AN EMPIRICAL INVESTIGATION OF CREATION AND APPLICATION OF BRAND EQUITY IN KENYA: THE CASE OF THE PHARMACEUTICAL SECTOR.

BY

ELIAS P. MBAU

D61/P/7934/97

SUPERVISOR

PROF. FRANCIS N. KIBERA

A Research Project submitted in partial fulfillment of the Master of Business and Administration Degree requirements, University of Nairobi.

October, 2000

TABLE OF CONTENTS

DECLARATION

This research project is my original work and has not been presented for a degree at the University of Nairobi or any other University.

Sign ____________ Date 17/10/2000

Elias P. Mbau

This Management Research Project has been submitted for examination with my approval as University Supervisor.

Sign ____________ Date 9/11/2000

Francis N. Kibera

Professor of Marketing

University of Nairobi

DEDICATION

This study is dedicated to my last born child Michael Gitau. He, together with my other children Stella, Dennis, Donald, my wife Martha and my own mum, Zelipha, were the true source of challenge and inspiration. To them all, I dedicate this study.

ACKNOWLEDGEMENTS

I would like to take this opportunity to extend special thanks first and foremost to my unrelenting supervisor, Professor Francis N. Kibera, for his invaluable and insightful contribution and guidance that have enriched the results of this study. His vast knowledge of the discipline of marketing and his uncompromising stance to quality and detail served to ensure a study free of undue errors and omissions on both scope and content.

Secondly, I would like to express my sincere thanks to Mr. T.M. Mutugu for his knowledge and inspiration during class time that made me get interested and embrace the subject of brand building and subsequently the choice of my area of study.

Profound thanks and appreciation also go to my family members for their unfailing support, patience and sacrifice without which this study would not have materialized. I am indeed very grateful to my wife for her understanding, care, moral and financial support.

Special regards go to my staff colleagues, Faith Wangui and Stephen Kilala, who had to alter their plans and schedules to ensure that all the work that appertained to the MBA programme was typed, formatted and printed within very tight deadlines.

Many more thanks go to my study team comprising P.K. Ng'ang'a, M. Mbuvi, Catherine Kamau, J.K. Kinoti and S.K. Ndung'u. Without their assistance, some of the course units would have taken much longer.

To all those many others whose names cannot be mentioned in this page, I hereby say thank you so much. To all of you, I am indeed very grateful and will always be indebted.

ABSTRACT

This study sought to investigate the various methods and practices deployed by pharmaceutical firms in enhancing the market value of their products. The research was conducted between June and September, 2000. The sampling frame comprised one hundred and thirty seven (137) pharmaceutical firms dealing with manufacturing and distribution of drugs as listed in the Medical Directory, 2000. Sixty nine (69) firms operating both within and outside Nairobi were selected using simple random sampling process.

The underlying premise was that there have lately been a lot of hue and cry on the question of the quality and wholesomeness of various pharmaceutical products. Claims have been made of a number of firms trading in substandard, expired and relabeled drugs which have found their way into the local market irregularly or through dumping. Inadequate regulatory and lengthy bureaucratic procedures have led to inefficient and insufficient costly supplies of pharmaceutical products. Alongside these revelations, a wave of mergers, acquisitions and divestitures have also hit the local industry necessitating this study.

Owing to these challenges, the need for a strong brand equity cannot be overemphasized especially in light of serious fragmentation and segmentation within the sector. The study had the following three objectives:

1. to determine the extent to which the concept of brand equity is being applied by pharmaceutical firms in Kenya;
2. to assess the relative importance of various factors which explain the degree of application of brand equity concept in the pharmaceutical sector; and
3. to identify and assess the relative importance of factors that hamper the application of brand equity concept in the pharmaceutical sector.

Both primary and secondary data was collected. Secondary data was obtained from extensive review of literature while primary data was collected using a partially structured questionnaire comprising of three parts. The techniques for

analyzing the data comprised the use of descriptive statistics such as charts, tables, graphs and percentages.

The study found that many of the firms which profess to be adhering to the brand equity concept are far from grasping its value and mode of implementation. The firms do not have adequate procedures and systems necessary for the execution of the brand equity concept.

The author recommends that local pharmaceutical firms should deliberately adopt and implement fully the concept of brand equity rather than continue applying it haphazardly, thereby failing to realize its full benefits. Further, managers should be specifically appointed and charged with the responsibility of protecting and promoting brand equity with a view to realizing a brands' full potential.

Marketing managers need factual, market-based information that will help them design innovative ways and strategies on how to keep their market share and profitability intact and growing, both in the short and long run.

The study findings reported represent the population of the pharmaceutical industry that is involved with marketing activities. That is both the manufacturing and distribution firms while leaving out the consumer and the retail/wholesale chain. It is through the actions and decisions of these respondents that we are able to measure, learn and make conclusions and recommendations on how brand equity is created and applied.

List of Tables, Charts and Figures

CHAPTER I

INTRODUCTION

1.1. Background

The past one decade has witnessed unprecedented emergence of various forces that have posed serious challenges to the traditional premises and practices of marketing. These forces include stiff competition, globalization of product markets, deregulation, increasing convergence of consumer preferences, dumping, explosion of Information Technology (IT), a desire to access a portfolio of international brands, and difficulty in establishing new brands (Capron and Hulland, 1999). Consumers have become better educated, more inquisitive and demanding while products have become increasingly complex and specialized. All this constitutes a new marketing environment and pose serious challenges to the survival and profitability of firms.

