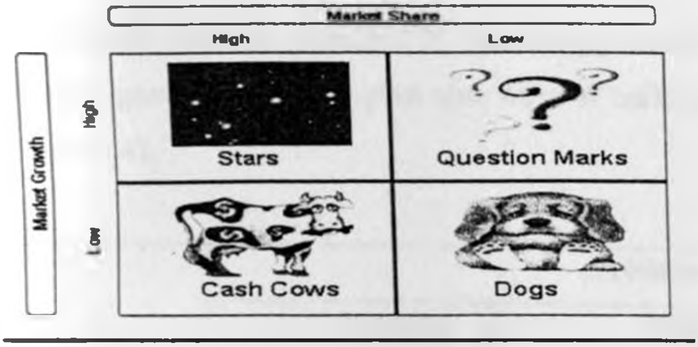


Figure 2: The Boston Consulting Group Box ("BCG Box")

Adapted from George, S. Day (1977), "Diagnosing the Product Portfolio". **Journal of Marketing,** April 1977. Pg. 32.

In his growth matrix **(Figure 3),** Ansoff advanced three competitive growth strategies, namely intense growth, diversified growth and integrated growth strategies (Pride & Ferrell; Ansoff, 1957 & 1965). Intense growth occurs when current products and markets have the potential to spur sales. To achieve intense growth, a company may adopt one or more of the following three strategies: market penetration, market development and product development. In diversified growth strategy, a company pursues growth by introducing new products into new markets, for example through practicing nichemanship.

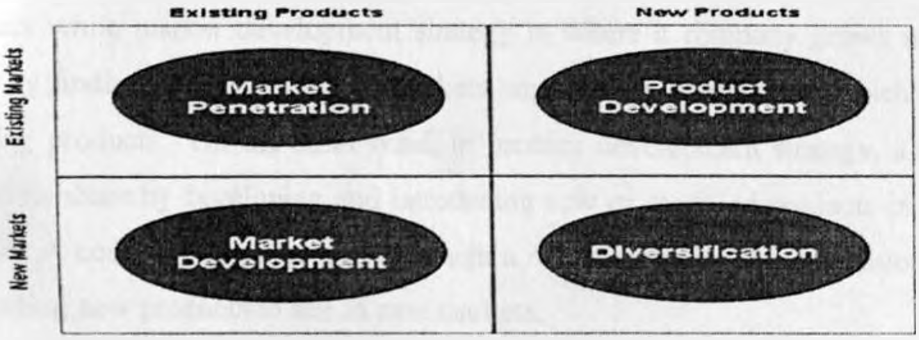


Figure 3: Ansoff's Growth Matrix

Adapted from Ansoff, H. Igor (1965), **Corporate Strategy: An Analytical Approach to Business Policy for Growth and Expansion**. New York: McGraw-Hill, Pg. 109.

This model has been expanded by introducing modification of product or market as another growth strategy to give nine ways of building demand or achieving growth (**Figure 4**).

	Products		
	Existing	**Modified**	**New**
	Market penetration	Product modification	New product development
Markets	Geographical expansion	Sell modified products to new geographical markets	Design new product for new geographica markets
	Segment invasion	Sell modified products to new types of customers	Diversification

Figure 4: Nine Ways of Building Demand

Adapted from Moore, W. L. & Pessemier, E. A., (1993), **Product Planning & Management: Designing and Delivering Value.** McGraw-Hill Series in Marketing, Pg. 123.

Market penetration is the strategy for gaining share with current products in current markets while market development strategy is where a company grows its market share by finding new geographical markets, segments or industries in which to sell its existing products. On the other hand, in product development strategy, a company grows its share by developing and introducing new or modified products into current market. A company can also grow through a risk-minimizing diversification strategy by finding new products to sell in new markets.

Generally, diversification, with its three variants, namely horizontal, concentric and conglomerate diversification strategies enhances capacity utilization in terms of management, technical and financial resources, (Woodruff, 1989). In horizontal diversification, new products that are technologically different from current ones are introduced into current markets. For example, Intas Pharmaceuticals introduced Glitas, an anti-diabetes drug that is different from Lipitas and Lorsatas, to the same doctors (diabetologists/physicians/cardiologists) who are already prescribing the first two drugs. In concentric diversification, new products that are technologically similar to current ones are introduced to new markets. For example, Pfizer Laboratories introduced oral formulation of an antifungal Diflucan® 150mg into vaginal candidiasis market, promoting it to obstetrician & gynaecologists after having introduced 200mg parenteral formulation to physicians for treatment of fungal meningitis. In conglomerate diversification, new products that are unrelated to current technology, products or markets are introduced to markets new to the firm. On the other hand, in integrated growth strategy, a company pursues growth through forward, backward and horizontal integrations with distributors, suppliers and competitors respectively.

The McKinsey Growth Pyramid is a composite model and an elaborate improvement of Ansoff's, PIMS and BCG matrices. Unlike the other models, this model is unidirectional in that it outlines only strategies of positive growth rather than generalised market share strategies which also include negative growth strategies such as harvesting strategies. Therefore, in this model, seven market share growth strategies are outlined. It recognizes the impact of skills, privileged assets and special relationships on design of any successful growth strategy.

Success of a market share growth strategy can be evaluated in terms of the market share a product commands in the target market. However, it should not only be measured in terms of both market share and profitability (Fogg, 1974; Szymanski, D.M. et al, 1993; Grundy, 1985; Kotler, 2001; Reis & Trout, 1989; Lee & Masao) but also in terms of its feasibility, consistency, competitiveness, validity, economic value and how it influences trial and purchase, intervening variables and demand. The performance level of the intervening variables affect market share directly, and indirectly by the way they affect purchase motives. Day & Fahey (1988) propose that performance measurements should ideally be based on shareholder value or equity, arguing that this provides a more realistic and holistic picture of the state of the business as it captures the aggregate effect of all factors that can affect growth. Firms ought, therefore to set a performance target levels of these variables as well in order to bolster future sales. Successful strategy is also beginning to be measured in terms of improvement in how admired a company is in terms of people treatment, future prospects and product pipeline, social responsibility, leadership quality, technology and market competitiveness. These measures have a positive feedback mechanism on market share and profitability, and so cannot be separated.

Kuczmarski (1988) developed the New Product Diagnostic Audit as a tool for evaluating relative success of new products introduced in the past five years relative to competitors of same age. This way, it is possible to evaluate the success rate of a growth strategy.

Success of growth strategy should also be evaluated based on available strategic degrees of freedom. Kotler & Armstrong (2004) and Grundy (1995) suggest that different strategic options should call for different marketing strategies, actions and even different products. If the strategy is to erode share from a competitor, aggressive advertising, sales promotion, price reduction and product modification, among others are called for. If the strategy is to increase sales by tapping the market of non-users, the general positioning of 'higher quality' is desirable. In this case, possible actions include sampling as well as advertising or detailing, all of which should communicate quality and value through messages delivered at a specified rate in order to gain trial. For personally ego-intensive products such as health care products, expert opinion and personal satisfaction are more important variables that affect sales performance. The relative attractiveness of these strategic options is not equal and keeps changing over time. Any change in strategy requiring investment should promise to create more value by increasing present value of future cash flows (Rappaport, 1987). To measure achievement of strategic objectives, they must be translated into measurable and actionable operational objectives.

2.4 Strategies for Gaining Market-Share

According to Porter and Rigby (2001), market share growth strategies aim at increasing market share at the expense of competitors, or for their own self-preservation during industry downturns. However in virgin markets, share is normally gained from scratch by tapping the latent demand therein. Furhan (1972) and Kotler (2001) however warn that a firm ideally should identify the right opportunities and have sufficient resources and commitment before considering implementing any growth strategy. Most of the marketing planning tools mentioned elsewhere in this research work have extensively been used in identifying, planning, evaluating and selecting growth opportunities (Pride & Ferrell; Grundy; Guiltinan & Paul, 1982; Day, 1977; Jacobson; Cravens, 1983).

According to Kotler (1999), market opportunities arise when something is in short supply; when it is possible to supply an existing product or service in a new and better way; and when something is new to the market. In addition, in his work, Fogg (1974) says a company may also see an opportunity to gain more share in a market if an initially-introduced new product was successful, signaling that the market size is big or growing and profits therefore attractive. According to Kotler and Reis & Trout, an opportunity can also arise when a product is underperforming in a growth market due to poor management or marketing expertise, or if a market leader is unwilling to fight, merely ignoring the threat or has bureaucratic hindrances. Due to these hindrances most multinational companies, for instance lose a lot of market share (Noognes, 1990).

Noble et al, Reis & Trout, McKinsey, Jaworski & Kohli, Hymowitz & O'Boyle (1991), Eisenhardt & Sull and Menon et al, (1999) encourage companies to continually adopt evolving, simple, clear and flexible growth tactics that focus on strengths and weaknesses as well as on competition and premised on sources of competitive advantages such as experience and commitment, operational skills, growth skills, special relationships and privileged assets.

The McKinsey 7-S (Seven Strategies) growth model has been described by Pearce & Robinson (1997) as a more holistic framework than Ansoff's and the PIMS models as it recognizes that in order to succeed, any growth strategy should be supported by adequate and relevant operational skills or core competences, privileged assets, growth skills, as well as special relationship. Operational skills define the core/distinctive competences such as organizational capabilities (e.g. distribution, customer service, technology) and resources (Day, 1990) upon which the growth strategies must be built. Privileged assets are advantages unique only to the firm, such as strong brand equity, unique value chains and systems, distinct corporate culture and values, large customer base, among others. Growth skills are skills necessary for any growth strategy to succeed, such as innovation, new product development and skills for negotiating new mergers and acquisitions and integrating them. Special internal and external relationships and linkages, especially with trade bodies, government departments, suppliers and buyers can be exploited to create strong value systems that can help open new and more opportunities to the firm. These skills and linkages can not only supply the necessary competitive advantage, but also erect barriers against competitors and mitigate risk of failure of the growth strategy. Normally, the risk of failure increases as the company adopts strategies involving external investments in which it has limited knowledge. This model therefore recommends that the firm focuses on its structure, systems, shared values (culture), skills, style and staff for effective execution of chosen strategies. It therefore considers all elements necessary for driving share growth, such as organization, leadership, culture and performance rewards

As shown in Figure 5, the model outlines seven ways of growing market share (Day, 1990). It proposes that growth strategy should involve: selling existing products to existing customers; selling existing products to new customers; developing new products and services; finding new delivery approaches for selling existing products; selling to entirely new geographical markets; mergers and/or acquisition particularly with and/or of troubled competitors; and moving into new competitive arenas through vertical or horizontal integration in related or new industries. It is a widely accepted and tested framework that explains key factors responsible for superior performance of the firm, and was therefore selected as a comparator template for studying growth strategies.

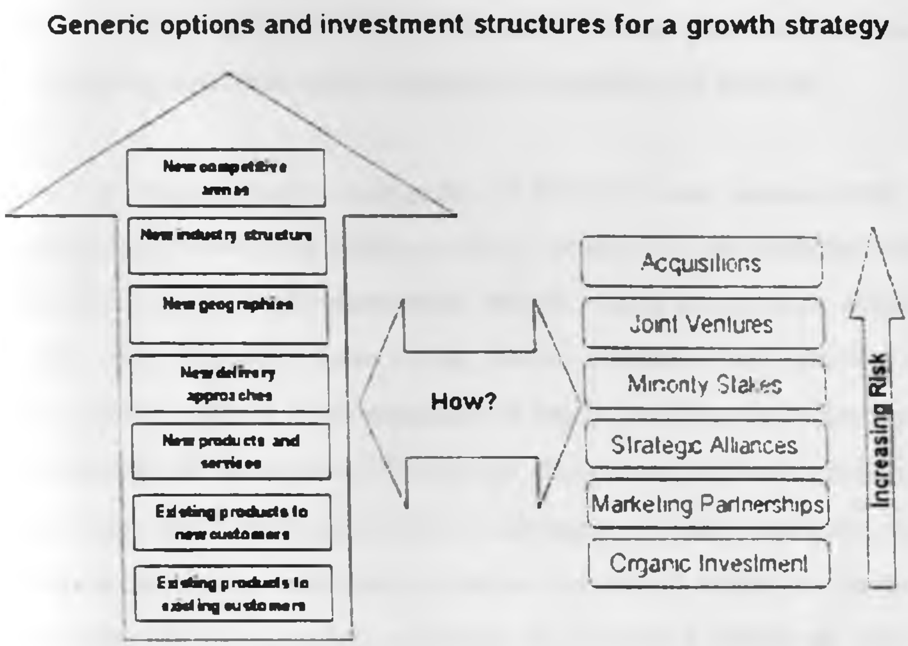


Figure 5: McKinsey Growth Pyramid
Adapted from Pearce. J.A & R.B. Robinson (1997), **"Strategic Management"**, Irwin: McGraw-Hill.

Market share can be grown by selling more of current products to existing customers. This is achieved by stimulating purchase frequency and customer loyalty to the brand in question. This strategy corresponds to Ansoff's market penetration strategy. It is supported by such tactics as improving product quality which, according to Buzzell & Gale, Phillips, et al (1983) and Buzzell & Wiersama, has a direct and positive effect on market share. Other supportive tactics are: providing better service, lowering prices, exceeding customer expectations, increasing branding, advertising, promotion and personal selling (or detailing), employing ICT systems to manage inventory, research field information and improve communication with suppliers and customers, and achieving above-industry average operational excellence in performing these activities. This finding is supported by Isaboke (2001) who found that 60% of oil firms in Kenya reacted to competitive threats by matching competitor prices and improving their positioning. It is regarded as an ideal strategy for growth as it sustains growth momentum, encourages brand loyalty and fends off aggressive competitors attracted by profits and growth. Kotler, McCarthy & Pearreault Jr recommend price reduction as a general tactic for a firm pursuing intense growth as long as it is built on cost leadership and there exists a strong price elasticity of demand.

Pursued by most generic companies, it however can reduce profit margins by triggering price wars, and destroy industry structure if the dominant companies are generic. For specialty pharmaceutical brands, which are used in technical and rare diseases such as cancer, have strong brand insistence and selective accessibility, lowering price may not be as necessary as heavy branding and selective distribution. In the Buzzell & Wiersama (1981) study, there was no direct relationship between price-cutting and share gain. Price skimming, strong warranty, discounts and allowances as well as incentives to dealers are useful tactics for market penetration (Berkowitz, 1989). According to Buzzell & Wiersama, though an exact relationship between advertising spending alone and market share is unknown, it is thought to influence increase in market share. In a related study in France, an increase in promotional spend demonstrated a positive effect on the number of prescriptions of brand medicines (Scrip Magazine, 2006). Other tactics include improving key opinion leadership and customer relationship, finding new uses, new usage occasions, giving performance rewards for the sales force, improving targeting and segmentation (Wylie & Patel, 2005) and improving the organization of marketing unit.

Another growth strategy is selling existing products to new customers or selling products that current customers buy from competitors. This involves targeting non-users, competitor's customers and new segments with current products. As industries mature and sources of growth dry up, managers must continually search for new opportunities, even in related markets and direct the company's attention to them. In mature markets, product modification based on results of market research and organizational learning should be enhanced besides introducing whole product lines, branding and improved targeting and segmentation. Non-users represent the most attractive targets especially early in the PLC. Attracting competitor customers is more risky as it may be met with retaliation.

According to Wylie & Patel (2005), sales growth can occur more efficiently if a firm moves from the traditional strict geographic segmentation as a basis of targeting, to the modern true dynamic segmentation which relies on a deeper understanding of prescribers (customers), their decision-making process and demographics of their patients. This new model recognizes that doctors are linked not by their geographic location but by their specialty, health organizations where they admit or practice, professional associations and such other factors as age. This new paradigm shift, not so well embraced by pharmaceutical industry, requires better ways of gathering and mining quality field data which is then combined with sound product information to reveal ideal targets and plan investment allocation in any phase of a campaign. Under this new segmentation and targeting model, representatives are also gauged based not only on the frequency and coverage alone as in the traditional model, but also on the percentage coverage of the targets during a specific campaign. This way, the value of a field visit may also be quantified.

Under this strategy, warranties or replacement in case of damage or expiry period can also be used to confer competitive advantage as it builds confidence and stimulates trial. As noted by Weiner (1985) and Kelley (1988), this tactic can be used to push for volume sales if the product is unique and its demand strong.

A company can also grow by developing and marketing new products and services to new or existing customers. This strategy is a hybrid of Ansoff's market development and diversification strategies. Kotler observes that customers normally embrace new and advanced technology embodied in the new products. When introduced to the market, new revolutionarily innovative products therefore have the ability to improve sales performance and contribute to market share growth. For instance, over 50% of Hewlett-Packard sales in 1990 and1991 were from new products introduced within the previous two years while Ford's sales rose 73% between 1984 to 1989 (Taylor, 1989), largely due to a string of successful new brand launches.