Consequently, an increasing number of firms has undertaken horizontal mergers and acquisitions, restructuring and reorganizations with a view to becoming fast-changing, high-value creators of niche markets so as to avoid being swept by the wayside. More fundamentally, current times demand that flexibility and quest for change replace the long-standing crave for mass production and mass markets based as it were upon a relatively predictable environment. Today and in the foreseeable future, there may be no such thing as a solid and/or substantial lead over ones competitors. Too much is changing too quickly for anyone to be complacent and no single company is safe. Leveraging these changes requires that marketers go beyond the traditional inputs to marketing analysis to incorporate newer and emerging concepts and factors that lead to a better understanding of the consumer response behaviour due to various marketing decisions. Everyday's news brings new painful evidence of the consequences of globalization, deregulation, and differentiated costs of inputs particularly of labour (Capron and Hulland, 1999). Marketers can no longer afford to rely on the traditional assumption that positive product market results will translate automatically into the best interests of a brand in the long term.

Despite the purported merits of these phenomena, the sorrowful voices of customers and the cold hard data tell a different story: that in majority of cases the perceived and real quality of the products and services remain questionable. It is more true than ever before that the consumer (both individual and commercial) is overwhelmed by choices and thus the distinction of a firm's outputs had better stand out. Ten years since the onset of these forces in Kenya (at the beginning of '90's) is long enough period for the concept of quality and customer satisfaction not to have attracted priority attention in most manufacturing firms.

As a practical discipline, marketing has evolved in tandem with changes in society just as society's ideas and ideals of what constitutes effective, profitable and socially responsible marketing activities have done. Whilst it is concerned with the task of developing and managing assets that arise from the interaction of the firm with entities in its external environment (Srivastava et al, 1998), consumer decision-making with respect to products and marketing organizations is believed to be guided by high order mental constructs such as consumer satisfaction, perceived value, trust and commitment (Morgan and Hunt, 1994). These universal evaluations are believed to summarize consumer's knowledge and experiences with a particular firm or brand and guide subsequent actions of the consumer.

Brand and Brand Equity

A brand can be defined as anything that has a name, a symbol, a sign or a combination of these that distinguish it from others and has a meaning to both the owner or buyer. The concept of brand equity, on the other hand, has been defined differently by different scholars. Aaker (1993) defines it as a set of brand assets and liabilities linked to a brand, its name and symbol that add or subtract value provided by a product or service to a firm and/or that firm's customers. The asset variables include brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary assets (*Aaker, 1991).*

The Marketing Science Institute (American) defines it as a set of associations and behaviours on the part of the brands' customers, channel members, and parent corporation that permits the brand to earn greater volume or greater margins than it could without the brand name and that gives the brand a strong, sustainable and differentiated advantage over competitors.

Farquhar, (1989) defined brand equity as the added value to the firm, the trade or the consumer with which a given brand endows a product. It is the willingness for someone to continue to purchase your brand or not. Thus, the measure of equity is strongly related to loyalty and measures market segments on a continuum from entrenched users of the brand to convertible users (Market Facts, USA).

Most marketing observers agree that brand equity is defined in terms of the marketing effects uniquely attributable to the brand. That is, different outcomes result from the marketing of a product or service because of its brand name or some other brand element as compared to outcomes if that same product or service did not have that brand identification.

Hence the different views are generally consistent with the basic notion that brand equity represents the added value endowed to a product as a result of past investments in the marketing for the brand. An asset can be defined broadly as any physical, organizational or human attribute that enables the firm to generate and implement strategies that improve its efficiency and effectiveness in the market place (Barney, 1991). Thus assets can be both tangible or intangible, on or off the balance sheet and internal or external to the firm (Constantin and Lusch, 1994). Thus, brand equity should be thought of as a multidimensional concept that depends on what knowledge structures are present in the minds of consumers and what actions a firm can take to capitalize on the potential offered by these knowledge structures (Keller, 1993). Marketers have for far too long tended to assume that brand equity factors do not play a crucial role towards value creation and have focussed on sales growth and market share (Srivastava et al, 1998). This inhibits the full potential of the brand. In the absence of a strong understanding of the marketing mix-brand equity interface marketing professionals cannot but have great difficulty in assessing the value of marketing activities. This in turn limits focus and investments in brand equity building activities which subsequently restrict the ability of firms producing mega brands.

In an era when most firms are hard put to explain the money worth of their products and how they differ from the competition, no point of differentiation is likely to prove more powerful than branding (Tom Peters, 1988).

Branding involves creating mental structures and helping consumers organize their knowledge about products and services in a way that clarifies their decision making and the process provides value to the firm. According to Lusch and Harvey, (1994), organizational performance is increasingly tied to intangible assets such as corporate culture, customer relationships and brand equity. Yet controllers, who monitor and track firm performance traditionally concentrate on tangible balance sheet assets such as cash, plants, equipment and inventory.

In the Kenyan context, the multi - billion Kenya shilling

Pharmaceutical industry which constitutes quite a significant proportion of the economy's Gross Domestic Product(GDP) merits attention. Drug manufacturers and distributors should address the issue of brand equity with the seriousness and commitment it deserves to avoid unwarranted consequences such as mergers and acquisitions.

For instance, in 1999 alone, Zeneca and Astra International Pharmaceutical firms concluded a merger in October while Rhone Poulenc Rorer and Hoechst Marion Rousell merged by the end of the year. Reckitt and Colman Pharmaceuticals Division also merged with a Germany - based firm to form Reckitt Benckiser while a merger process between Glaxo Wellcome and Smithkline Beecham has now been confirmed (Market Intelligence, February, 2000). The Distributor, Howse & McGeorge, merged with a French firm, Eurapharma to become Howse & McGeorge Laborex. The Chairman of the new company noted that the company is focussed on branded ethical pharmaceutical products at the distribution, wholesale and retail levels. They discontinued the manufacture of their generic products and no longer deal in laboratory equipment, agrochemicals or veterinary products. These latter products were not part of their core business and were therefore disposed off.

They want to continue giving efficient and courteous service to consumers "through modern methods of stock control, keeping tabs on the stock positions which is necessary to provide the range of pharmaceuticals necessary for our customers."

In a different event during the launch of the newly formed Aventis Kenya, the chief executive noted that the vision for the new company was to "develop and provide new products and solutions for the Kenyan and East African Market." He observed that consumer needs are changing and tomorrow's markets will certainly be more diverse and complex than they are today. The new international firm will be reinforced by a strong research base with a research and development (R&D) budget of 2.8 billion Euros, enabling Aventis to have one of the most comprehensive product portfolios (The East African Standard, 15th February, 2000).

The objective of these mergers and acquisitions can be explained by firms' willingness to pay substantial premiums for brand names because the alternative of development of new brand names is either not feasible or it is too costly (Aaker, 1991). Mergers and acquisitions are regarded as a means for capturing new marketing resources such as brands and/or salesforces that firms find difficult to develop internally and are unable to buy as discrete entities in the external market. Mergers can, therefore, enable firms to redeploy their superior marketing resources in enlarged markets. Such redeployment is generally believed to contribute to a stronger competitive position for the emerging firms and lead to a superior financial position. However, firms also need to acknowledge the fact that while high market share does indeed bring profits, sustainable market share comes primarily through leadership in relatively strong brand equity.

1.2. Statement of the Problem

Events recently unfolding in the pharmaceutical sector appear to suggest that the concept of brand equity is either ignored or misunderstood by many firms. The wrangles and misdeeds reportedly taking place in the sector are serious signs of an industry that is in turmoil. Okong'o (1999) alleged that due to lack of publication of the "revised essential drugs list," a loophole has emerged that has allowed unscrupulous businessmen to import and sell unregistered drugs without fear of drugs inspectors. Further, the Medical Supplies Co-ordinating Unit (MSCU), the arm of the government that channels drugs and medicines to public health outlets, has been described as "having gained notoriety after it had been linked to a multi-million shilling drugs scam that resulted in the prosecution of several government officials (The East African Standard, 31st August, 1999)." In addition, the operations of the watchdog Pharmacy and Poisons Board (PPB) have been similarly described as ineffective allowing for "massive imports of unregistered drugs into the country." Indeed a local pharmaceutical firm was recently charged in court on misdeeds of drug supply (The Daily Nation, 24th January, 2000). Meanwhile three products belonging to different pharmaceutical firms have been banned from the market (The East African Standard, 20th February, 2000).

The above scenario has not augured well for the sector. It has led to a proliferation of generic products making the sector appear like a commodity market with little ability to innovate and build strong local brands. One pharmaceutical outlet was reportedly importing drugs, repackaging and putting new printed labels that are different from the manufacturers' labels (The Daily Nation, 18th February, 2000). A particular pattern of competition in the pharmaceutical sector has been that the distinction between different types of firms is becoming increasingly blurred. Manufacturers, distributors and wholesalers are all competing closely and are offering a great number of similar products and services. There is general laxity on the part of regulatory authorities responsible for the proper and professional healthcare management practices (Drugs and Chemists News, December 1999).

Atebe (1999) states that, "The pharmaceutical industry has been faced with the problem of mushrooming unscrupulous drug dealers who may be offering substandard products and whose competence in pharmaceutical practice is questionable." He underscored the fact that there are serious malpractices and particularly the unfair competition from quacks who sell pharmaceutical products to the public without relevant information. This has occasionally led to overdose, hospitalization and even death. These are symptoms of a market arena where the concept of brand equity is not properly addressed.

Firms often turn to the market to develop, acquire or sell brands. The process of developing a strong brand typically is based on a firm's substantial, often expensive and historic investment in marketing communications, particularly advertising. This is aimed at resulting in a strong consumer awareness, positive associations, high perceived value and a solid base of loyalty to the brand (Rossiter and Percy, 1997). This may bestow tremendous benefits both to the firm and the consumer and help create a properly established organizational structure capable of enhancing equity to the brand. Thus it can be clearly seen that each of the four Ps of marketing belong and reinforce the brand equity concept. The products' quality and styling, the price and pricing strategy, the distribution channels and the promotools adopted all communicate something about the brand, with direct implications on its equity (Kotler, 1982). The true value of the brand is, however, impaired by the inability to measure or estimate the economic value of brand equity, coupled with inept and adhoc brand management practices (Kepterer, 1992).