A direct positive effect of new product introduction on market share growth has been demonstrated by several scholars (Hymowitz & O'Boyle; Zellner, 1992; Rigby; Kotriba, 1966; Kotler; Buzzel & Wiersama (1981). The Boston Consulting Group, commissioned in 2005 by BusinessWeek to study and rank the top 25 most innovative companies found out that innovators have higher revenues and profit margins than the less innovative ones. Based on this, firms must consider benchmarking their products, strategies and processes in order to invest in more innovative and creative ways not only to revamp their product lines and scale-up their service and product quality but also to improve their processes and business models (BusinessWeek, 2006).

However, Simon & Freimer (1970) warn not only of the high costs associated with research and development, technology transfer and training, but also of the uncertainties regarding pricing and the risk of failure, pointing out that about 80% of product ideas developed and brought to market eventually fail. They advocate that decision to support either product variation or new product development must be made in light of the potential risks and benefits and advise that products that are more profitable and less risky are better candidates for modification.

Market research is influential in increasing market share in that it provides the rationale for developing a new product or modifying an existing one to match the needs of the market (Carpenter, 1986; Cochran, 1988). To stay in competition, a company must therefore research and develop products and services that meet the ever-changing needs and desires of the customers as the old portfolios get imitated and lose their distinctiveness.

McCarthy & Pearreault Jr suggest that, in order to grow, new unsought pharmaceutical products, being totally new to the customers require heavy informative promotion supported by product launches, CME's and relevant and current clinical papers that aims to create disease and product awareness and informs the customers of where they can purchase them. Patent protection especially of new pharmaceutical compounds can also be used as a tactic for share growth, but more so as a proactive defense mechanism. Carrying a full line provides convenience and variety that can hook clients onto the brands.

Market share growth can also come from finding new delivery approaches that improve availability, accessibility and convenience to customers. This strategy can also help a firm to defend its market share by closing marketing and service gaps that would attract competitors. In this strategy, a company can take control of and exploit value chains and networks of its distributors, suppliers and even of some of its competitors. Channel policies that do not promote under-cutting of dealers but encourage efficient utilization of available distribution and warehousing facilities (Varadarajan, 1990) and avoid stock disruptions are necessary for growth. It can also involve finding new ways of advertising or delivering promotional messages and communications to the right targets.

An appropriate product packaging can prevent damage, spillage or spoilage while accurate and legible labeling can not only prevent misuse but also promote correct usage/application and compliance to dosage. Both can also improve storage, safety and enhanced product image quality aspects that can be used as sources of competitive advantage. Appropriate drug delivery formulation that improves compliance by reducing treatment period, pill burden and pain while improving palatability can also help attract customers, hence growth of market share.

Another strategy of growth involves selling products in new geographical markets. As McKinsey says, this is one of the most powerful, but also most difficult growth options because it involves getting into markets in which the firm has little or no experience. Kotler advises companies to expand into fast-growing geographical markets as they provide more opportunities for growth. This can be achieved through exporting products or relocating manufacturing or distribution facility to the new location. Alternatively, a firm may enter new geographies through franchising and M&A. Similarly, a firm may also pursue entry into new markets such as hospitals and HMOs through their respective formularies, thereby exposing its brand to the entire network of practicing doctors. An appropriate pricing tactic that supports entry into new markets should also be adopted.

A firm can also grow its market share by influencing industry structure so as to consolidate its position within its industry. This is usually done through mergers and acquisitions of troubled or weakened competitors thereby expanding the total market share of the new consolidated firm in attractive segments. M & A's have the effect of improving customer value by broadening the offering, reducing transaction time and buyer effort. Similarly, a firm may adopt other tactics such as harvesting or divesting, moving up or down-market, pioneering new distribution systems or technology, increasing product performance or changing product design to work only with given accessories (Abell, 1978; Porter, 1985). This last tactic has been used a lot by insulin-manufacturers such as Novo-Nordisc and Ely-Lilly not only to consolidate and defend their market share but also to grow it by offering free insulin pens compatible only with respective cartridges.

Finally, share growth can also be achieved through the strategy of moving into new competitive arenas. This can be done through such tactics as integrations within or outside the industry, or divesting into less competitive markets to protect against the company's market share losses and price fluctuations (Cochran, 1988; Kindel, 1990). If the firm is lacking in industry knowledge and business skills, the risks against success of this strategy are higher. A sound self-audit, appraisal of existing opportunities and analysis of the influence of external on the success of this strategy is therefore crucial.

2.5 Summary of the Literature Review

Companies are in business to grow in terms of market share and to return desirable value to shareholders. As such, managers must guide their firms along growth paths by providing sustainable plans and strategies for identifying reasonable growth opportunities and exploiting them within their physical capacity and resource constraints. Pharmaceutical companies, like those in other industries experience various challenges both in their normal business operations and growth endeavors. They incur costs in the process of differentiating themselves, yet may not be certain to recover them from successful product sales. Opportunities and competitive positions are also volatile because of the fast pace of technology advancement, increased competition from new entrants, imitators and challengers as well as restrictive regulations that delay time to market entry, a critical value process. To identify these growth opportunities, a firm must analyze its value chains in order to weigh and leverage its competitive advantages, and harmonies them with buyer value chains.

However, there is no single strategy of success cast in stone (Kotler, 2001), since opportunities, desires of stakeholders and external and internal influences change overtime. According to Porter (1985), any strategy must be supported by sound and sustainable cost, differentiation and focus leadership if it were to be successful. Since it is not possible to excel in all the three areas simultaneously, a firm must trade off one for the other. However, it should strive to be robustly different from its competitors in aspects most valued by its target customers. In meeting and exceeding their needs and expectations in these parameters, it creates customer value and enjoys greater customer satisfaction, better customer preference and attracts premium prices.

The choice of strategy depends on the firm's competitive position which is influenced by the nature and type of available resources, management orientation, industry position, organization's history and growth objectives. Based on its growth objectives, a firm can decide to pursue strategies that would allow it to grow, maintain harvest or divest its share. A firm can grow organically or through mergers and acquisitions. There are many growth models, the most comprehensive of which is the McKinsey Growth pyramid, underlining seven growth strategies.

Market share has become an important growth parameter in all industries worldwide. No studies however, have been conducted in Kenya to establish the strategies pursued by pharmaceutical companies to grow their market share. This study therefore aimed to close this gap by answering the following questions: What strategies do pharmaceutical companies in Kenya employ to grow their market share? To what extent do they pursue them?

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on the methods used in data collection and analysis. It involves the research design, population of study, sample size and sampling method, data collection method, operationalisation of market share strategies and data analysis.

3.2 Research Design

This was a descriptive research aimed at determining the strategies that pharmaceutical firms in Kenya use to gain market share. Descriptive study was used because, according to Emory & Copper (1994), it determines the who, what, where, when and how of a research topic, which is the focus of this study.

3.3 The Population

The population of interest in this study included all pharmaceutical companies in Kenya involved in manufacturing, marketing and distribution of prescription medicines. According to Kenya Medical Directory (2003), there are a total of 143 pharmaceutical firms in Kenya (see **Appendix iv**).

3.4 Sample Size and Sampling Method

A sample size of 45 companies was considered adequate for the study, taking into account that a sample size of at least one percent of the population can provide reliable results (Kotler, 2003). The samples were drawn through a disproportionate stratified sampling method to ensure that even those strata that were smaller in size were still represented in the final sample. From each stratum, the sample elements were then randomly selected. 21 marketing, 16 distribution and 8 manufacturing firms were selected, making a total of 45 respondents.

3.5 Data Collection Method

Primary data was collected using semi-structured questionnaire. The questionnaire was divided into 8 parts: Part A contained questions aimed at obtaining general information about the firm and the respondent. Questions in Parts B, C, D, E, F, G and H aimed at establishing the importance of and the extent to which the companies implemented market share growth strategies. The questionnaires were personally dropped to one marketing manager or executive per company who was in charge of making marketing decisions and picked later. As McDaniel & Gates (1993) noted, numerous previous studies have shown that people with high-level of education or occupation who are the core respondents in this study, women, students and those with little interest in a topic are highly likely to be non-responders. To reduce non-response rate, the researcher either met or called the responders to introduce the objective of the study and ask them to set aside time to fill the questionnaire. Follow-up by telephone, e-mail and personal visits was also done to further improve response rate.

3.6 Operationalisation of Market-Share Growth Strategies

According to Grundy (1995), strategy is a grand plan comprising of tactics. Whereas the former should hardly be changed, the tactics can be changed from time to time to confer competitive advantage to a firm. In order to implement and measure a strategy (output), it must therefore be defined with respect to the relevant tactics and activities, issues (inputs) which, if accomplished would make it realizable. The relevant issues outlined in **Appendix iii** were therefore the activities necessary for implementing the relevant market share growth strategy.

3.7 Data Analysis

Data was analyzed on a 5-point Likert scale to establish the importance of the strategies and the extent to which the company employs them, according to the keys: 5: extremely important, 4: very important, 3: somewhat important, 2: not very important, and 1: not at all important. Percentages, frequencies and cross-tabulation were used to establish important strategies most commonly used. Data was presented on pie charts and in table forms.

CHAPTER FOUR

DATA ANALYSIS AND STUDY FINDINGS

4.1 Introduction

In this chapter, the results of the study were presented and analysed. The main purpose of the study was to determine the extent to which pharmaceutical firms in Kenya pursue market share growth strategies. Data was collected from 31 respondents, representing 31 pharmaceutical firms. From a total of 45 questionnaires distributed 31 were filled and returned, representing a 69% response rate. This was considered satisfactory, given that the average response rate in this industry is 30% (Ongubo, 2003).

The data collected was coded and entered in SPSS package where analysis was done. The data was analysed using mean scores, standard deviations, percentages, frequencies and cross-tabulations. These were subsequently presented in tables, pie charts and graphs as appropriate. The findings of the study are presented below.

4.2 Company Profile

The nature of the business, its ownership, nature of products manufactured or distributed and the duration the company has been in operation in Kenya were presented as below.

Table 4.2.1 Business Ownership

Business ownership	Frequency	Percent
Multinational Company	6	19.4
Fully government-owned corporation	0	0
Limited Liability Company	5	16.1
Local Company	20	64.5
Total	**31**	**100.0**

Source: Research data

Majority of the businesses sampled were local companies accounting for 64.5%, followed by the multinational companies at 19.4%. A minority (16.1%) of the businesses were limited liability companies. None was a fully government-owned company.

Table 4.2.2 Nature of Business

Nature of business	Frequency	Percent
Manufacturing	3	9.7
Distribution	23	74.2
Marketing agency	5	16.1
Total	**31**	**100.0**

Source: Research data

As shown on Table 4.2.2, majority (74.2%) of the sampled respondents were from those companies which engaged in distribution business. Others were from marketing agencies (16.1%) and manufacturing firms (9.7%).

Table 4.2.3 Nature of Products

Nature of product	Frequency	Percent
Branded originals	8	25.8
Branded generics	23	74.2
Non-branded generics	0	0
Total	**31**	**100.0**

Source: Research data

Among the surveyed pharmaceutical firms, it was observed that majority as represented by 74.2% traded on generic brands, while 25.8% traded on original brands. None traded on non-branded generics (Table 4.2.3).

As indicated in Table 4.2.4, all the manufacturing companies sampled (100%) manufacture original brands, 82.6% of the distribution firms deal in generic brands and only 17.4% distribute original brands. 80% of the sampled marketing agencies deal in original brands and only 20% handle generic brands.

Table 4.2.4 Nature of Business and Nature of Products

Nature of Business	Nature of Products				Total	
	Branded originals		Branded generics			
	Frequency	%	Frequency	%	Frequency	%
Manufacturing	3	100	0	0	3	100
Distribution	4	17.4	19	82.6	23	100
Marketing agency	1	20	4	80	5	100
Total	**8**	**25.8**	**23**	**74.2**	**31**	**100**

Source: Research data

As indicated in Table 4.2.5, all the multinational companies sampled handle only the branded original products and contribute 75% of the total branded original products traded in Kenya, while 40% of the limited liability companies trade in the remaining 25% of original brands. Branded generic products are mainly handled by the local and the limited liability companies. All local companies and 60% of the limited liability companies surveyed trade in branded generics. From the above results, there is an indication that majority of the local companies prefer not to handle the original brands probably because of the huge financial outlay and capacity requirements, besides other factors. In general, there is higher trade in generic brands (74.2%) than in original brands (25.8%), implying that Kenyan market is a generic brands market more than it is a market for original brands.

Table 4.2.5 Business Ownership and Nature of products

Business ownership	Nature of Products				Total	
	Branded originals		Branded generics			
	Frequency	%	Frequency	%	Frequency	%
Multinational	6	100	0	0	6	100
Limited liability company	2	40	3	60	5	100
Local company	0	0	20	100	20	100
Total	**8**	**25.8**	**23**	**74.2**	**31**	**100**

Source: Research data

In Table 4.2.6, the nature of business was compared to business ownership to establish any relationship. It emerged that 50% of the multinational firms surveyed carried out manufacturing activities, 33.3% distribution and only 16.7% were marketing agencies. All the limited liability companies were engaged in the distribution business, while majority of the local companies (80%) also engaged in distribution except 20% which acted as marketing agencies for other foreign companies. In overall, all the companies surveyed engaged in distribution business, albeit to varying extents.

Table 4.2.6 Nature of business and Business ownership

Nature of Business	Business Ownership					
	Manufacturing		Distribution		Marketing agency	
	Frequency	%	Frequency	%	Frequency	%
Multinational	3	50	2	33.3	1	16.7
Limited liability company	0	0	5	100	0	0

Table 4.2.6 contd.

Local company	0	0	16	80	4	20
Total	**3**	**9.7**	**23**	**74.2**	**5**	**16.1**

Source: Research data

It can be seen from Table 4.2.7 that majority of the companies sampled have been in operation for 5 – 10 years and 15 – 20 years as represented by 35.5% in each case. This was closely followed by those companies that have been in operation for more than 20 years (19.4%). Only a minority (9.7%) of the companies had been in operation for less than 5 years.

Table 4.2.7 The duration the company has been in operation in Kenya

Duration	Frequency	Percent
0 - 5 years	3	9.7
>5 - 10 years	11	35.5
>15 - 20 years	11	35.5
>20 years	6	19.4
Total	**31**	**100.0**

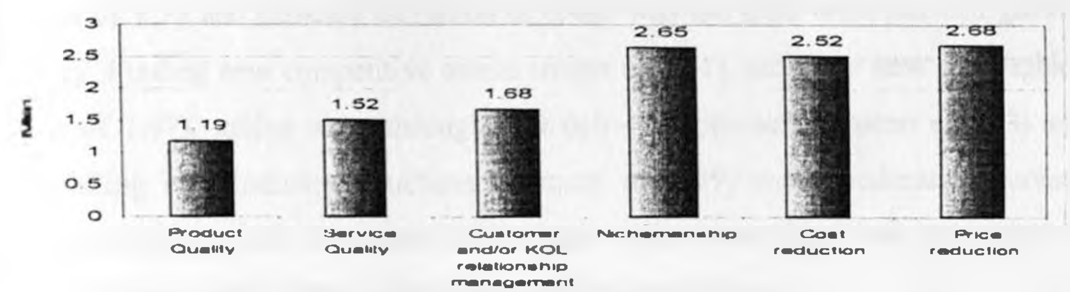
Source: Research data

The level of importance attached to product quality, service quality, customer and key opinion leader relationship, nichemanship, cost reduction and price reduction by an organization can also influence the market share growth. On a positive scale, these factors create high customer value which attracts prospective and actual customers to adopt and make repeat purchases of a product.

An opinion was sought from the respondents on the level of importance attached to these value factors in growing the market share of their organization using a six-point rating scale. Mean scores were used to measure the respondents' rating of the importance of these value factors to individual firm's realizing their growth objectives. A mean score less than or equal to 1.5 denoted that the value factor was extremely important while 1.6 – 2.5, 2.6 – 3.5, 3.6 – 4.5 and 4.6 – 5.5 denoted very important, fairly important, slightly important and important respectively. Not at all important was denoted by a mean greater than or equal to 5.6.

Product quality was the single most important value factor considered by these firms as indicated by a mean of 1.19 in Figure 6. It is therefore, an extremely important factor to consider when deciding the source markets of products. Service quality (a mean of 1.52) and customer relationship level as a form of 'quality' (1.68) were considered very important factors. These are therefore useful tools of differentiation, more at the level of the firm than of products.