Further, the rapid fragmentation and segmentation of drug markets and the respective strategies of domestic as well as foreign competitors prompt the need to constantly create new market niches via new brands. There is also continuous transformation of every product to add more value in terms of features and quality service with a view to achieving and maintaining true differentiation. Hence the need to find answers to the question: **"How is brand equity created and applied by pharmaceutical firms in Kenya?"**. In the process of gathering data from the relevant literature, the author has not come across any study conducted in Kenya on the subject of brand equity. This study has therefore provided new insights and knowledge by seeking answers to this question.

1.3. Research Objectives

The objectives of the study were:-

1) to determine the extent to which the concept of brand equity is being applied by pharmaceutical firms in Kenya;

2) to assess the relative importance of various factors which explain the degree of application of brand equity concept in the pharmaceutical sector; and

3) to identify and assess the relative importance of factors that hamper the application of brand equity concept in the pharmaceutical sector.

1.4. Importance of the Study

It is anticipated that the findings of the study will be of value and interest to the following groups:

a) The pharmaceutical industry shall be able to utilize the research findings and recommendations from the study to nurture and develop high equity for its brands.

b) The advertising and marketing agencies, as advisers and consultants to pharmaceutical firms regarding product promotions and communication of various product features, will hopefully find the results of the study invaluable in terms of their current stock of knowledge and skills and the new insights and directions unearthed by the study. The recommendations made are expected to shed light on newer and fresher avenues of adding value to brands.

c) Scholars, academicians and researchers will also find the study a useful starting point for further research in various aspects of brand equity.

d) Other interested organizations including the media, Marketing Society of Kenya (MSK), Kenya Consumers Organization (KCO), and relevant departments of the government shall hopefully also find the research findings useful.

1.5. Arrangement of materials in subsequent chapters

This project is divided into five chapters. The introduction chapter has already discussed rationale for conducting the Study. Chapter two reviews the relevant literature with a view to establishing the conceptual framework of the study as well as espousing the concept of brand equity. An attempt has been made to link the concept of brand equity to the elements of the marketing mix.

Chapter three details the research design used in this study. In this chapter the sampling procedure and the sequence of the research plan and data collection process are outlined.

Chapter four presents and discusses the results of the study. It analyzes the responses in the form of percentages, graphs and gives interpretations of the relations between various factors. The last chapter presents the summary, conclusions, recommendations, limitations of the study and offers suggestions for future research.

CHAPTER TWO

LITERATURE REVIEW

Anything can be turned into a high value added product or service for a well defined or newly created market. This is achieved through effective differentiation which creates a difference over time in growing, mature as well as declining markets. The concept of differentiation ensures that five or even ten firms may be producing virtually identical products but upon close examination one will find a number of small differences in each of those products (Tom Peters, 1988). Those differences must nevertheless be "sold" or communicated effectively to the customers as the product is not differentiated until the customer understands the difference. As the old adage reminds us "What people don't understand doesn't exist". Ries and Trout (1996) argues that there is no objective reality, facts or best products. Rather, what exists in the world of marketing are perceptions in the minds of customers or prospects and the only effective way for evaluating products, is from the customer's perspective.

An organization should try to meet the need variations of its various chosen target groups by developing differentiated products and/or services, messages and marketing programs (Kotler 1988). He further argues that an organization bent on gaining customers and serving them well tend to search for real values to offer and not just trivial differences. Nyaga (1986) noted that the role of marketing to all major organizations' departments cannot be overemphasized. He inferred that marketing is no longer a conglomeration of distinct and separate functions but that all efforts should be treated as a co-ordinated and integrated system of related activities. Nyaga quoted Hise (1965) who had investigated whether manufacturing firms had adopted the marketing concept and concluded that:

1. To a larger extent, both large and medium manufacturing firms had adopted the marketing concept.
2. The greatest degree of acceptance is found in customer orientation of the marketing programs and in the organizational structure of the marketing department.
3. Large firms are more committed to the marketing concept than medium ones.

Kotler (1988) stresses that the various departments in a company must recognize that the actions they take and not just the actions of sales and marketing departments may have profound effects on the company's ability to retain customers. He further observed that, within the marketing function, there is proper intelligence, adaption, co-ordination of product, price, place and promotion to build strong exchange relationships. Hutt (1985) observed "experience has taught marketing managers that not even the best products sell themselves. The benefits, problem solutions and cost efficiencies of those products must be effectively communicated to all of the individuals who influence the purchase decision.

In the current age of considerable competition and fragmention, pharmaceutical firms must create differential advantages for the consumers of their products and services. Thus the dire need to embrace the concept of brand equity in their marketing function.