Figure 6: Importance of value factors to growth of market share of an organization



Source: Research data

4.3 Market-Share Growth Strategies

The growth of any company's market share is achieved when the ideal strategies are laid down and implemented effectively. Basing on the seven market-share growth strategies of the McKinsey model, the researcher therefore sought to determine the extent to which pharmaceutical firms in Kenya pursued growth of market share. The respondents were asked to indicate the extent by marking 'most pursued', 'pursued' and 'least pursued' indicate the extent of pursuit of a strategy.

Mean scores were used to measure the extent of use of the different strategies by the firms. Mean score equal to or less than 1.5 denoted 'most pursued'. Mean score equal to or greater than 1.6 but less than or equal to 2.5 denoted 'pursued'. Mean score equal to or greater than 2.5 but less than or equal to 3 denoted 'least pursued'. Standard deviation was used to denote the variability in the responses. A standard deviation greater than 1 indicated a significant difference in responses obtained on a particular strategy.

As illustrated in Table 4.3.1, to achieve growth in market share, the strategy of selling existing products to existing customers was the most pursued strategy by majority of the pharmaceutical companies surveyed as indicated by a mean of 1.23 and a standard deviation of 0.425. Selling of new products and services was the second most pursued growth strategy with a mean of 1.32 and a standard deviation of 0.653, indicating that the companies were not unanimous in the extent of pursuit of this strategy as compared to the previous strategy. Selling of existing products to new customers with a mean of 1.35 and standard deviation of 0.486 was the third most pursued growth strategy. Finding new competitive arenas (mean of 1.61), selling to new geographies (mean of 1.97), selling more through new delivery approaches (mean of 2.03) and establishing new industry structures (a mean of 2.39) were moderately pursued growth strategies, and the extent of their use varies more from one respondent to another as indicated by their wider standard deviation values.

Table 4.3.1 Extent of pursuit of market share growth strategies

Strategy	Mean	Std Dev
Selling existing products to existing customers	1.23	.425
Selling existing products to new customers	1.35	.486
Selling new products and services	1.32	.653
Selling more through new delivery approaches	2.03	.912
Selling to new geographies	1.97	.795
Establishing new industry structures	2.39	.882
Finding new competitive arenas	1.61	.761

Key for the means: 1: Most pursued, 2: Pursued, 3: Least pursued

Source: Research data

As illustrated in Table 4.3.2, both the flavour of strategy and the extent of its pursuit was influenced by the nature of business. For instance, all multinational companies surveyed pursued most the strategy of selling new products and services followed by selling existing products to existing customers (66.7%). The least pursued strategies by majority of the MNCs were the strategies of establishing new industry structures (83.3%) and selling more through new delivery approaches (50%). Half of these firms most pursued growth through selling existing products to new customers while a similar proportion only moderately pursued this strategy, indicating that the use of this strategy was circumstantial, and depended on factors such as product life cycle.

All strategies were pursued to an almost uniform extent by limited liability companies surveyed, implying that they were almost equally important for their growth. However, a bigger proportion (60%) of them most pursued the strategies of selling existing products to existing customers, selling existing products to new customers, selling new products and services and finding new competitive arenas. From the nature of the above four strategies, it is apparent that these firms equally prioritised and simultaneously pursued market penetration, market development, product development and diversification strategies. Moreover, other than selling new products and services that was least pursued by 40% of the limited liability companies surveyed, none of the above strategies was least pursued, implying that they were crucial strategies to be pursued by these firms for growth. Due to the structure of their business and the high implementation costs, establishment of new industry structures was the least pursued strategy by majority (80%) of the limited liability firms with only 20% pursuing it most. The proportion of limited liability companies who most pursued the strategy of selling more through new delivery approaches was similar to those who least pursued it. The proportion of these firms that most pursued the strategy of selling to new geography was smaller than that which moderately and least pursued it, indicating their preference for market penetration over market development. 40% of these companies pursued least the strategy of selling new products and services, selling more products through new delivery approaches and selling to new geographies.

Table 4.3.2 Strategy and Nature of Business

Strategy	Nature of business				Total (%)
	Extent of pursuit (%)	Multinational company (%)	Limited liability company (%)	Local company (%)	
Selling existing products to existing customers	Most pursued	66.7	60.0	75.0	71.0
	Pursued	33.3	40.0	25.0	29.0
Selling existing products to new customers	Most pursued	50.0	60.0	75.0	67.7
	Pursued	50.0	40.0	25.0	32.3
Selling new products and services	Most pursued	100.0	60.0	50.0	61.3
	Pursued	-	-	45.0	29.0
	Least pursued	-	40.0	5.0	9.7
Selling more through new delivery approaches	Most pursued	16.7	40.0	30.0	29.0
	Pursued	33.3	20.0	25.0	25.8
	Least pursued	50.0	40.0	45.0	45.2
Selling to new geographies	Most pursued	33.3	20.0	30.0	29.0
	Pursued	50.0	40.0	45.0	45.2
	Least pursued	16.7	40.0	25.0	25.8
Establishing new industry structures	Most pursued	-	20.0	30.0	22.6
	Pursued	16.7	-	-	3.2
	Least pursued	83.3	80.0	70.0	74.2
Finding new competitive arenas	Most pursued	33.3	60.0	30.0	35.5
	Pursued	66.7	40.0	30.0	38.7
	Least pursued	-	-	40.0	25.8

Source: Research data

The local companies on the other hand pursued all the strategies albeit to different extents with majority giving priority to selling existing products to existing customers

(75%) and selling existing products to new customers (75%) in order to penetrate their existing markets more and develop new markets for their current products. Selling new products and services was most pursued by 50%, pursued by 45% and least pursued by only 5% of local firms, indicating that it was the third most pursued strategy by these firms. This is because they lack capacity to research and develop new medicines and have to rely on products researched and developed elsewhere. Besides the establishment of new industry structures which they least pursued, strategies like selling more through new delivery approaches and finding new competitive arenas were also least pursued by these companies because of their high cost of implementation.

4.3.1 Selling More Of Existing Products To Existing Customers

Selling more of the existing products to existing customers was the single most-pursued growth strategy by all companies whether multinational, limited liability or local (Table 4.3.1). There are several tactics which are important to the success of this strategy (Table 4.4.1.1). In order to determine which tactic (or variable) was important, respondents were asked to indicate the extent to which the tactics were important to their organizations on a five-point Likert scale, by ticking either 'no extent', 'small extent', 'moderate extent', 'large extent', and 'very large extent'.

Mean scores were used to measure the respondent's rating of the importance of these tactics. A mean score of ≤1.5, 1.6 – 2.5, 2.6 – 3.5, 3.6 – 4.5 and ≥4.6 meant that the tactic was important to no extent, small extent, moderate extent, large extent, and very large extent respectively. Standard deviation was used to denote the variability in the responses. A standard deviation greater than 1 indicated a significant difference in responses obtained on a particular tactic.

Table 4.4.1.1 Tactics of selling more of existing products to existing customers

Tactic	Mean	Std. Dev
Encourage existing customers to buy more product frequently	4.52	1.208

Table 4.4.1.1 contd.

Create more usage for product/service	3.52	1.503
Encourage customers to buy more per period	4.35	1.199
Persuade customers to switch from competitor	4.16	1.319

Source: Research data. ***Key: 1: No extent 2: Small extent 3: Moderate extent 4: large extent 5: Very large extent***

Encouraging the existing customers to buy more products frequently as portrayed by a mean of 4.52, was important to a very large extent to many firms as a tactic for selling more of existing products to existing customers. In addition, encouraging customers to buy more products per period and to switch from competitors (means of 4.35 and 4.16 respectively) were to a large extent important tactics for selling more of existing products to existing customers. However, the firms created more usage for existing products/services only to a moderate extent (mean of 3.52). There was a significant difference in opinion regarding the importance and hence use of these tactics in selling more of existing products to existing customers given that their standard deviation values were greater than 1.

In an effort to encourage the existing customers to buy and/or prescribe the existing company products more frequently, the researcher sought to know the level of importance accorded to the various actions aimed at achieving this objective. Respondents were asked to rate the level of importance of various actions using a five-point Likert scale as being either 'not at all important', 'not very important', 'somewhat important', 'very important', and 'extremely important' respectively (Table 4.4.1.2). Mean scores and standard deviation were used to measure importance of various actions and variability of the responses respectively. Standard deviation greater than 1 denoted significant differences in the responses. Activities that were considered 'not at all important', 'not very important', 'somewhat important', 'very important', and 'extremely important' had mean scores of $\leq$1.5, 1.6 – 2.5, 2.6 – 3.5, 3.6 – 4.5 and $\geq$4.6 respectively.

Table 4.4.1.2 Activities employed by companies to encourage existing customers to buy/prescribe existing products more frequently

Activity	Mean	Std. Dev
Make modifications to product e.g. to improve patient compliance	3.00	1.506
Rewarding frequent users through sponsorships to conferences, medical resources, subscription	3.52	1.235
Increase discounts, bonuses for regular purchases	3.87	1.335
Maintain high product quality	4.68	.748
Reduce price	2.74	1.182
Customer feedback system	4.06	1.181
Increase branding using gimmicks and fliers	3.58	1.409
Increase frequency of detailing call per doctor	3.90	1.578
Increase frequency of visits to customers to book orders	4.19	.980
Heavy sampling to initiate more new patients	3.35	1.199
Differential pricing	3.00	1.461
Training of sales force on selling skills	3.97	.948
Improve customer service e.g. shorter delivery time, correct order processing	4.55	.624
Highlight more indications	3.61	1.430
Increase advertising of promotions/offers, product quality and performance	4.10	1.193
Increase switching costs	2.55	1.434
Bundle products or services	3.13	1.500
Provide credit financing	2.81	1.138
Train existing customer on alternative product usages	3.42	1.336
Implement and promote strong warranty and return policies	3.10	.870
Share dedicated ICT systems with buyers to manage stocks directly	2.81	1.579

Source: Research data

All the activities carried out by the companies to encourage the existing customers to buy and or prescribe existing products more frequently seemed to be generally important. Some activities which were rated to be 'extremely important' compared to others included maintaining high product quality (4.68) and improving customer service through shortening delivery time and correct order processing (4.55). The respondents agreed that both activities were extremely important in the implementation of the tactic of encouraging existing customers to buy or prescribe the existing products more frequently. Increasing frequency of visits to customers to book orders (4.19), increasing advertising of promotions/offers and of product quality and performance targeted at existing customers (4.10), implementing a customer feedback system (4.06), training of sales force on selling skills (3.97), increasing frequency of detailing call per doctor (3.90), increasing discounts and bonuses for regular purchases (3.87) and highlighting more indications (3.61) were considered 'very important' actions.

Except for increasing frequency of visits to book orders and training of sales force on selling skills, the high respective standard deviation values indicate that opinions of respondents varied concerning the importance of these activities in encouraging existing customers to buy or prescribe current products more frequently. Increasing switching costs (2.55) is not a very important activity in this regard, though the respondents varied in their opinion about the value of this activity.

All other activities such as price reductions, providing trade financing, sharing of dedicated ICT systems with buyers to manage stocks directly, among others were considered somewhat important, though except for implementing and promoting strong warranty and return policy, there was varied opinion among the respondents about the importance of these activities. Yet these activities create and enhance value and so may, to the contrary, encourage customers to buy more frequently and remain loyal to the firm and to its products.

In an effort to grow market share by creating more usage and prescription for the current products to the present customers, the researcher sought to know the level of importance the respondents accorded the various activities used.

Table 4.4.1.3 Relative importance of activities used in promoting more usage and prescription for the current products

Activity	Mean	Std. Dev
Conducting CMEs to educate customers about benefits of using the products more often	4.16	1.508
Increasing frequency of detailing call per doctor	4.29	1.270
Increasing call rate per representative per doctor	4.19	1.167
Using clinical papers to highlight new indications	4.06	1.436
Increasing cumulative discount and bonuses for more usage	3.26	1.316
Conducting regular CMEs on alternative indications	3.19	1.400
Patient information leaflets	3.55	1.502
Obtaining KOL endorsement	3.45	1.312
Targeting patients directly through patient information leaflets to increase awareness and desire	3.39	1.116
Targeting retailers through pharmacy campaigns to educate pharmacy staff on usage, benefits and safety	3.55	1.434
Increasing visits to pharmacies, hospitals and wholesalers to book orders	4.26	.729
Exceeding customer expectations through improved product performance and service	4.10	1.106
Positioning product strongly in a given indication	4.19	1.276
Appealing to more segments	4.35	.798
Filling market gaps and opportunities	4.29	.973
Increasing channels to expand product availability and exposure	3.84	1.128
Increasing advertising of quality, value and convenience	3.90	1.513

Table 4.4.1.3 contd.

Protecting products through patents	3.26	1.673
Pursuing and influencing internal and external policies that promote more usage of company product and not competitor	3.81	1.138
Pursuing and influencing internal and external linkages that add/create value to product or service	3.81	1.195
Providing product usage training/training materials to Users and retailers	3.74	1.154
Training of sales force on selling skills	4.00	1.033
Blocking aggressive new entrants	3.06	1.436
Increasing sampling and couponing	3.00	1.366
Lowering prices gradually	3.26	1.064
Maintaining prices	3.42	1.057
Improving incentives to dealers	4.19	1.302
Shortening delivery time	3.87	1.231

Source: Research data

Among the activities aimed at growing market share by promoting more usage and prescriptions for the current products, majority of them were rated to be very important, though none was rated as extremely important, not at all important or somewhat important. Increasing frequency of detailing calls per doctor and filling market gaps and opportunities with a mean of 4.29 in each case were considered the most important activity. Important but less employed activities by the firms included: increasing sampling and couponing, blocking aggressive new entrants, and conducting regular CMEs on alternative indications, with means of 3.00, 3.06 and 3.19 respectively. This implies that CMEs have little additional benefit in increasing sales to customers who are already loyal to a given product for treating a given disease. This is in line with Gönül's research which found that subsequent detailing calls after the first one do not necessarily increase brand prescription. However, if the CMEs are meant to inform users about more benefits that they stand to gain by using the products more often, then they become very important (mean of 4.16). Such information include quantity discounts, changes in pricing, formulation or packaging etc, better cure rates due to lack of resistance, improved quality of patient-life, among others.

There was a significant difference in opinion among the respondents regarding the value of these activities in promoting more usage and prescription of current products. However, majority of the respondents agreed that it is important to increase visits to pharmacies, hospitals and wholesalers to book orders (SD=0.729), expand the market by appealing to more segments (SD=0.798), and identify and fill market opportunities and gaps with existing products (SD=0.973) in order to promote more usage and prescription of current products among existing customers. This indicates that activities that enhance market penetration are critical to increasing market share through promotion of more usage of existing brands in existing markets.

The researcher also sought to determine the level of importance that Kenyan pharmaceutical firms accorded various activities that encouraged present customers to buy more of current products per period. As shown in Table 4.4.1.4, many firms adopted different actions in order to encourage the present customers to buy more products per single period. Most of the activities were considered very important, and included improving customer service e.g. through efficient order processing (4.45), selling of long-expiry stock (4.42), increasing detailing frequency and effectiveness, highlighting more benefits (4.26), and increasing advertisement or promotion of both product quality and price (4.16).

Activities that directly influence purchase decision in the short-term such as timing sales promotion to coincide with customer purchase cycle (3.74), giving quantity discounts and bonuses (3.61), and bundling of products and services (3.68) were also considered very important activities for increasing market share through stimulating quantity purchase per period. However, some activities like co-owning of on-premise storage facility (1.97) as well as sharing of dedicated ICT systems with buyers to co-manage stocks directly (2.13) were rated as not very important while differential pricing and uniform price reduction are somewhat important for encouraging the present customers to buy more per period. There was a general agreement among the respondents that improving the quality of customer service was important for encouraging present customers to increase their purchase quantity per period (SD=0.888). The importance of the other activities varied significantly across the firms.

Table 4.4.1.4 Activities that encourage present customers to buy more per period

Activity	Mean	Std. Dev
Quantity discounts and bonuses for large purchases	3.61	1.542
Differential prices	3.19	1.376
Uniform price reduction	3.16	1.128
Time sales promotion and competitions to coincide with customer purchase cycle	3.74	1.437
Bulk packaging	2.94	1.590
Strong warranties and flexible return policies	2.90	1.044
Selling long-expiry stocks	4.42	1.025
Bundling products and services	3.68	1.351
Increasing detailing frequency and effectiveness, highlighting more benefits	4.26	1.237
Improving customer service e.g. efficient order processing	4.45	.888
Increasing advertisement of quality and price aspects	4.16	1.241
Co-owning on-premise storage facility with buyer	1.97	1.251
Sharing dedicated ICT systems with buyers to manage stock directly	2.13	1.628

Source: Research data

Persuading present customers to switch from competitors to the firm's brand is a market share growth tactic for selling more of existing products to existing customers.