Brand equity creating strategies encompass market sharing strategies that emphasize advertising, promotion, pricing and distribution. According to Keller (1993), brand equity creation involves the initial choice of the brand identities such as the brand name, logo or symbol and the integration of these brand identities into the supporting marketing program. Brand names should be simple, familiar and distinctive. They should be easy to comprehend, pronounce and spell. Use of a familiar word should be advantageous because much information is already present in memory to which the name relates. Similarly, a distinctive word is often sought to attract attention and reduce confusion among competing brands. The choice of a brand name may also affect the favourability, strength and uniqueness of brand associations. The suggestiveness or meaningfulness of the brand name should affect how easily brand associations are created. A suggestive brand name may facilitate marketing activity designed to link certain associations to the brand. The brand name can then be effectively supported through marketing communications and a distinctive slogan that ties together the brand name and its positioning. A similar choice criteria should apply to the other brand identities such as brand logo or symbol. More importantly, these brand identities should be chosen so as to be mutually reinforcing as they interact with one another. Nevertheless, though the judicious choice of brand identities can contribute significantly to brand equity, the primary input comes from supporting marketing activities for the brand and the various product, price, advertising, promotion and distribution decisions.

Other advanced methods of brand equity creation relate to market creating strategies where managers think more like entrepreneurs. They are challenged to initiate and attempt new ideas, the emphasis being applying new technology, educating the market, developing the industry infrastructure and creating new standards. The firm with the greatest innovation and creativity will most likely win while those that only think about sharing the markets will never get involved in emerging businesses (Tom Peters, 1988). Hence the need to discreetly discern and be able to apply principles and practices that effectively enhance brand equity.

It should be noted that brand equity assets are not necessarily balance sheet items and the absence of a comprehensive conceptual knowledge that identifies and integrates the various linkages between brand equity elements and the value of a brand has grave implications for the funding of equity building activities and subsequently of a firm.

Aaker and Jacobsen (1994) noted that assets that are harder to measure are more likely to be underfunded. Yet there is a growing recognition that a significant proportion of the market value of firms today lies in intangible off - balance sheet assets rather than in tangible book asset (Capraro and Srivastava, 1997). Thus, in the absence of a strong understanding of the specific marketing principles and concepts about brand value creation, equity building activities cannot but continue being haphazard, unfocused and ignored at the detriment of potentially good products and the firm.

As Lusch and Harvey (1994) noted "organizational performance is increasingly tied to intangible assets such as corporate culture, customer relationships, and brand equity". Yet, controllers and monitors who track firm performance traditionally concentrate on tangible balance sheet assets such as cash, equipment and inventory.

2.1 Asset Base

To-date, little has been done to project more accurately the true asset base of a firm and its implications on brand value. The asset base should comprise "the stocks of knowledge, physical assets, human capital, customer intelligence, superior product development and other tangible and intangible factors that a firm owns or controls which enable it to produce efficiently and effectively marketing offerings that have value for some market segments". (Barnay, 1991; Hunt and Morgan, 1996).

The unique nature of this historic investment coupled with a variability of the relationship between a brand and its individual consumers suggests that a high equity brand cannot be easily imitated. Furthermore, its effects cannot be readily duplicated through the use of other strategic resources making its substitutability very low indeed. Such brands are tied to the unique routines, systems and cultures of specific firms and this implies a high level of organizational complexity which gives the firm a sustainable competitive advantage which makes the brand a rare resource, highly valued and almost firm-specific.

2.2 Brand Assets

Brands, with such strong equities are rare and have considerable value when extended to new product variants and/or categories (Dacin and Smith, 1994). Though the assets and liabilities on which a brand equity is based differ from one context to another, they can be usefully grouped into five major categories, namely, brand awareness, brand loyalty, brand associations, perceived quality and brand proprietary assets (figure 1).

Professional managers assert that an increased emphasis upon price, often involving excessive use of price promotions, is resulting in drifting of industries into commodity-like business areas and realize the need to fully exploit their assets in order to maximize the performance of their businesses. They believe that more resources should be diverted into brand building activities to develop points of differentiation with a view to developing a sustainable competitive advantage based upon non - price competition. The idea is to move beyond commodity (generic) to branded products and reduce the primacy of price upon the purchase decision. This objective is, however, constrained by the fact that brand building efforts, unlike price promotions, have little visible impact upon sales in the short run. Hence, marketers find it hard to justify commitments to equity building efforts in a world with extreme pressures for delivery of short term returns - often referred to as the bottom line. They are