The researcher therefore sought to establish which activities were important in implementing this tactic. The results are shown in Table 4.4.1.5.

Table 4.4.1.5 Activities that persuade the present customers to switch from competitors

Activity	Mean	Std. Dev
Lower prices	3.87	1.024
Better product/service quality	4.71	.588
Promotion of brand	4.39	1.202
Differentiation	4.32	1.249
Increased sampling	3.55	1.410
Frequent detailing to chemists and doctors who are using competition	4.39	.803
Consistent stock availability at more convenient locations	4.71	.461
Repositioning product as higher quality	4.10	1.193
Matching competitor bonuses and discounts	2.97	1.516
Obtaining KOL endorsements	3.81	1.223
Analyzing customer satisfaction and strive to exceed it	4.23	1.087
Setting up and exploiting exclusive linkages e.g. with distributors	4.16	1.463
Pursuing and influencing internal and external policies that promote company product and not competitor	4.03	1.303
Litigation against patent defilers and win back customer	2.52	1.568
Training sales force on selling skills	4.39	.919
Carrying out prescription audit of competitor	4.29	1.270
Increasing call rate per representative/day	4.16	1.214
Use of clinical papers to highlight extra indication/usage	3.81	1.537
Targeting patients directly through patient information leaflets to increase awareness and desire	3.32	1.600

Table 4.4.1.5 contd.

Targeting retailers through pharmacy campaigns to educate pharmacy staff on usage, benefits and safety	4.00	1.291
Increasing visits to pharmacies, hospitals and wholesalers to book orders	4.06	1.263
Increasing channels to expand product availability and exposure	3.94	1.263
Increasing advertising of quality, value and convenience	3.77	1.431
Provision of product usage training/training materials to users and retailers	3.23	1.454
Blocking aggressive new entrants	2.87	1.607
Improving incentives to dealers	3.48	1.122
Hiring more medical sales representatives	3.32	1.514
Improving call planning	4.48	.508
Improving planning of territory coverage	4.48	.811
Improving supervision of sales force	4.23	.884

Source: Research data

From the study findings it was discovered that majority of the actions aimed at persuading the present customers to switch from competitors were generally important to the firms. In particular, better product/service quality and consistent stock availability at more convenient locations each scored a mean of 4.71 and respective standard deviation of 0.588 and 0.461. This implies that most respondents considered them as extremely important and use them to influence customers to switch from competitor products. Considering the mean scores and standard deviation in Table 4.4.1.5, most respondents agreed that better call planning, territory coverage, supervision and training of sales force on selling skills, and frequent detailing to chemists and doctors who are using competitions were very important activities for converting competitor customers.

However, expensive activities such as litigation against patent defilers to win back customers (mean of 2.52), blocking aggressive new entrants (mean of 2.87) and matching competitor bonuses and discounts (mean of 2.97) were rated to be least important. However, there was little agreement on this among the respondents indicating that some companies consider them important and employ them to convert competitor customers to their brands. It is apparent that activities which erode brand value such as giving discounts and bonuses, and those over which the firm has little control and influence such as litigation and blocking entry of competitors into the market are avoided by firms. Due to corruption in the Kenyan judicial system and lack of awareness about patent protection, patent laws are lax and have not been punitively and aggressively enforced (Daily Nation, March, 2007), making patent defilement in pharmaceutical industry commonplace (Wamalwa, 2001) and diminishing the likelihood of winning such defilement cases. Coupled with attendant financial and time loss, this action is least pursued by companies as a way of winning back customers lost to patent infringers. Matching competitor bonuses and discounts was also considered not very important by respondents. Based on previous findings, it is apparent that many firms in Kenya would not like to erode their operating margins and hence avoid engaging in price wars.

4.3.2 Selling Existing Products to New Customers

In an effort to grow market share through the strategy of selling existing products to new customers, pharmaceutical firms target new customer segments and expand customer base to include non-users. Respondents were asked to indicate the extent to which these tactics were important to their organization in a five-point Likert scale. Mean scores and standard deviation were used to measure the importance of these tactics the variability in the responses respectively. Overall, the results indicates that majority of firms considered the tactic of targeting new customer segments to be more important than expanding the customer base to include non-users.

Among the actions employed in targeting new customer segments, conducting market research in the new segment was rated to be extremely important (a mean of 4.61) by majority of the firms (SD=0.615). This underscores the importance of market research in revealing underlying customer needs and satisfaction trends which enable the firms to position their brands appropriately, thereby improving the chances of succeeding not only in brand building but also in market share growth.

Table 4.4.2.1 Activities involved in targeting a new customer segments

Activity	Mean	Std. Dev
Changing content of advertising or promotion	3.61	1.145
Increasing advertising frequency in other relevant media	3.23	1.407
Differentiating application of the product to attract new group	3.97	.948
Differential pricing to attract different customers	3.71	1.216
New product dimension and packaging to appeal to new segment	3.03	1.602
Changing product formulation and presentation (modification)	2.48	1.630
Giving introductory price	3.65	1.644
Providing credit to selected channel members	3.55	1.480
Product line extension	3.58	1.336
Changing of product category e.g. from Pharmacy-Only to OTC	3.00	1.612
Increasing sampling to gain trail	3.42	1.523
Increasing call rate per representative per day	4.26	.999
Targeting new application segments	4.13	.885
Timing of product launches to coincide with purchase cycle	3.90	1.248
Obtaining KOL endorsement in the new segment	3.71	1.371
Intensifying brand differentiations	4.26	.729
Selecting appropriate channel members with reach in new segments	4.03	1.224
Conducting CMEs to create product awareness	4.39	1.202

Table 4.4.2.1 contd.

Carrying out market research	4.61	.615
Improving planning of territory coverage	4.45	.810
Increasing supervision of sales force	4.42	.992
Hiring more medical sales representatives	3.16	1.241

Source: Research data

According to results in Table 4.4.2.1, improving the planning of territory coverage (4.45), increasing supervision of sales force (4.42), conducting CMEs to create product and brand awareness in the new target segment (4.39) and intensifying brand differentiation were rated as very important.

Given their respective standard deviation, most respondents were unanimous that carrying out market research was extremely important, and that improving planning of territory coverage, increasing supervision of sales force, increasing call rate per representative per day and targeting new application segments were very important activities. This implies that majority of the companies implemented these activities in order to increase the market share of their existing products by selling them to new customers in new segments.

On the other hand actions like modifying formulation and presentation of products was rated as not very important (2.48), though there was significant variation in opinion among respondents. This may be explained by the fact that change of formulation and presentation are quite expensive as they entail change of production lines. Change of product category, for instance from Pharmacy-Only to Over-the-Counter (OTC) category, though important was also considered least important by majority of the respondents. This is probably because, more often than not POM medicine are strictly regulated to be used only with permission from qualified doctors. Change in such regulation would definitely require complex and long-term policy changes. According to the Kenyan Pharmacy and Poisons Board Act, any new product formulation, presentation and category must be submitted for registration or re-registration at a cost of $2000.00 or $1000.00 before it can be licensed to trade. This activity therefore increases the competitive costs, and is therefore less pursued.

All actions which aim at expanding customer base to include non-users were rated by the firms to be very or extremely important (Table 4.4.2.2). However, giving donations to gain entry and encourage trial (2.94) was considered somewhat important. Some actions like improving territory coverage and targeting (4.81), increasing call rate per representative per day (4.58), improving personal detailing (4.55) were considered to be extremely important by most respondents. These activities ensure that non-users are targeted and the right messages delivered with an appropriate frequency. However, whereas majority of the firms considered heavy sampling for gaining trial to be somewhat important (3.39), they rated giving donations to hospitals and institutions to be least important. This is because sampling, unlike donation is done after the product has been detailed to and accepted by an individual doctor/user. Unless donation is made after the recipient has bought into a product, it is unlikely to be used.

Table 4.4.2.2 Activities for expanding customer base to include non-users

Activity	Mean	Std. Dev
Increasing call rate per representative per day	4.58	.923
Improving territory coverage and targeting	4.81	.402
Improving supervision and coaching of sales force	4.29	.973
Price reductions	3.48	1.313
Improving distribution	4.35	.661
Improving personal detailing	4.55	.768
Heavy branding	3.94	1.263
Heavy sampling to generate trial	3.39	1.476
Increasing promotion to non-users	4.32	.702
Advertising in relevant media	3.71	1.270
Giving donations to gain entry and encourage trial	2.94	1.569

Table 4.4.2.2 contd.

Changing content of advertising and promotion to target non-users	3.74	1.264
Conducting timely CMEs and product launches	3.90	1.423
Carrying out prescription audits of competitors	4.19	1.250

Source: Research data.

4.3.3 Selling New Products and Services

Selling of new products and services is one of the organic strategies firms employ to grow their market share from scratch. The tactics under this strategy include selling new products and services to existing customers, introducing new products that current customers buy from competitors, and diversifying to new product areas. Respondents were asked to indicate the extent to which the tactics were important to the organization.

Percentage scores were used to measure the respondent's rating of the importance of these tactics to his/her organisation. Mean scores and standard deviation were used to measure the importance of activities under each tactic and variability in the responses respectively.

Figure 7: Tactics of growing market share by selling new products and services

Source: Research data

As shown in Figure 7. majority of the respondents (34%) indicated that they applied the tactic of selling new products and services to existing customers who are using other brands from the company. while equal number of firms (33%) favored both the introduction of new products that current customers buy from competitors and diversification into entirely new product areas. such as diversifying from products for treating acute infections to those for treating chronic conditions such as hypertension. Detailed findings for each tactic are illustrated in Tables 4.4.3.1. 4.4.3.2 and 4.4.3.3 below.

Among the activities which are implemented in the selling of new products and services to existing customers. introducing new product lines (4.71) was regarded as extremely important by majority of respondents (SD=0.461). Somewhat important activities included locating new production plants in existing territories (2.81) and protecting new products through patents (2.90). However. other activities such as exploiting existing channel linkages (4.58) and improving call planning (4.52) appeared to be very important as expressed by majority of the respondents (Table 4.4.3.1).

Table 4.4.3.1 Activities for selling new products and services to existing customers

Action	Mean	Std. Dev
Pioneering revolutionary product and service innovations	3.90	1.274
Increasing research and development activities	3.65	1.330
Anticipating customer needs and developing relevant products and services	4.45	.675
Introducing new product lines	4.71	.461
Training sales force and customers on new products	4.32	.791
Timing launches and CMEs to coincide with purchase cycle	3.87	1.455
Exploiting existing channel linkages	4.58	.620

Table 4.4.3.1 contd.

Locating new production plant in existing territories	2.81	1.400
Advertising in existing media	3.58	1.628
Protecting new products through patents	2.90	1.680
Carrying out direct sales	3.42	1.385
Establishing standard operating procedures (SOP) to define how significant marketing processes are carried ou	3.74	1.437
Hiring more medical sales representatives	3.48	.996
Improving call planning	4.52	.508
Improving planning of territory coverage	4.48	.508
Increasing supervision and coaching of sales force	4.26	.893

Source: Research data

Many of the activities involved in introducing new products that current customers buy from competitors were rated by respondents as important (Table 4.4.3.2). Of these activities, aggressive sales promotion and detailing to highlight and communicate unique product and service qualities was unanimously rated by majority of the respondents (SD=0.374) to be extremely important (mean of 4.84) in introducing new products to customers that buy the competition.

Second-most important activities were analyzing customer satisfaction and striving to exceed it, and discovering unrecognized purchase pattern (each having mean of 4.48), launching new innovative products (4.45), analyzing market trends to find customer expectations and satisfaction levels (4.39), carrying out prescription audits of competitors (4.35). Some value-adding activities such as shortening delivery time, improving customer service and reconfiguring the value chain were also rated as very important though to a lesser extent (4.16, 4.10 and 4.19 respectively).

Providing credit facility, implementing warranty and return policy as well as matching competitor guarantees (3.45, 3.29 and 3.10 respectively) were considered only somewhat important. Not very important were the tactics of enjoining buyers in product development (2.81) and lowering switching costs (2.94).

Table 4.4.3.2 Activities for introducing new products that current customers buy from competitors

Activity	Mean	Std. Dev
Launching new innovative products	4.45	1.207
Aggressive sales promotion and detailing to highlight and communicate unique qualities	4.84	.374
Carrying out creative services	4.00	1.238
Analyzing market trends to find customer expectations and satisfaction levels	4.39	1.116
Carrying out prescription audits of competitors	4.35	1.199
Reverse-engineering competitor products to develop similar or better ones	3.42	1.708
Discovering unrecognized purchase pattern	4.48	.996
Reconfiguring value chain to be entirely new and unique	4.19	1.195
Obtaining KOL/expert endorsement	3.87	1.408
Analyzing customer satisfaction and striving to exceed	4.48	.724
Lowering switching costs	2.94	1.340
Enjoining buyers in product development	2.81	1.276
Providing credit finance	3.45	1.287
Increasing sales force coverage	3.58	.992
Implementing warranty and return policy	3.29	1.465
Shortening delivery time	4.16	.934
Improving customer service	4.10	.944
Pursuing late-mover advantage	3.19	1.400
Patent protection of innovations	2.65	1.427
Matching competitor guarantees	3.10	1.399

Source: Research data

Diversifying into totally new product areas. just like introducing products which customers buy from competitors (me-too brands), was generally not primarily a favourite tactic for increasing growth under the strategy of selling new products and services (Figure 5). considering that only 33% of the firms applied this tactic compared to 34% who applied the tactic of introducing entirely new products and services to their current customers. Though small. the significance of this difference however cannot be inferred from this study. Consequently, as shown in Table 4.4.3.3, diversification activities were not popular with the firms surveyed as evident in their low overall rating (mean of 2.65 – 3.81). For instance. creating exclusive linkages with suppliers and buyers. though the most highly rated activity in this strategy had a mean of 3.81. reflecting only a 'very important' rating. Producing and selling cheap generic version/imitations of the competitor product was the least important activity. with a mean of 2.65 indicating that it is somewhat important. It therefore appears that to grow their market share through diversifying into new product areas. pharmaceutical firms preferred to identify new diversified products and set up exclusive linkages with their suppliers as well as buyers who may be distributors. wholesalers. retailers or hospitals. That way. they are able to create superior customer value based on the uniqueness of their products and price.

Table 4.4.3.3 Activities for diversifying into new product areas

Activity	Mean	Std. Dev.
Producing and selling cheap generic version/imitations of the competitor product	2.65	1.404
Getting new agencies with new and different products	3.35	1.380
Patent protection of innovations	2.74	1.731
Exclusive linkages with suppliers and buyers	3.81	1.108
Introducing fighter brands to block new entrants	3.10	1.491

Source: Research data

4.3.4 Selling More through New Delivery Approaches

Selling more through new delivery approaches is a strategy of growing market share through tactics such as seeking new additional distribution channels, improving existing delivery channels, improving channel policies, and improving product delivery. Respondents were asked to indicate the extent to which the tactics were important to the organization with respect to this strategy. Mean scores and standard deviation were used to measure the importance of the importance of tactics and activities under each tactic.

From the data in Table 2, the strategy of selling more through new delivery approaches is moderately pursued by pharmaceutical companies in Kenya. However, all tactics under this strategy were rated as very important for its successful implementation. As shown in Table 4.4.4.1, the most important tactic in this strategy was found to be delivery of products to customers followed by enhancing efficiency of existing delivery channels, seeking new additional distribution channels and improving channel policies which enhance customer value and retention. However, given the large standard deviation, there are significant differences in the opinion of respondents as concerns the importance of these tactics.

Table 4.4.4.1 Tactics of achieving growth through use of new delivery approaches

Tactic	Mean	Std. Dev.
Seeking new additional distribution channels	4.16	1.036
Improving existing delivery channels	4.23	1.230
Improving channel policies	4.13	1.204
Product delivery	4.32	1.249

Source: Research data

According to the respondents, appointment of more distributors was the most important activity for obtaining additional distribution channels followed by forward-integration with distributors who are already present in target markets. To improve the efficiency of existing distribution channels, activities that enhance distribution efficiency were considered important. Better order processing (mean 4.71) and increasing delivery speeds (mean 4.68) were rated to be extremely important activities by majority of respondents (SD=0.461 and SD=0.475 respectively). Use of ICT (Information and Communication Technology) for managing inventory and improving forecasting (4.42), as well as reduction of stock ruptures (4.32) were very important, though it had a significant difference in respondent opinion. Changing media channels to incorporate those with better delivery of advertising and promotional messages (mean of 3.03) was considered somewhat important. No activity was however regarded as not important (Table 4.4.4.2).

Table 4.4.4.2 Activities for increasing growth by improving existing distribution channels

Activity	Mean	Std. Dev.
Increasing delivery speed	4.68	0.475
Better order processing	4.71	0.461
Using ICT to manage inventory and improve forecasting	4.42	1.259
Reducing stock rupture	4.32	1.249
Using new media channels to deliver advertising and promotional messages	3.03	1.472
Appointing local distribution points/channels to reduce physical distribution costs	3.94	1.124

Source: Research data

In seeking to improve channel policies, the respondents expressed that it was not only important for the firm to promote policies that would discourage under-cutting of dealers but also encouraged the use franchisees to deliver products into new markets. That way, channel members would be expected to be more committed to the company products than to competitor products in their respective geographical markets, thus resulting in higher share growth through improved sales and product delivery.

When rated by the respondents, all activities of improving product delivery were considered important (Table 4.4.4.3). In particular, shortening of order-processing and delivery time (mean of 4.71 and SD=0.588) was rated as being extremely important by majority of respondents. Other than changing pack sizes which was somewhat important, other activities were very important in improving product delivery.

Table 4.4.4.3 Activities for improving product delivery

Activity	Mean	Std. Dev
Packaging that promotes user convenience and compliance	3.74	1.673
Packaging is tamper proof	4.19	0.980
Making product bundling and unbundling possible	3.61	1.430
Packaging should allow for ease of transportation	4.55	0.506
Superior product design	3.87	1.310
Change park sizes	3.58	1.119
Shorten order-processing and delivery time	4.71	0.588

Source: Research data

4.3.5 Selling in New Geographical Areas

As illustrated in Table 4.3.1, selling products in new geographical markets either directly by the firm, or indirectly through partner firms already operating within those markets was the fifth most pursued growth strategy in the McKinsey Growth model by pharmaceutical companies in Kenya. It has two tactics, namely selling directly in new geographical areas and integrating with firms in the new geographical markets. Respondents were asked to indicate the extent to which the tactics were important to the organization with respect to this strategy on a five-point Likert scale. Mean scores were used to measure the importance of tactics and activities under each tactic while standard deviation was used to measure variation in the responses obtained.

The respondents indicated that they relied on different tactics and related activities to implement this strategy. Those firms that trade directly in the new geographies appeared to pursue a marketing rather than organizational or operational orientation. As a result, they, for instance, regarded the opening of marketing facilities in the new markets as a very important activity (mean of 4.16) followed by launching products in the new markets and sales force training (mean of 4.03 each). On the other hand, operational activities which had financial (cost) implications, like opening of manufacturing plants in the new markets (mean of 2.45) and physically relocating to new geographical markets (mean of 2.13) were considered by respondents as being not very important (Table 4.4.5.1). Due to the small geographical size of Kenya, most upcountry markets are practically easily serviced from one central location, usually Nairobi. As such, there is no need for cash-intensive activities such as relocating distribution centres or opening manufacturing facilities in new geographical markets, explaining why these activities were thus poorly rated (means of 2.45 and 2.13 respectively).

Table 4.4.5.1 Activities for increasing sales of products in new geographical areas directly by the firm

Activity	Mean	Std. Dev
Relocating to the new geographical markets	2.45	1.502
Opening distribution centers in new markets	3.94	1.289
Opening manufacturing plants in new markets	2.13	1.408
Opening marketing facilities in the markets	4.16	.820
Exporting to new markets	3.97	1.224
Launching products in new markets	4.03	1.329
Advertising and promoting through local media	2.90	1.640
Sampling	3.55	1.546
Hiring more medical sales representatives	3.39	1.358
Training sales force	4.03	1.278

Source: Research data

Regarding the tactic of increasing shares in new geographical markets by integrating with partner firms in the new geographical regions, no activities were on average considered by the respondents to be either very or extremely important (Table 4.4.5.2). However, although only rated by respondents as somewhat important (mean 3.35 and 3.10 respectively), training of sales force from the various merged or acquired firms and forward buying of stocks by partner firms were the most highly rated activities. The former activity is responsible for harmonizing both product knowledge and sales and marketing practice to conform to the current desires of the growth firm while the latter helps to avoid stock ruptures. Franchising the business, negotiating new acquisitions or partnerships, just like merging with or acquiring partner firms in the target geographical market were not very important activities for indirectly increasing sales therein (means of 2.23, 2.55 and 2.61 respectively). The large standard deviation values imply that there was a difference in opinion among respondents as regards the importance of these activities in implementing this tactic.

Table 4.4.5.2 Activities for increasing sales indirectly by integrating with firms in the new geographical regions

Activity	Mean	Std. Dev
Negotiating and integrating new acquisition or partnerships	2.55	1.502
Forward buying to avoid stock ruptures	3.10	1.446
Franchising business	2.23	1.606
Merger and Acquisition	2.61	1.585
Training sales force from various merged/acquired firms	3.35	1.723

Source: Research data

4.3.6 Establishing New Industry Structure

Another strategy for growing market share involves influencing the creation of a new industry structure using primarily the tactic of consolidating industry position. In order to determine the important activities for this tactic, respondents were asked to indicate the extent to which the activities were important to the organization with respect to this tactic on a five-point Likert scale. The activities that were measured are detailed in Table 4.4.6.1. Mean scores and standard deviation were used for analysis.

Respondents indicated that to grow market share through influencing industry structure, consolidating industry position was a very important tactic. Most activities fostering the achievement of this strategy and tactic were rated by the respondents as being only somewhat important, as shown on Table 4.4.6.1, corroborating the earlier fact that it was the least pursued strategy by pharmaceutical companies in Kenya.

Very important were activities which had immediate and direct bearing on sales performance. These activities were integrating sales teams and operations and establishing Standard Operation Procedures (SOPs) to guide and act as reference points for sales & marketing process. These were followed by activities which enhanced organizational or marketing efficiency such as organizing the structure of the company or marketing department along product line, customer types or geographical boundaries, and training of sales force on new products.

Table 4.4.6 Activities for consolidating industry position

Activity	Mean	Std. Dev
Acquiring troubled or weak competitors	2.58	1.336
Merging with competitors	2.19	1.400
Lowering prices	3.19	1.327
Organizing firm structure along product line, customer types or geographical boundaries	3.71	1.101
Harvesting shares	2.77	1.431
Divesting from market	1.94	1.181
Pioneer new system e.g. distribution system	3.55	1.338
Increasing product performance	3.00	1.483
Change product design and use	2.23	1.283
Training sales force on new products	3.42	1.544
Integrating sales teams	3.87	1.118
Integrating sales operations	3.97	1.140
Establishing Standard operation procedures (SOPs)	3.87	1.176

Source: Research data

4.3.7 Finding New Competitive Arenas

Under this strategy, market share growth can be achieved through two tactics, namely moving out into new industries, and finding new products to serve current or new markets in their industry. Respondents were asked to indicate the extent to which these tactics were important to the organization with respect to this strategy on a five-point Likert scale. Mean scores and standard deviation were used to measure the importance of the tactics and respective activities to the firms.

From the results, Kenyan pharmaceutical firms preferred to remain within the same industry but find, develop and market new products that would serve better the current or new markets rather than move out into entirely different industries in which they have no requisite experience.

As shown in Table 4.4.7.1, most of the activities aimed at finding new products for the current or new markets in the same industry were rated to be very important except for the changing of production line. Though there was varied opinion among respondents, of these activities, carrying out market research to establish market needs was rated highest (mean 4.10) followed by establishing Standard Operating Procedures (SOPs) for finding new products with desired market potential (mean 3.77) and training of sales force on new products (mean 3.71). However, all the three activities were regarded as very important as they are critical for sustaining growth under this tactic and strategy. Market research helps in pointing out unsatisfied needs which, if filled can generate new growth opportunities for the firm and its new products. If due diligence and processes for identifying, developing and marketing new products based on established customer needs are carefully designed and adhered to without stifling individual creativity, then it would be possible to adequately fill these unsatisfied market needs and put the firm in the middle of streams of growth opportunities. Training of sales force both on the new products and on selling skills provides a crucial bridge between product features and benefits on one hand and the customer needs unearthed during market research, thus improving market adoption of the product or its concepts.

Table 4.4.7.1 Activities for finding new products to serve current or new markets

Activity	Mean	Std. Dev
Change of production line	2.23	1.454
Getting agencies with entirely different products	3.13	1.565
Carrying out market research on market needs	4.10	1.221
Training sales force on new products	3.71	1.270
Establishing SOPs for finding new products with desired potential	3.77	1.359

Source: Research data

As indicated on Table 4.4.7.2. of all activities that enhance the firm's movement into new industries, only training of sales force was rated as very important (mean of 3.74 and SD=1.290). Training of sales force in general and on new product in particular has the potential to lower their experience curve and so improves efficiency in terms of promotion, selling and marketing planning. All other activities were rated as somewhat important. None was rated as being extremely important, not very important or not at all important. This implies that these activities are almost equally important for a company intending to increase market share by moving out of current into new industries.

Table 4.4.7.2 Activities for increasing sales by moving out into new industries

Activity	Mean	Std. Dev
Merging or acquiring suppliers of inputs	2.71	1.596
Merging or acquiring distributors of outputs	2.90	1.620
Acquiring license to manufacture or market new products to new markets	3.39	1.202
Integrating sales teams	3.35	1.427
Integrating sales operations	3.55	1.362
Training sales force on new products	3.74	1.290
Establishing SOPs for identifying, acquiring and /or merging wit other firms	3.35	1.496

Source: Research data

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the research findings are summarized, recommendations and conclusions to the study drawn and research gaps identified for future studies. The study was a survey of the market share growth strategies used by pharmaceutical companies in Kenya. It aimed at establishing the strategies used and determining the extent to which the pharmaceutical companies pursued these strategies to increase the market share of their pharmaceutical products. The share growth strategies adopted by the firms were evaluated against the conceptual framework of the seven growth strategies of the McKinsey Growth Pyramid (or Matrix) model.

While the broad objective of the study was therefore to investigate the growth strategies used and their extent of use, the tactics and activities involved in each strategy were also investigated in order to provide a holistic view of strategic power-play in this important industry. The literature review therefore focused not only on the strategies but also on their respective tactics and activities in order to define the operational limits of the study.

5.2 Discussion

From the study findings, it was discovered that all the market share growth strategies in the McKinsey Growth Model were pursued by pharmaceutical firms in Kenya, albeit to different extents. Majority of the companies achieved growth of their market share mostly by pursuing the strategy of selling the existing products to existing customers (market penetration). This was closely followed by the strategies of selling new products and services (product development), selling existing products to new customers (market development), finding new competitive arenas (diversification) and selling to new geographical markets in that order. Moderately pursued growth strategies were those aimed at establishing new industry structures and finding new delivery approaches. No strategy was least pursued by the firms, implying that in

Kenya, all the strategies in the model are necessary for growth of market share of branded prescription medicines. Though they are important to varying extents depending on unique business situation of each firm, no single strategy was sufficient in satisfying their growth objectives. Instead, different combinations and permutations of all the seven strategies are necessary for achieving share growth objectives.

Due to build-up in inter- and intra-molecular brand alternatives, the firms opt to add value to their products by improving on the non-product offerings such as quality, customer/key opinion leader relationship management, nichemanship, and cost and price reduction so as to retain existing customers more than attract new ones. This way, they leverage their strategies for successful growth. For instance, the high premium placed on product quality confirmed this and may explain why they preferred to import from sources with reputation for quality products. Due to their pharmacological effects, quality has been assumed to be synonymous with safety and tolerability of medical drugs. Safety and tolerability are important selling points that firms approach their customers with, and have been found to influence the doctor's choice of a prescription brand (Ongubo, 2003; Gönül at al 2002). Quality is therefore a value adding variable used by majority of firms to differentiate their products in order to create a market paradigm along which they seek to find an ideal segment to serve and compete in.

Based on the ownership of the companies, multinational companies pursued share growth mostly through the strategies of selling new products and services and selling existing products to existing customers, but pursued least the strategies of establishing new industry structures and selling more through new delivery approaches. Limited liability companies pursued all the strategies almost in an equal measure, except the strategy of establishing new industry structures which was most pursued by only 20% and least pursued by 80% of the firms. A smaller proportion (40%), however, pursued least the strategies of selling new products and services, selling through new delivery approaches and selling to new geographies. The local companies on the other hand pursued almost all the strategies though majority gave priority to the strategy of selling existing products to existing customers followed by selling existing products to new customers and selling new products and services in that order. Most companies surveyed. regardless of whether they were MNCs. limited liability or local companies pursued least the establishment of new industry structures and selling more through new delivery approaches. indicating that these strategies do not contribute significantly to their market share growth objectives.

Selling more of existing products to existing customers was the most pursued growth strategy by Kenyan pharmaceutical firms. regardless of the nature of their products. ownership or nature of their business. For all the surveyed companies to sell more of existing products to existing customers, a tactic like encouraging the existing customers to buy more products frequently was used to a large extent. Besides this. they also encouraged customers to buy more per period. and to switch from competitors to their brands. However. the firms created more usage for products/services only to a moderate extent. meaning that engaging in market expansion was not their primary objective as this would benefit all players instead of their own brands directly. Some activities aimed at boosting the achievement of these tactics were seen to be important too.

Selling new products and services is the second most pursued market share growth strategy in this industry in Kenya. In order to grow market share through the strategy of selling new products and services. tactics like selling new products and services to existing customers. introducing new products that current customers buy from competitors and diversifying into new product areas were almost equally practiced by the firms to a very large extent. This implies that under this strategy. market penetration. market development or product diversification tactics for new products and services were nearly equi-effective in attaining market share growth. The tactic of selling new products and services to existing customers was however, the most preferred since it portended relatively lower failure risks and commercialization costs compared to the tactics of introducing new products that customers currently enjoyed from competitors or diversifying into new product areas in which the firm neither had the requisite expertise nor experience.

The activities aimed at accomplishing these tactics were carried out to different extents with majority of them being rated as very important. The activities for implementing the tactic of selling new products and services to existing customers could be viewed in three prisms: 1) product activities, 2) sales and marketing activities and 3) planning activities. The most important product activity to the companies was the introduction of new product lines, while improving call planning, territory coverage, supervision and coaching as well as sales force training was the most important sales and marketing activities. On the other hand, most important planning activities included researching or anticipating customer needs and thereafter developing relevant products and services while at the same time exploiting maximally the potentials of existing channel linkages to give the new products wide exposure and reach. Hiring more representatives was only somewhat important, indicating that as long as the existing customers were loyal to the company, the existing field force were adequately trained on product and selling skills, and the sales and marketing function was effective in terms of planning and organization, selling new products to existing customers could efficiently be achieved through the existing number of sales force.

The third most pursued market share growth strategy by most pharmaceutical firms in Kenya is selling existing products to new customers. In an effort to achieve the market share growth through selling existing products to new customers, majority of the firms surveyed targeted new customer segments more than expanding the customer base to include non-users. This is explained by the fact that compared to new segments of customers, non-users are late- and poor-adopters of products since they hardly come across the product indications. As such, they are expensive prospects in that more resources and time must be committed to getting them to adopt the products.

Among the activities involved in targeting a new customer segment, market research was rated to be extremely important by majority of the firms as this revealed underlying trends and gaps in customer needs and satisfaction which were critical for effective and successful positioning of brands for immediate uptake and share growth. Improving planning of territory coverage, increasing supervision of sales force, conducting Continuous Medical Education (CME's) to create product awareness, intensifying brand differentiations, increasing call rates, targeting new application segments and selecting appropriate channel members with reach in the new segments were also considered equally important activities for growing market share in the new customer segments. These activities ensured that the focus and consistency of marketing efforts, resources and communications were sustained on the new customer segment(s) throughout the planning period. This way, the brand adoption rate and success in market share growth were enhanced efficiently.

Although not as popular a tactic for increasing sale of existing products to new customers as targeting a new customer segment was, all activities aimed at expanding customer base to include non-users were rated by the firms to be important except giving donations to hospitals and institutional clinics to gain entry into their formularies and encourage brand trials which was rated least important activity by majority of the firms. This is because unless there was explicit need for the product in the institution, giving a free donation to an institution that does not use or stock the product would not necessarily guarantee trial and subsequent purchase of the product. Such a blind donation becomes therefore expensive and worthless.

Pharmaceutical companies in Kenya moderately pursued the strategy of moving into new competitive arenas to grow their market share. This was the fourth but a moderately pursued growth strategy. The firms pursued this strategy primarily by moving out into new arenas within their industries with new products targeting current or new markets in those arenas. They also pursued growth moderately by moving into new industries outside of theirs.