Strategic value of assets

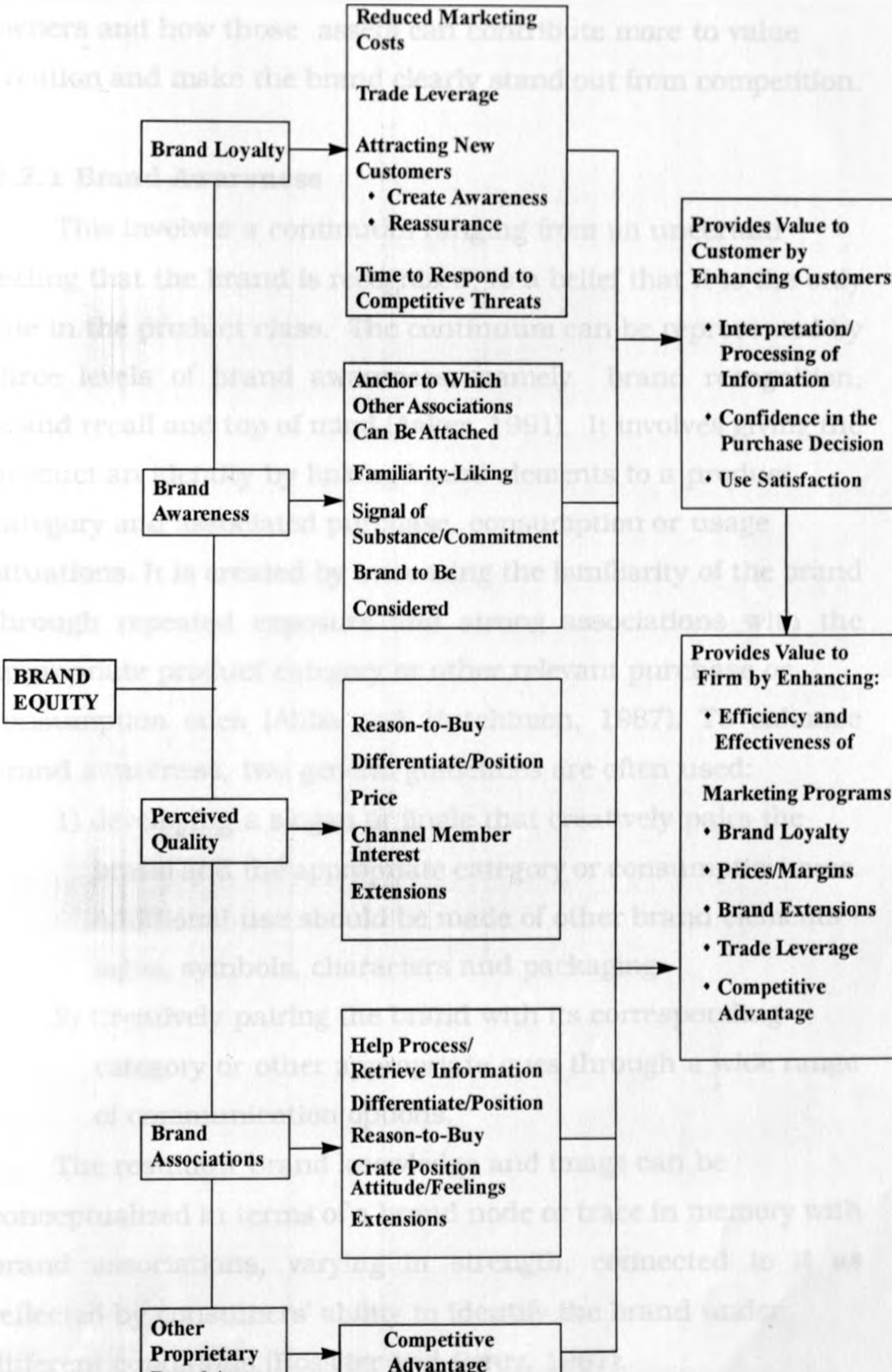


Figure 1.
Aaker, 1991 ***The figure shows how brand equity provides value to both the customer and the firm***

therefore confronted with the task of identifying which brand assets contribute to winning strategies of real advantage in the prolonged market place rivalry. Thus the focus should turn to those assets that create and sustain value for customers and owners and how those assets can contribute more to value creation and make the brand clearly stand out from competition.

2.2.1 Brand Awareness

This involves a continuum ranging from an uncertain feeling that the brand is recognized, to a belief that it is the only one in the product class. The continuum can be represented by three levels of brand awareness, namely brand recognition, brand recall and top of mind (Aaker, 1991). It involves giving the product an identity by linking brand elements to a product category and associated purchase, consumption or usage situations. It is created by increasing the familiarity of the brand through repeated exposure and strong associations with the appropriate product category or other relevant purchase or consumption cues (Abba and Hutchimon, 1987). To enhance brand awareness, two general guidelines are often used:

1) developing a slogan or jingle that creatively pairs the brand and the appropriate category or consumption cues. Additional use should be made of other brand elements - logos, symbols, characters and packaging.
2) Creatively pairing the brand with its corresponding category or other appropriate cues through a wide range of communication options.

The resultant brand knowledge and image can be conceptualized in terms of a brand node or trace in memory with brand associations, varying in strength, connected to it as reflected by consumers' ability to identify the brand under different conditions (Rossiter and Percy, 1987).

The role of brand awareness in brand equity depends upon both the context and upon which level of awareness is achieved. The stronger its presence the more competitive the brand is relative to its competitors. It affects consumer decision making by influencing the formation of brand associations in the brand image (Keller, 1993).

2.2.2 Brand Loyalty

This represents one of the many advantages of creating a positive brand image and high equity. It is often measured in a behavioral sense through the number of repeat purchases, and is often the core of a brand's equity. It implies existence of habitual buyers who are desirous of maintaining a valued relationship. This represents a revenue stream that can go on for a long time and hence has considerable value to the brand. It occurs when favourable beliefs and attitudes for the brand are manifested in repeat buying behaviour. Some of these beliefs may in some cases reflect the objective reality of the product while in others, they may reflect favourable, strong and unique associations that go beyond the objective reality of the product (Park, 1991). If customers purchase the brand even in the face of competitors with superior features, price and convenience, then substantial value exists in the brand or in its symbol or slogan. Loyal and committed customers provide the bases of a stable and growing market share. Consumers with a strong, favourable brand attitude should be more willing to pay premium prices for the brand (Starr and Robinson, 1978).