In a similar pattern, all activities aimed at finding new products for current or new market arenas (or segments) were rated by majority of these firms to be very important except changing of production line for manufacturing new products and getting agencies with entirely different products. It also emerged that all activities aimed at enhancing the firm's movement into new industries were rated to be somewhat important apart from a few such as training sales force on new products and integrating sales teams which were rated to be important.

Pharmaceutical firms also boosted growth of their market share in new geographical markets by selling their products either directly or indirectly through partnering or integrating with firms in those markets. Also moderately pursued, this growth strategy fundamentally requires the adoption of market-oriented approaches which demand that the products be introduced into those markets, marketing facilities be opened therein and product training be offered to the sales force.

Integrating the company with other firms in the new geographical regions require training of sales force from the various merged/acquired firms and forward-buying of stocks especially if the integrated firm was a distributor in order to avoid stock-raptures. Within Kenya, the generally unfavourable business environment that has prevailed for sometime mitigated the need to open new pharmaceutical manufacturing plants. The small geographical expanse and well developed infrastructural network also allowed for easy and effective distribution coverage from a central rather than local distribution points.

Growing market share by selling more products through new delivery approaches was generally a moderately pursued strategy by pharmaceutical companies in Kenya. In particular, it was least pursued by multinational companies compared to limited liability and local companies. Those who pursued it however, did so primarily by improving the speed of product delivery and enhancing the efficiency of existing delivery channels more than by seeking additional distributors and improving channel policies. To improve product delivery speed, short order processing and packaging that allowed easier product transportation were emphasized. To the contrary, from the company's perspective, packaging which promoted user convenience and compliance were found not to be as important as they normally are to consumers (patients or doctors). Distribution efficiency of existing channel members was enhanced by improving their order processing, delivery speed, use of ICT in stock management and reducing stock raptures. If this distribution efficiency could be attained, the need for appointing local distributors could diminish, explaining why establishing several local distribution points or manufacturing plants in Kenya is considered least important by pharmaceutical companies. It is therefore apparent that these firms are striving to attain high level of distribution efficiency.

Since there are strong legal restrictions governing advertising of prescription medicines, use of media channels for product advertisement was not a preferred practice of this industry in Kenya. However, generalized advertisement of disease conditions targeting specific patient groups are often made as service to medicine. Pharmaceutical firms use this avenue to increase disease awareness, thereby expanding the market of target brands.

An improved channel policy was a very important tactic for achieving growth under the strategy of pursuing new delivery approaches. Policies that deterred undercutting of dealers and also promoted franchisees to take charge of delivering the company products into new markets where they are located, rather than appointing local distributors encouraged commitment to the company products, a value that was critical to success both in new markets and with new products.

Finally, the strategy of growth through establishing new industry structures was only moderately pursued and by the least number of firms. Consolidation of industry position was the primary tactic used to establish new industry structure. Activities which impact immediately and directly on sales performance as well as those which enhance the organization's marketing efficiency were of greater importance and were emphasised in order to achieve growth through this strategy.

5.3 Conclusion

In conclusion, well planned and implemented market share growth strategies will lead to a firm becoming successful in growing its market share even in a competitive market. However, there is no single strategy for success and as such different strategies have to be incorporated to achieve the desired market share growth (Kotler & Armstrong, 2004; Andrawes, 1971). Therefore, the choice of strategy to be applied and the extent to which it is pursued depends on the firm's competitive position which is in turn influenced by the nature and type of available resources, management orientation, industry position, competitiveness in the market, organization's history and growth objectives, among other factors. Due to this, there is need for pharmaceutical companies to continually develop and update critical strategic approaches to suit their organizational and business circumstances and pursue them to a large extent in order to realize desired growth of their market share (Hymowitz & O'Boyle (1991) and Menon, et al (1999)).

Since these strategies were largely commonly pursued by all firms in the pharmaceutical industry, varied levels of success would depend on how uniquely a company combined the sets of strategies as well as the tactics and activities that define and support them. Moreover, the extent to which a company pursued a strategy or sets of strategies would determine how long the firm will remain faithful to the implementation of its/their relevant activities and tactics.

All the seven growth strategies of the McKinsey Growth Model were employed by all pharmaceutical firms in Kenya to grow their market share. The extent to which each was pursued varied from one company to another and according to the nature of the business and ownership structure. Generally, all firms pursued all strategies to some extent. Five of the seven strategies, representing 71.42% were pursued to a large extent by all firms while only two strategies representing 28.58% were pursued to a moderate extent.

The five most pursued growth strategies by all companies were: selling of existing products to existing customers (market penetration), selling of new products and services (product development), selling existing products to new customers (market development), finding new competitive arenas to operate in (diversification) and selling to new geographies (market expansion/development). On the other hand, the two moderately pursued share growth strategies were: establishing new industry structures, and finding new delivery approaches.

The least pursued strategy by all firms was that of establishing new industry structures. The strategy of finding new competitive arenas was least pursued only by local companies, implying that MNCs and limited liability companies consider it as somewhat important.

Establishing new industry structures was only moderately pursued by a small number of MNCs, but least pursued by majority of them. This underscores the fact that this strategy, expensive to implement as it were (Abell, 1978; Porter, 1985), it did not add any tangible value to market share growth of MNCs in Kenya. As observed by Noognes (1990), costs hinder adoption and implementation of a strategy, and may explain the low adoption rate of this strategy in the Kenyan industry.

Even though all companies strongly pursued the strategy of selling existing products to existing customers than any other market share growth strategy, it was favoured more by local and Multinational firms than by limited liability companies.

All Multinational companies (MNCs) studied pursued market share growth by selling new products and services to the largest extent. It indicates the strong value that new products add to the growth strategy of MNCs compared to limited liability and local companies. This was followed by the strategy of selling existing products to existing customers (market penetration) as the next most pursued strategy by MNCs.

Though limited liability companies almost uniformly pursued all strategies equally, they least pursued the strategy of selling new products and services, and did not pursue market penetration strategy to the same extent as did MNCs and local companies. Majority of these companies preferred to pursue growth by selling existing products to existing and new customers, selling new products and services and finding new competitive arenas in which to participate. Sales to new geographies and through establishing new industry structures were not amongst the most pursued strategies for limited liability companies. Local companies pursued growth primarily through market penetration and development.

The amount of emphasis that a company puts on each strategy and the unique ways in which it combines different strategies together define its unique strategic architecture which sets it apart from the rest. Also, the relevant tactics and activities of a strategy, and their unique permutations and combinations are important elements in the customer value chain and will ensure growth of market share by attracting and retaining new and existing clients to the company's products.

For instance, the tactic of persuading existing customers to switch from competitor products in favour of the company's appears to be grounded on those actions that improve value offering. Value factors such as better (product and service) quality, product availability and accessibility improve customer confidence and increases satisfaction in the company brands, making them more attractive and lower switching costs from competitor brands. Generally, field force and brand activities were rated as being very important in supporting this tactic. In line with Gönül's observation, increased sampling was an activity considered only to be somewhat important for selling existing products to existing customers who are using a competitor brand. This is because it is likely that the customer has compared the two products and is satisfied with the competitor product, and sampling may therefore not influence him to switch.

Long shelf life for example, is a source of value to the channel customers in the sense that it builds confidence that the products will be sold before their expiry date, and therefore is a strong motivator when channels are making buying decisions. Normally, shelf life does not matter much to a doctor than it does to a pharmacist, who is ideally the custodian of drug standards by ensuring conformity to such product quality aspects as shelf life. Professionally, the medical doctor relies on the pharmacist to assure such quality standards are adhered to. So shelf life is an important determinant of which brand is consistently in stock and dispensed.

Increasing the frequency of detailing visit and the effectiveness of calls to pharmacies and doctors to promote more product benefits, quality and price ensures that the firm's brands achieve high share of mind and continually captures business opportunities. They are also able to influence customer's purchase and prescription decisions whenever such decisions are to be made.

All strategies, tactics and activities must be carefully planned, completely implemented and have clear objectives. For instance, CME's must be well planned and have clear objectives of demonstrating product benefits if it were to add value to an organization's selling effort.

5.4 Recommendations

From the findings of this study, it is apparent that pharmaceutical companies in Kenya pursue growth strategies to increase market share of their promoted prescription brands. The choice of an appropriate strategy to pursue should be based on the growth objectives, resource capacity, nature of business and nature of products. They also need to develop unique and flexible strategic architecture that can confer sustainable competitive advantage by emphasizing important sets of strategic tactics and activities, and changing their configuration whenever their competitive advantages appear to wane.

The strategic sets or groups should be critical to achieving market share growth objectives of the firm. They should also be few enough so that the firm does not to loose its strategic focus and have the capacity to effectively pursue them. In particular, such a set should consist of the strategies of selling existing products to existing customers, selling new products and services and selling existing products to new customers. They should also maintain the industry's level of performance on the other strategies, namely finding new competitive arenas or market segments and selling in new and worthwhile geographical markets in order to remain competitive.

Finally, they need to moderately pursue strategies of selling through new delivery approaches and influencing the establishment of new industry structures. Though these strategies are quite expensive to implement and may not guarantee a desirable growth, they are useful blocking strategies which can be used to protect a firm's main strategic focus and secure the gained market share from competitive attack.

5.5 Limitations of the Study

Given only one objective, the research study was rather broad which meant that the level of detail it could delve was limited. The study was also limited only to pharmaceutical companies involved in manufacturing, marketing and distribution of prescription medicines. The use of only the questionnaire method of data collection and closed ended questions may have limited the quality of responses obtained. Future studies should incorporate other methods of data collection like interviews and also include open-ended questions as much as possible in the questionnaires in order to get the respondents' opinions and help the researcher to draw qualitative inferences.

5.6 Suggestions for Future Research

Since this was a study to determine market share growth strategies used in pharmaceutical industry, a larger sample size is required to make the results more generalizable. A study to establish any relationships between any of the growth strategies and its related outcomes in terms of market share growth is necessary, and should also be extended to determine the optimal combinations of the strategies, tactics and activities into set. Which sets are critical to achieving an efficient and measurable growth of market share and the ideal members of each set should also be studied. A case study of the impact of market share growth strategies on market share growth of different brands of the same molecule will determine the cause-and-effect relationship between a growth strategy and its outcomes, and is therefore suggested.

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APPENDIX 1: LETTER OF INTRODUCTION

Ojung'a OH Kennedy,
C/O University of Nairobi,
Lower Kabete Campus,
P.O. Box 30197,
Nairobi.

31.08.2006.

Dear Sir/Madam,

I am a postgraduate student in the School of Business at the above University. I am conducting a management research on market share growth strategies in the branded pharmaceutical medicine market in Kenya.

Your organization has been selected to form part of the study. This is therefore to request you to assist with filling in the attached questionnaire. The information you give will be treated with strict confidentiality and is needed purely for academic reasons. Even where a name has been provided, it will not under any circumstances appear in the final report.

A copy of the final report will be made available to you on request.

Your assistance and co-operation will be highly appreciated.

Yours sincerely,

....
Ojung'a OH Kennedy
(Student)

....
Margaret A Ombok,
Lecturer, Department of
Business Administration,
(Supervisor)

APPENDIX II: QUESTIONNAIRE

Please answer all the questions by filling in the space provided or by putting a tick in the box.

Date……………..

Respondent's Title………………………………………..

Respondent's telephone number……………………….

PART A

1. Name of the Organization ……………………………………………………

2. Nature of business:

Manufacturing	( )
Distribution	( )
Marketing agency	( )

3. Ownership:

Multinational company	( )
Fully Government owned corporation	( )
Limited Liability company	( )
Local company	( )

4. Nature of products:

Branded originals	( )
Branded generics	( )
Non-branded generic	( )

5. How many years has the company been in operation in Kenya?

0 – 5 years	( )
>5 – 10 years	( )
>10 – 15 years	( )
>15 – 20 years	( )
>20 years	( )

6. How important are the following factors to your organization? Choose from a scale of 1 to 6, where 1 – extremely important; 2 – very important; 3 – Fairly Important; 4 - slightly important; 5 – important; 6 – not at all important.

(i) Product quality ( )
(ii) Service quality ( )
(iii) Customer and/or KOL relationship management ( )
(iv) Nichemanship ( )
(v) Cost reduction ( )
(vi) Price reduction ( )

7.Companies grow market share mainly in the following seven ways. Please indicate in your view, how your company has achieved growth by marking 1, 2 or 3 against the reason.

1 – Most pursued
2 – Pursued
3 – Least pursued

(i) Selling existing products to existing customers ( )
(ii) Selling existing products to new customers ( )
(iii) Selling new products and services ( )
(iv) Selling more through new delivery approaches ( )
(v) Selling to new geographies ( )
(vi) Establishing new industry structures ( )
(vii) Finding new competitive arenas ( )

PART B: Selling Existing Products to Existing Customers.

8. In order to grow its market share in current market, your company may adopt the strategy of selling more of existing products to existing customers. Please indicate the extent to which each of the following is important to your organization on a scale of 1-5 where:
5= Very large extent

4= Large extent

3= Moderate extent

2= Small extent

1= No extent

	5	4	3	2	1
(i) Encourage existing customers to buy more products frequently	( )	( )	( )	( )	( )
ii) Create more usage for product/service	( )	( )	( )	( )	( )
(iii) Encourage customers to buy more per period	( )	( )	( )	( )	( )
(iv) Persuade customers to switch from competitor.	( )	( )	( )	( )	( )

9. In encouraging existing customers to buy and prescribe more frequently, please indicate how important each of the actions given below is to your organization on a scale of 1-5 where:

5= Extremely important

4= Very important

3= Somewhat important

2= Not very important

1= Not at all important

	5	4	3	2	1
(i) Make modifications to product eg to improve patient compliance	( )	( )	( )	( )	( )
(ii) Give rewards and privileges to frequent user through sponsorship to conferences,	( )	( )	( )	( )	( )

medical resources, subscription					
(iii) Increase discounts, bonuses for regular purchases	( )	( )	( )	( )	( )
(iv) Maintain high product quality	( )	( )	( )	( )	( )
(v) Reduce price	( )	( )	( )	( )	( )
(vi) Customer feedback System	( )	( )	( )	( )	( )
(vii) Increase branding using gimmicks and fliers	( )	( )	( )	( )	( )
(viii) Increase frequency of detailing call per doctor.	( )	( )	( )	( )	( )
(ix) Increase frequency of visits to customers to book orders	( )	( )	( )	( )	( )
(x) Heavy sampling to initiate more new patients	( )	( )	( )	( )	( )
(xi) Differential pricing	( )	( )	( )	( )	( )
(xii) Training of sales force on selling skills.	( )	( )	( )	( )	( )
(xiii) Improve customer service e.g. shorter delivery time, correct order processing.	( )	( )	( )	( )	( )
(xiv) Highlight more indications.	( )	( )	( )	( )	( )
(xv) Increase advertising of promotions/offers, product quality and performance	( )	( )	( )	( )	( )
(xvi) Increase switching costs	( )	( )	( )	( )	( )
(xvii) Bundle products or services	( )	( )	( )	( )	( )
(xviii) Provide credit financing	( )	( )	( )	( )	( )
(xix)Train existing customers on alternative product usages	( )	( )	( )	( )	( )
(xx)Implement and promote strong					

warranty and return policy	( )	( )	( )	( )	( )
(xxi)Share dedicated ICT systems with buyers to manage stocks directly	( )	( )	( )	( )	( )

10. In creating more usage and prescription for the current product to your present customers please indicate how important each of the actions given below is to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	somewhat Important 3	Not very Important 2	Not Import 1
(i) Conduct CMEs to educate customers about benefits of using the product more often	( )	( )	( )	( )	( )
(ii) Increase frequency of detailing call per doctor	( )	( )	( )	( )	( )
(iii) Increase call rate per representative/day.	( )	( )	( )	( )	( )
(iv) Use clinical papers to highlight new indications	( )	( )	( )	( )	( )
(v) Increase cumulative discount and bonuses for more usage	( )	( )	( )	( )	( )
(vi) Conduct regular CMEs on alternative inductions	( )	( )	( )	( )	( )
(vi) Patient information leaflets	( )	( )	( )	( )	( )
(vii) Obtain KOL endorsement	( )	( )	( )	( )	( )
(viii)Target patients directly through patient information					

leaflets to increase
awareness and desire. ( ) ( ) ( ) ( ) ( )

(ix)Target retailers through
pharmacy campaigns to
educate pharmacy staff on
usage, benefits and safety. ( ) ( ) ( ) ( ) ( )

(x)Increase visits to pharmacies,
hospitals and wholesalers to
book orders. ( ) ( ) ( ) ( ) ( )

(xi)Exceed customer expectations
through improved product
performance and service ( ) ( ) ( ) ( ) ( )

(xii)Position product strongly
in a given indication. ( ) ( ) ( ) ( ) ( )

(xiii)Appeal to more segments ( ) ( ) ( ) ( ) ( )

(xiv)Fill market gaps & opportunities( ) ( ) ( ) ( ) ( )

(xv)Increase channels to expand
product availability and exposure ( ) ( ) ( ) ( ) ( )

(xvi)Increase advertising of quality,
value an convenience ( ) ( ) ( ) ( ) ( )

(xvii)Protect product through patents( ) ( ) ( ) ( ) ( )

(xviii)Pursue and influence
internal and external
policies that promote more
usage of company product
and not competitor ( ) ( ) ( ) ( ) ( )

(xix)Pursue and influence
internal and external
linkages that add/create
value to product or service ( ) ( ) ( ) ( ) ( )

(xx)Provide product usage

training/training materials to users and retailers	( )	( )	( )	( )	( )
(xxi)Training of sales force on selling skills.	( )	( )	( )	( )	( )
(xxii)Block aggressive new Entrants	( )	( )	( )	( )	( )
(xxiii)Increase sampling & couponing	( )	( )	( )	( )	( )
(xxiv)Lower prices gradually	( )	( )	( )	( )	( )
(xxv)Maintain prices	( )	( )	( )	( )	( )
(xxvi)Improve incentives to dealers	( )	( )	( )	( )	( )
(xxvii)Shorten delivery time	( )	( )	( )	( )	( )

11.In encouraging your present customers to buy more per period please indicate how important each of the actions given below is to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	somewhat Important 3	Not Very Important 2	Not Import 1
(i) Quantity discounts and bonuses for large purchases	( )	( )	( )	( )	( )
(ii) Differential prices	( )	( )	( )	( )	( )
(iii)Uniform price reduction	( )	( )	( )	( )	( )
(iv)Time sales promotions & competitions to coincide with customer purchase cycle	( )	(.)	( )	( )	( )
(v) Bulk packaging	( )	( )	( )	( )	( )
(vi)Strong warranties and flexible return policy	( )	( )	( )	( )	( )
(vii) Sell long-expiry stocks	( )	( )	( )	( )	( )
(viii)Bundle products and					

Services	( )	( )	( )	( )	( )
(ix)Increase detailing frequency and effectiveness, highlighting more benefits	( )	( )	( )	( )	( )
(x)Improve customer service e.g efficient order processing	( )	( )	( )	( )	( )
(xi)Increase advertisement of quality and price aspects	( )	( )	( )	( )	( )
(xii)Co-own on-premise storage facility with buyer	( )	( )	( )	( )	( )
(xiii)Share dedicated ICT systems with buyers to manage stocks directly	( )	( )	( )	( )	( )

12. In persuading present customers to switch from competitors please indicate how important each of the actions given below is to your organization on a scale 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Very Import 1
(i) Lower price	( )	( )	( )	( )	( )
(ii) Better product/service Quality	( )	( )	( )	( )	( )
(iii) Promotion of brand	( )	( )	( )	( )	( )
(iv) Differentiation	( )	( )	( )	( )	( )
(v) Increase sampling	( )	( )	( )	( )	( )
(vi) Frequent detailing to chemists and doctors using competition	( )	( )	( )	( )	( )
(vii) Consistent stock availability at more convenient locations	( )	( )	( )	( )	( )

(viii)Re/position product as 'higher quality'	( )	( )	( )	( )	( )
(ix)Match competitor bonuses and discounts	( )	( )	( )	( )	( )
(x)Obtain KOL endorsement	( )	( )	( )	( )	( )
(xi)Analyse customer satisfaction and strive to exceed it	( )	( )	( )	( )	( )
(xii)Set up and exploit exclusive linkages e.g with distributors	( )	( )	( )	( )	( )
(xiii)Pursue and influence internal and external policies that promote company product and not competitor	( )	( )	( )	( )	( )
(xiv)Litigate against patent defilers and win back customer	( )	( )	( )	( )	( )
(xv)Train sales force on selling skills	( )	( )	( )	( )	( )
(xvi)Carry out prescription audit of competitor	( )	( )	( )	( )	( )
xvii)Increase call rate per representative/day.	( )	( )	( )	( )	( )
(xviii)Use clinical papers to highlight extra indications/usage	( )	( )	( )	( )	( )
(xix)Target patients directly through patient information leaflets to increase awareness and desire.	( )	( )	( )	( )	( )

(xx)Target retailers through pharmacy campaigns to educate pharmacy staff on usage, benefits and safety.	( )	( )	( )	( )	( )
(xxi)Increase visits to pharmacies, hospitals and wholesalers to book orders.	( )	( )	( )	( )	( )
(xxii)Increase channels to expand product availability and exposure	( )	( )	( )	( )	( )
(xxiii)Increase advertising of quality, value an convenience	( )	( )	( )	( )	( )
(xxiv)Provide product usage training/training materials to users and retailers	( )	( )	( )	( )	( )
(xxv)Block aggressive new entrants	( )	( )	( )	( )	( )
(xxvi)Improve incentives to dealers	( )	( )	( )	( )	( )
(xxvii)Hire more medical sales representatives	( )	( )	( )	( )	( )
(xxviii) Improve call planning	( )	( )	( )	( )	( )
(xxix) Improve planning of territory coverage	( )	( )	( )	( )	( )
(xxix) Improve supervision of sales force	( )	( )	( )	( )	( )

PART C: Selling Existing Products to New Customers.

13. In order to grow its market share a company may adopt the strategy of selling existing products to new customers. Please indicate the extent to which each of the following is important to your organization on a scale of 1-5.

	Very Large Extent 5	Large Extent 4	Moderate Extent 3	Small Extent 2	No Extent 1
(i) Target a new customer Segment	( )	( )	( )	( )	( )
(ii) Expand customer base to include non-users	( )	( )	( )	( )	( )

14. In targeting a new customer segment please indicate how important each of the actions given below is to your organization on scale of 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Not Import 1
(i) Change content of advertising/promotion	( )	( )	( )	( )	( )
(ii) Increase advertising frequ-ency in other relevant media	( )	( )	( )	( )	( )
(iii) Differentiate application of the product to attract a new group	( )	( )	( )	( )	( )
(iv) Differential pricing to attract different customers	( )	( )	( )	( )	( )
(v) New product dimension and packaging to appeal to new segment	( )	( )	( )	( )	( )
(vi) Change formulation and presentation (modification)	( )	( )	( )	( )	( )
(vii)Give introductory price	( )	( )	( )	( )	( )

(viii)Provide credit to selected channel members	( )	( )	( )	( )	( )
(ix)Product line extension.	( )	( )	( )	( )	( )
(x)Change product category e.g. from Pharmacy-Only to OTC.	( )	( )	( )	( )	( )
(xi)Increase sampling to gain trial	( )	( )	( )	( )	( )
(xii)Increase call rate per representative/day.	( )	( )	( )	( )	( )
(xiii)Target new application Segments	( )	( )	( )	( )	( )
(xix)Time product launches to coincide with purchase cycle	( )	( )	( )	( )	( )
(xx)Obtain KOL endorsement in the new segment	( )	( )	( )	( )	( )
(xxi)Intensify brand differentiation	( )	( )	( )	( )	( )
(xxii)Select appropriate channel members with reach in new segments	( )	( )	( )	( )	( )
(xxiii)Conduct CMEs to create product awareness	( )	( )	( )	( )	( )
(xxiv) Carry out market research	( )	( )	( )	( )	( )
(xxv)Improve planning of territory coverage	( )	( )	( )	( )	( )
(xxvi)Increase supervision of sales force	( )	( )	( )	( )	( )
(xxvii)Hire more medical sales representatives	( )	( )	( )	( )	( )

15. In expanding customer base to include non-users, please indicate how important each of the following actions is important to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Not Import 1
(i) Increase call rate per representative/day	( )	( )	( )	( )	( )
(ii)Improve territory coverage and targeting.	( )	( )	( )	( )	( )
(iii)Improve supervision and coaching.	( )	( )	( )	( )	( )
(iv)Price reductions	( )	( )	( )	( )	( )
(v)Improve distribution	( )	( )	( )	( )	( )
(vi)Improve personal detailing	( )	( )	( )	( )	( )
(vii)Heavy branding.	( )	( )	( )	( )	( )
(viii)Heavy sampling to generate trial.	( )	( )	( )	( )	( )
(ix)Increase promotion to non-users.	( )	( )	( )	( )	( )
(x)Advertise in relevant media.	( )	( )	( )	( )	( )
(xi)Give donations to gain entry and encourage trial.	( )	( )	( )	( )	( )
(xii)Change content of advertising and promotion to target non-users	( )	( )	( )	( )	( )
(xiii)Conduct timely CMEs and product launches	( )	( )	( )	( )	( )
(xiv)Carry out prescription audits of competitor	( )	( )	( )	( )	( )

PART D: New Products and Services

16. Growth can also be achieved through entirely new products and services. Please indicate the extent to which each of the following is important to your organization on a scale of 1-5.

	Very Large Extent 5	Large Extent 4	Moderate Extent 3	Small Extent 2	No Extent 1
(i) Selling new products and services to existing customers	( )	( )	( )	( )	( )
(ii) Introducing new products that current customers buy from competitors	( )	( )	( )	( )	( )
(iii) Diversifying into new product areas	( )	( )	( )	( )	( )

17. In selling new products and services to existing customers, please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Not Import 1
(i) Pioneer revolutionary product and service innovations	( )	( )	( )	( )	( )
(ii) Increase research and development activities	( )	( )	( )	( )	( )
(iii) Anticipate customer needs and develop relevant products and services	( )	( )	( )	( )	( )
(iv) Introduce new product					

lines.	( )	( )	( )	( )	( )
(v)Train sales force and customers on new products.	( )	( )	( )	( )	( )
(vi)Time launches and CMEs to coincide with purchase cycle	( )	( )	( )	( )	( )
(vii)Exploit existing channel linkages	( )	( )	( )	( )	( )
(viii)Locate new product plant in existing territories	( )	( )	( )	( )	( )
(ix)Advertise in existing media	( )	( )	( )	( )	( )
(x)Protect new products through patents	( )	( )	( )	( )	( )
(xi)Carry out direct sales	( )	( )	( )	( )	( )
(xii)Establish Standard Operating Procedures (SOP) to define how significant marketing processes (eg Launches) are carried out	( )	( )	( )	( )	( )
(xiii)Hire more medical sales representatives	( )	( )	( )	( )	( )
(xiv)Improve call planning	( )	( )	( )	( )	( )
(xv)Improve planning of territory coverage	( )	( )	( )	( )	( )
(xvi)Increase supervision and coaching of sales force	( )	( )	( )	( )	( )

18. In Introducing new products that current customers buy from competitors, please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important	Very Important	Somewhat Important	Not very Important	Not Import

	5	4	3	2	1
(i)Launch new innovative Products	( )	( )	( )	( )	( )
(ii)Aggressive sales promotion and detailing to highlight and communicate unique qualities	( )	( )	( )	( )	( )
(iii)Carry out creative services.	( )	( )	( )	( )	( )
(iv)Analyze market trends to find customer expectations and satisfaction levels.	( )	( )	( )	( )	( )
(v)Carry out prescription audits of competitors	( )	( )	( )	( )	( )
(vi)Reverse engineering competitor products to develop similar or better ones.	( )	( )	( )	( )	( )
(v)Discover unrecognized purchase pattern	( )	( )	( )	( )	( )
(vi)Reconfigure value chain to be entirely new and unique	( )	( )	( )	( )	( )
(vi)Obtain KOL/expert Endorsement	( )	( )	( )	( )	( )
(vii)Analyse customer satisfaction and strive to exceed it	( )	( )	( )	( )	( )
(viii)Lower switching costs	( )	( )	( )	( )	( )
(ix)Enjoin buyers in product Development	( )	( )	( )	( )	( )
(x)Provide credit finance	( )	( )	( )	( )	( )
(xi)Increase sales force					

coverage	( )	( )	( )	( )	( )
(xii)Implement warranty and return policy	( )	( )	( )	( )	( )
(xiii)Shorten delivery time	( )	( )	( )	( )	( )
(xiv)Improve customer service	( )	( )	( )	( )	( )
(xv)Pursue late-mover advantage	( )	( )	( )	( )	( )
(xvi)Patent protection of Innovations	( )	( )	( )	( )	( )
(xvii)Match competitor Guarantees	( )	( )	( )	( )	( )

19. In diversifying into new products areas, please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Not Import 1
(i) Produce and sell cheap generic versions/imitations of the competitor product.	( )	( )	( )	( )	( )
(ii)Get new agencies with new and different products	( )	( )	( )	( )	( )
(iii)Patent protection of Innovations	( )	( )	( )	( )	( )
(iv)Exclusive linkages with suppliers and buyers	( )	( )	( )	( )	( )
(v)Introduce fighter brands to block new entrants	( )	( )	( )	( )	( )

PART E: New Delivery Approaches

20. Growth can also be achieved by finding new delivery approaches. Please indicate the extent to which each of the following is important to your organization on a scale of 1-5.

	Very Large Extent 5	Large Extent 4	Moderate Extent 3	Small Extent 2	No Extent 1
(i)Seeking new additional distribution channels	( )	( )	( )	( )	( )
(ii)Improving existing delivery approaches	( )	( )	( )	( )	( )
(iii)Improve channel policies	( )	( )	( )	( )	( )
(iv)Product delivery	( )	( )	( )	( )	( )

21. In seeking new additional channels, please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Not Important 1
(i)Forward integration with distributors	( )	( )	( )	( )	( )
(ii) Appoint more distributors	( )	( )	( )	( )	( )

22. In seeking to improve existing distribution channels, please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Not Import 1
(i)Increasing delivery speed	( )	( )	( )	( )	( )
(ii)Better order processing	( )	( )	( )	( )	( )
(iii)Using ICT to manage					

inventory and improve forecasting.	( )	( )	( )	( )	( )
(iv)Reduce stock ruptures.	( )	( )	( )	( )	( )
(v)Use new media channels to deliver advertising and promotional messages	( )	( )	( )	( )	( )
(vi)Appoint local distribution points/channels to reduce physical distribution costs	( )	( )	( )	( )	( )

23. In seeking to improve channel policies, please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Not Import 1
(i)No under-cutting of dealers.	( )	( )	( )	( )	( )
(ii)Use franchisees to deliver products into new markets.	( )	( )	( )	( )	( )

24. In seeking to improve product delivery, please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Not Import 1
(i)Packaging that promotes user convenience and compliance	( )	( )	( )	( )	( )
(ii)Packaging is tamper proof	( )	( )	( )	( )	( )
(iii)Making product bundling and unbundling possible.	( )	( )	( )	( )	( )

(iv)Packaging should allow for ease of transportation.	( )	( )	( )	( )	( )
(v)Superior product design	( )	( )	( )	( )	( )
(vi)Change pack sizes	( )	( )	( )	( )	( )
(vii)Shorten order-processing and delivery time	( )	( )	( )	( )	( )

PART F: New Geographies

25. Growth can also be achieved by attacking new geographical markets. Please indicate the extent to which each of the following is important to your organization on a scale of 1-5.

	Very Large Extent	Large Extent	Moderate Extent	Small Extent	No Extent
	5	4	3	2	1
(i) Sell in new geographical areas	( )	( )	( )	( )	( )
(ii)Integrate with firms in new geographical markets	( )	( )	( )	( )	( )

26. In selling into new geographical areas, please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important	Very Important	Somewhat Important	Not very Important	Not Import
	5	4	3	2	1
(i)Relocate to the new geographical markets.	( )	( )	( )	( )	( )
(ii)Open distribution centers in the new markets.	( )	( )	( )	( )	( )

(iii)Open manufacturing plants in the new markets.	( )	( )	( )	( )	( )
(iv)Open marketing facilities in the new markets.	( )	( )	( )	( )	( )
(v)Export to new markets	( )	( )	( )	( )	( )
(vi)Launch products into new markets.	( )	( )	( )	( )	( )
(vii)Advertise and promote through local media	( )	( )	( )	( )	( )
(viii)Sampling	( )	( )	( )	( )	( )
(viii)Hire more medical sales representatives	( )	( )	( )	( )	( )
(viii)Train sales force	( )	( )	( )	( )	( )

27. In integrating with firms in the new geographical markets, please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Not Import 1
(i)Negotiate and integrate new acquisitions or partnerships.	( )	( )	( )	( )	( )
(ii)Forward buying to avoid stock ruptures.	( )	( )	( )	( )	( )
(iii)Franchise business	( )	( )	( )	( )	( )
(iv)M & A.	( )	( )	( )	( )	( )
(iv)Train sales force from various merged/acquired firms	( )	( )	( )	( )	( )

PART G: New Industry Structure

28. In growing through influence on industry structure, please indicate the extent to which each of the following is important to your organization on a scale of 1-5.