Similar to trust, commitment is recognized as an essential ingredient for successful long-term relationships (Dwyer, Schurr and Oh, 1987). Commitment has been defined as an "enduring desire to maintain a valued relationship" (Moorman, Zaltman and Deshpande, 1992). The existing customer base represents a strategic asset that, if properly managed and exploited, has the potential to provide value in several ways (Aaker, 1991).

Developing expanded business with today's customers and thriving on the reputation that the customers broadcast is a less stressful and more profitable way to operate. Yet, all too often, market development budgets in terms of both time and money are skewed towards short term activities aimed at attracting first time users. The existing customer is often taken for granted (Tom Peters, 1988).

Several categories of brand loyalty are identifiable namely, very loyal, passive loyals, fence seaters, price switchers and non - customers. Each category provides strategic and tactical insights that assist in building strong brands.

2.2.3 Brand Associations

Associations not only exist but have a level of strength. They are created by marketing programs that link strong, favourable and unique relationships to the brand in memory. A link to a brand is stronger when it is based on many experiences or exposures to communications rather than few. The strength depends on how the marketing program and other factors affect consumers' brand experiences. These can be facilitated by the consumer's personal relevance of information and the consistency with which this information is presented over time.

It is also stronger when it is supported by a network of other links (Aaker, 1991). Favourable associations for a brand are those that are desirable to consumers and are successfully derived by the product and conveyed by the supporting marketing program. Associations can also be unique in the sense that they are not shared with competing brands. Beliefs about unique attributes and benefits that consumers value more favourably than for competitive brands can lead to more favourable brand evaluations and a greater likelihood of choice. These "points of difference" to the brand provide a competitive advantage and reason to buy (Keller, 1998).

One way to distinguish among brand associations is by their level of abstraction (Alba and Hutchinson, 1987) That is, by how much information is summarized or subsumed in the association. These relationships are created when a firm uses knowledge about buyers needs and preferences to build long term relational bonds between external entities and the firm. Such entities include customer relationships, channel relationships, community relationships, government relationships, and other strategic partners. These in turn increase the extent to which a firm taps/leverages these links to enhance its cash-flows and profitability. The bonds constituting these relationships and their sources can vary from one stakeholder type to another. It does not matter however, the manner in which a brand association is created, only the resulting favourability , strength and uniqueness (Keller, 1993). The strategic value of these relationships is increasingly being recognized by marketers (Dwyer, Schurr and Oh, 1987). These associations represent
perceptions which may or may not reflect objective reality. However, they must be driven by what the company wants the brand to stand for in the consumers' mind. The evaluations of brand associations may be situationally or context - dependent and vary according to consumers' particular goals in their purchase or consumption decisions (Day, Shocker and Srivastava, 1979). An association may be valued in one situation but not another (Miller and Ginter, 1979). Managements' interest is in not only the identity of brand associations but also whether they are strong and shared by many people.

2.2.4 Perceived Quality

This represents a perception by customers and cannot necessarily be objectively determined. It is an intangible, overall feeling about a brand and is usually based on underlying dimensions which include characteristics of the products to which the brand is attached such as reliability and performance. It is about how the firm or brand is positioned in the customers' mind and what customers most generally think about when they consider buying the brand from the particular firm.

Mwendar (1987) argues that perceived quality is a whole wide range of resources and activities which must be organized to maximize the satisfaction of the consumer. He notes that 'satisfaction or dissatisfaction' depends on the performance of the provider of a good or service relative to the expectations of the consumer. He goes on to state that expectations of product performance or service quality are like a norm that is usually set through product or service attributes, prior experience, advertisement or manipulation of the marketing mix.

Perceptions of product performance or service quality have often been said to be a function of one's 'environment and his frame of reference - his beliefs, attitudes, value system and cultural traits.' This frame of reference is usually based on past experience which implies that it is based on his selectivity, since the human perception process is selective and one sees or observes what he subconsciously wanted to see/observe. Thus Mwendar concurs with the view adopted by AL Lies and Trout as quoted earlier. While receiving the accredition award for 1S090002, the chief executive of a leading local pharmaceutical firm, Smithkline Beecham noted "Our commitment to quality is reflected in the values we believe in, leading to the installation of Quality Management System 1S090002, provision of resources to implement and commitment to quality initiatives. Our focus is the customer both internal and external, who is key to all our business practices. (The East African Standard, 30th July, 2000). The company's quality policy seeks to consistently deliver to the customer products and services which fully meet their requirements in terms of safety, efficacy and quality.

Perceived quality is considered the most important single factor affecting a business units' long term performance in a chaotic marketplace than any other factor (Tom Peters, 1988). When options for maintaining the lead in value are examined, it is found that changes in relative quality have a far more potent effect on market share than do changes in price (Tom Peters, 1988). Customers will always pay a premium price for superior quality and firms that offer that perceived quality will always thrive.