	Very Large Extent 5	Large Extent 4	Moderate Extent 3	Small Extent 2	No Extent 1
(i)Consolidate industry position	( )	( )	( )	( )	( )

29. In consolidating industry position, please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Not Import 1
(i)Acquire troubled or weak competitors	( )	( )	( )	( )	( )
(ii)Merge with competitors	( )	( )	( )	( )	( )
(iii)Lower prices	( )	( )	( )	( )	( )
(iv)Organize firm structure along product line, customer types or geographical boundaries	( )	( )	( )	( )	( )
(v)Harvest shares	( )	( )	( )	( )	( )
(vi)Divest from market	( )	( )	( )	( )	( )
(vii)Pioneer new system e.g. distribution system.	( )	( )	( )	( )	( )
(viii)Increase product performance.	( )	( )	( )	( )	( )

(ix)Change product design and use.	( )	( )	( )	( )	( )
(x)Train sales force on new products	( )	( )	( )	( )	( )
(xi)Integrate sales teams	( )	( )	( )	( )	( )
(xii)Integrate sales operations	( )	( )	( )	( )	( )
(xiii)Establish SOPs	( )	( )	( )	( )	( )

PART H: New Competitive Arenas

30. Growth can also occur when a company moves into new competitive arenas. Please indicate the extent to which each of the following is important to your organization on a scale of 1-5.

	Very Large Extent 5	Large Extent 4	Moderate Extent 3	Small Extent 2	No Extent 1
(i) Move out into new industries	( )	( )	( )	( )	( )
(ii)Find new products to serve current or new markets	( )	( )	( )	( )	( )

31. In moving out into new industries, please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important 5	Very Important 4	Somewhat Important 3	Not very Important 2	Not Import 1
(i)Merge or acquire suppliers of inputs.	( )	( )	( )	( )	( )
(ii)Merge or acquire distributors of outputs.	( )	( )	( )	( )	( )

(iii) Acquire license to manufacture or market new products to new markets	( )	( )	( )	( )	( )
(iv)Integrate sales teams	( )	( )	( )	( )	( )
(v)Integrate sales operations	( )	( )	( )	( )	( )
(vi)Train sales force on new products	( )	( )	( )	( )	( )
(iii)Establish SOPs for identifying, acquiring and/or merging with other firms	( )	( )	( )	( )	( )

32. In finding new products to serve current or new markets. please indicate how important each of the following actions is to your organization on a scale of 1-5.

	Extremely Important	Very Important	Somewhat Important	Not very Important	Not Important
		5	4	3 2	
(i)Change production line.	( )	( )	( )	( )	( )
(ii)Get new agencies with entirely different products.	( )	( )	( )	( )	( )
(iii)Carry out market research market needs	( )	( )	( )	( )	( )
(iv)Train sales force on new products	( )	( )	( )	( )	( )
(v)Establish SOPs for finding new products with desired potential	( )	( )	( )	( )	( )

Thank You.

APPENDIX III: OPERATIONALISATION OF MARKET SHARE GROWTH STRATEGIES

MARKET SHARES	EXTENDENDED DEFINITION	RELEVANT ISSUE	RELEVANT QUESTION
Selling existing products to existing customers	Increase more product usage	- Educative promotion e.g. CME to highlight benefits of using the product more often. - Increase frequency of detailing call per doctor. - Increase call rate per representative/day. - Improve call planning - Increase cumulative discounts and bonuses for more usage e.g. to hospitals. - Use clinical papers to highlight extra indications/usage. - Obtain KOL endorsement - Target patients directly through patient information leaflets to increase awareness and desire. - Target retailers through pharmacy campaigns to educate pharmacy staff on usage, benefits and safety. - Increase visits to pharmacies, hospitals and	6, 8

		wholesalers to book orders. - Exceed customer expectations through improved product performance and service - Position product strongly in a given indication. - Appeal to more segments - Fill market gaps and opportunities to block aggressive new entrants - Intensify distribution to expand product availability and exposure - Protect product through patents - Pursue and influence internal and external linkages that add/create value to product or service - Increase sampling and couponing - Retain or lower prices gradually	
	Encourage existing customers to buy more products frequently	- Modify product e.g. packaging to improve compliance. - Increase discounts and bonuses for regular purchases.	6, 7

		-Increase frequency o booking and detailing cal per buyer and doctor. - Heavy sampling to initiate more new patients. - Differential pricing - Improve product and service quality. - Train sales force on selling skills. - Improve customer service e.g. shorter delivery time, correct order processing. - Increase branding using gimmicks and fliers. - Reward frequent users e.g. through sponsorships and privileges. - Highlight more indications - Increase advertising of promotions/offers, product quality and performance - Increase switching costs - Bundle products or service - Provide credit financing - Implement and promote strong warranty and return policy - Share dedicated ICT systems with buyers to manage stocks directly	

	Encourage existing customers to buy more at a time	- Seasonal price reductions - Quantity discounts and bonuses - Strong warranties and flexible return policy. - Bulk packaging. - Differential prices - Timing sales promotions and competitions to coincide with customer purchase cycle. - Sell long-expiry stocks. - Bundle products and services - Increase detailing frequency and effectiveness, highlighting more benefits - Improve customer service - Increase advertisement of benefits and promotions/offers - Co-own on-premise storage facility with buyer - Share dedicated ICT systems with buyers to manage stocks directly	6, 9
Existing products to new customers	Capture competitor's customers.	- Promote more unique product benefits - Re/position product as 'higher quality'	6, 10

		- Increase promotion/detailing targeting doctors and chemists who are using competitor products. - Match competitor bonuses and discounts - Obtain KOL endorsement - Better customer service level e.g. shorter delivery time - Analyse customer satisfaction and strive to exceed it - Consistent availability of stocks at more convenient locations - Set up and exploit exclusive linkages e.g with distributors - Aggressively advertise with simple messages on quality, value, convenience - Pursue and influence internal and external policies that promote company product and not competitor - Litigate against patent defilers and win back customer - Lower switching costs		

		- Train sales force on selling skills. - Hire more medical sales representatives - Carry out prescription audi of competitor - Improve call planning - Improve territory coverage planning - Improve supervision of sales force	
	Selling more existing products tc new customer segment	- Change content and presentation of advertising and promotion message. - Change product packaging and dimension. - Change formulation and presentation (modification) - Differential pricing. - Give introductory price - Provide credit to selected channel members - Product line extension. - Change product category e.g. from Pharmacy-Only to OTC. - Increase advertising frequency in other relevant media - Differentiate product	11, 12

		application. - Increase sampling to gain trial - Increase call rate per representative/day. - Target new segments - Improve planning of territory coverage - Increase supervision of sales force - Hire more medical sales representatives - Time launches to coincide with purchase cycle - Obtain KOL endorsement in the new segment - Intensify branding - Select appropriate channel members with reach into new segments - Conduct CMEs to create product awareness - Carry out market research	
	Selling existing products to non-users	- Increase call rate per representative/day to non-users. - Improve territory segmentation and targeting. - Improve supervision and coaching.	11, 13

		- Price reductions - Improve distribution - Improve personal detailing - Heavy branding. - Heavy sampling to generate trial. - Advertise in relevant media. - Give donations to gain entry and encourage trial. - Change content of advertising and promotion to target non-users - Conduct timely CMEs and product launches - Carry out prescription audits of competitor	
New products and services	Selling new products and services to existing customers	- Pioneer revolutionary product and service innovations - Increase research and development activities - Anticipate and research customer needs and develop relevant products and services - Introduce new product lines. - Train sales force and customers on new products.	14, 15

		- Time launches and CMEs to coincide with purchase cycle - Exploit existing channel linkages - Locate new product plant in existing territories - Advertise in existing media - Protect new products through patents - Carry out direct sales - Establish Standard Operating Procedures (SOP) to define how significant marketing processes (eg Launches) are carried out - Hire more medical sales representatives - Improve call planning - Improve planning of territory coverage - Increase supervision and coaching of sales force	
	Introducing new products that current customers buy from competitors	- Sell new innovative products and services - Aggressive sales promotion and detailing - Analyze market trends to find customer expectations and satisfaction levels.	14, 16

		- Carry out prescription audits of competitors - Reverse engineering competitor products to develop similar or better ones. - Discover unrecognized purchase pattern - Reconfigure value chain to be entirely new and unique - Obtain KOL/expert endorsement - Lower switching costs - Enjoin buyers in product development and design - Provide credit finance - Increase sales force coverage - Implement warranty and return policy - Improve customer service - Exploit late-mover advantage - Patent protection of innovations - Match competitor guarantees	
	Diversifying into new products areas	- Produce and sell cheap generic versions/imitations of the competitor product.	14, 17

		- Get new agencies with new and different products - Patent protection of innovations - Exclusive linkages with suppliers and buyers - Introduce fighter brands to block new entrants	
New delivery approaches	Seeking new additional distribution channels	- Forward integration with distributors - Appoint more distributors	18, 19
	Improving existing delivery approaches	- Increasing delivery speed - Better order processing - Using ICT to manage inventory and improve forecasting. - Reduce stock ruptures. - Use new media channels to deliver advertising and promotional messages - Appoint local distribution points/channels to reduce physical distribution costs	18, 20
	Improve channel policies	- No under-cutting of dealers. - Use franchisees to deliver products into new markets.	18, 21

	Product delivery	- Packaging that promotes user convenience and compliance - Packaging is tamper proof - Making product bundling and unbundling possible. - Packaging should allow for ease of transportation. - Superior product design - Change pack sizes - Shorten order-processing and delivery time	18, 22
New Geographics	Sell in new geographical areas	- Relocate to the new geographical markets. - Open distribution centers in the new markets. - Open manufacturing plants in the new markets. - Open marketing facilities in the new markets. - Export to new markets - Launch products into new markets. - Advertise and promote through local media - Increase sampling - Hire more medical sales representatives - Train sales force	23, 24

	Integrate with firms in the new geographical markets	- Negotiate and integrate new acquisitions or partnerships. - Forward buying to avoid stock ruptures. - Franchise business - M & A. - Train sales force from various merged/acquired firms	23, 25
New industry structure	Consolidate position on industry	- Acquire troubled or weak competitors - Merge with competitors - Lower prices - Organize firm structure along product line, customer types or geographical boundaries - Harvest shares - Divest from market - Pioneer new system e.g. distribution system. - Increase product performance. - Change product design and use. - Train sales force on new products - Integrate sales teams - Integrate sales operations - Establish SOPs	26, 27

New competitive arenas	Move out into new industries	- Merge or acquire suppliers of inputs. - Merge or acquire distributors of outputs. - Acquire license to manufacture or market new products in new markets - Integrate sales teams - Integrate sales operations - Train sales force on new products - Establish SOPs for identifying, acquiring and/or merging with other firms	28, 29
	Find new products to serve current or new markets	- Change production line - Get new agencies with entirely different products. - Research market needs - Train sales force on new products - Establish SOPs for finding new products with desired potential	28, 30

APPENDIX IV: NUMBER OF PRODUCTS REGISTERED IN KENYA IN 2005

Country of origin	Number of products registered in 2005	%
India	449	52.6
Pakistan	30	3.5
South Africa	28	3.3
Switzerland	28	3.3
Bangladesh	25	2.9
China	24	2.8
Kenya	110	12.9
U.K	16	1.9
Germany	15	1.6
France	13	1.5
Spain	13	1.5
U.S.A	12	1.2
Belgium	11	1.3
Colombia	11	1.3
UAE	14	1.6
Egypt	9	1.1
Cyprus	7	0.8
Brazil	7	0.8
Malasya	9	1.1
Tanzania	5	0.6
Netherlands	4	0.5
Canada	3	0.4
Italy	2	0.3
Argentina	2	0.3
Hongkong	1	o.1
Bulgaria	1	0.1

Finland	1	0.1
Holland	1	0.1
Australia	1	0.1
Newzealand	1	0.1
Ireland	1	0.1

APPENDIX V: PHARMACEUTICAL MANUFACTURES, DISTRIBUTORS AND MARKETING AGENCIES IN KENYA (KENYA MEDICAL DIRECTORY, 2003)

A.S. Lundbeck Overseas

Aesthetics Ltd

Al-Eman Co. Ltd

Alsafra healthcare ltd

Angelica medical supplies

Apomed products

Apple pharmaceuticals

Armicon pharmaceutical ltd

Arnimont-pharmaceutical GMBH

Assia pharmaceutical ltd

Sanofi Aventis

Bactlab systems E.A ltd

Bakpharm ltd

Bayer East Africa ltd

Beta healthcare international

Biochemie GMBH Australia

Biodeal laboratories ltd

Boehringer Inglheim

Bristol Myers Squipbb Company

Bulk Medicals ltd

C.mehta & Co. ltd

Cadila pharmaceutical (E.A) Ltd

Caroga pharma Kenya ltd

Cedar pharmacare ltd

Choice meds ltd

Cheid Kenya ltd

Cooper pharmaceutical

Cosmos ltd

Countrywide pharmaceuticals

Dawa pharmaceutical ltd

Dawaline pharmaceutical

Didy pharmaceutical (K)

Donvet pharmaceutical ltd

Drugpharm services ltd

El. Eman co. ltd

Elegant remedies ltd

Eli-lily (Suisse) SA

Elys chemical industries ltd

Eros chemist ltd

Europa healthcare ltd

Fortepharma ltd

Fresenius kabi Deutschland GmbH

Galaxy pharmaceuticals

Gesto pharmaceuticals ltd

Glaxosmithkline

Globe pharmacy

Goodman agencies ltd

Harleys limited

Health care direct (K)

Highfields pharmaceuticals

Highchem pharmacetical

High-tech pharmaceutical research ltd

Howse & McGeorge laborex ltd

IPA Laboratories Ltd

Interchemie (EA) LTD

Janssen Pharmaceutica

Jaskam & Company ltd

Jos. Hansen & Soemhne (E. A.) ltd

Kam industries ltd

Kam pharmacy ltd

Karuri stores pharmaceuticals

Kotec (K) ltd

Laboratory & allied ltd

Ladopharma company ltd

Laxcon pharmaceuticals ltd

Leo pharmaceuticals

Lippicot company ltd

Lords healthcare ltd

Mac's pharmaceuticals ltd

Macmed healthcare (K) ltd

MacNaughton ltd

Madawa pharmaceuticals ltd

Madupharma ltd

Manhar Brothers (K) ltd

Medical & health Care Industries

Medivet products ltd

Medox pharmaceuticals ltd

Metro pharmaceuticals

Mission for Essential Drugs & Supplies |(MEDS)

Mombasa medical stores (K)

Nairobi medical stores

Nairobi pharmaceuticals (K) ltd

Neema pharmaceuticals ltd

Nicholas laboratories E.A ltd

Nilson pharmaceuticals

Nimit medical systems ltd

Njimia pharmacy

Norvatis pharma services Inc

Novelty manufacturing ltd

Novo Nordisk

Omaera pharmaceuticals ltd

Orient pharmaceuticals ltd

Pan pharmaceuticals ltd

Petterson pharmaceuticals ltd

Pfizer laboratories ltd

Pharma share (K) ltd

Pharma specialities

Pharmaceutical manufacturing co. (K) ltd

Pharmaceutical products ltd

Philips pharmaceuticals ltd

Polymerics pharmaceuticals ltd

Polystar (K) ltd

Procter & Gamble (EA) ltd

R.D. Enterprises ltd

Rangechem pharmaceuticals

Ray pharmaceuticals ltd

Reckitt Benckiser (EA) Ltd

Regal pharmaceuticals ltd

Regency pharmaceuticals ltd

Rhino Kenya ltd

Riverlyne pharmaceuticals

Roche products ltd

Ron pharmacy ltd

Sai pharmacy ltd

Schering Africa GMBH

Schering-Plough Corporations, U.S.A

Serian pharmaceuticals

Shield pharmaceuticals ltd

Shriji chemists ltd

Sphinx pharmaceuticals

Statin pharmaceuticals ltd

Sunpar pharmaceuticals

Surgilinks ltd

Surgipham ltd

Syner-Med pharmaceuticals (K)

T3A Pharma Group

Tealands pharmaceuticals

Temple stores pharmaceuticals

Transchem pharmaceuticals

Transwide pharmaceuticals

Trinity pharma ltd

Twiga pharmaceuticals

Twokay chemicals ltd

Universal pharmacy

Veteran pharmaceuticals ltd

Wessex pharmaceuticals ltd

Westco Kenya ltd

Wockaine (K) ltd

Wockhardt (Europe) ltd

Wyeth-Ayerst promotions ltd