To take advantage of the high quality, high differentiation strategy, the firm or brand must be perceived by the customers as noticeably better and not merely among the better performers. Indeed with high quality products and services being provided by other firms especially foreign competitors, and with quality being increasingly demanded by industrial and individual customers, every firm must mount a quality improvement program to ensure favourable perceptions. The more the world perceives a product as uniquely different, the greater the opportunity to differentiate through unending accumulation of small advantages which eventually transform the product, often creating wholly new markets in the process.

2.2.5 Proprietary Assets

Other proprietary assets will be most valuable if they inhibit or prevent competitors from eroding a customer base and loyalty. These assets could be viewed broadly as any physical, organizational or human attribute that enables the firm to generate and implement strategies that improve its efficiency and effectiveness in the marketplace (Barney, 1991). These assets can be either tangible or intangible, internal or external to the firm. Elements of such assets include facts and figures, perceptions, beliefs, assumptions, and projections. They are the knowledge that a firm possesses about the environment such as emerging and potential state of market conditions and the entities in it like competitors, customers, channels, suppliers, social and political interest groups. The content of each type and its sources vary greatly from one to another. Stocks of these assets can be developed, augmented, leveraged and valued. Decisions on such aspects as asset additions and deletions must be made with the awareness that the firm has legal obligations; written or implied to its suppliers, dealers and customers who have an interest in the outcomes of such decisions.

In Kenya, manufacturers of drugs, chemicals and disinfectants must comply with specific laws in establishing product quality and safety. Labels must be put to identify the manufacturer or distributor and the package contents and necessary cautions clearly revealed (Cap 244). Thus a firm should strive to augment its knowledge of the industry it is involved in so that it knows how to react when total industry sales change.

2.3 Relationship between Brand Equity elements and the marketing mix.

Brand equity involves consumers' reactions to an element of the marketing mix for the brand and occurs when the consumer is familiar with the brand and holds some favourable, strong and unique brand associations in memory (Keller, 1993). This conceptualization leads to two important points. First, marketers should take a broad view of marketing activity for a brand and recognize the various effects it has on brand knowledge as well as how changes in brand knowledge affect the more traditional outcome measures such as sales. Second, marketers must realize that the long term success of all future marketing programs for a brand is greatly affected by the knowledge about the brand in memory that has been established by the firms' short-term marketing efforts. That is, since the content and structure of memory for the brand will influence the effectiveness of future brand strategies, it is critical that managers understand how their marketing programs affect consumer learning and thus subsequent recall for brand-related information.

Thus marketing programs are designed to enhance brand awareness and establish favourable, strong and unique brand associations in memory so that consumers purchase the product or service. Brand awareness is related to brand familiarity described by Alba and Hutchingson (1987) as the number of product-related experiences that have been accumulated by the consumer through product usage, advertising and other ways. Greater brand familiarity leads to increased consumer ability to recognize and recall the brand. Frequent and prominent mentions in advertising, promotion vehicles, event or sports sponsorships, publicity and other activities can intrusively increase consumer exposure to the brand.

Marketing communication efforts by a firm aimed at shaping consumer perception of the product or service are therefore helpful in creating user and usage imagery attributes. The strength of brand associations from communication effects depends on how the brand identities are integrated in the supporting marketing program (Keller, 1992).

Though the definition of brand equity does not distinguish whether brand beliefs are created by the marketer or other sources of influence like reference groups (Fishbein and Ajzen, 1975), it is important to stress that what matters is the favourability, strength and uniqueness of brand associations, which, combined with brand awareness, can produce differential consumer response to the marketing of a brand.

Belief associations are created on the basis of direct experience with the product or service and by information about the product or service communicated by the company, other commercial sources or by word of mouth (Hertel, 1982). Another way that belief associations are created is on the basis of influences from some existing brand associations. That is, many associations being assumed to exist for the brand because it is characterized by other associations with the type and strength of influence being a function of the correlations perceived by the consumers among attributes or benefits (Ford and Smith, 1987; Huber and McCann, 1982). Other secondary associations may be related to the company itself, an event, country of origin, distribution channels, celebrity spokesperson or endorser of the brand or service.

The foregoing can be summarized by figures 2 and 3:

2.4 Integration of the 4Ps in the Brand Equity structure

Product: Kotler defines a product as (consisting) anything that can be offered to the market for attention, acquisition, use or consumption; it includes physical objects, services, personalities, places, organizations and ideas. The product is viewed as having three levels namely, the core product (functional benefits: what the buyer is really buying); the formal product (product attributes - features, packaging, styling and quality), and the augmented product (comprises the totality of the benefits that the person receives or experiences in obtaining the product). The product or service specifications themselves are the primary basis for the product-related attribute associations and determine a consumer's fundamental understanding of what the product or service means. Similarly, the element of perceived quality, as conceptualized in the brand equity structure stands for the rated ability of the product to perform its functions. It is an overall measure reflecting the products' standing on durability, reliability, precision, ease of operation and repair plus other valued attributes. From a marketing point of view, product quality is better measured in terms of the buyers' perceptions of quality. Hence the close relationship between a product and its perceived quality.

Once consumers are convinced of the quality and value of a particular brand, it takes a lot of money and effort to change their minds. Many people buy familiar brands even if they believe the product has no actual advantage (Diane Kathleen, 1996).

Diane and Kathleen argues that though deep, psychological motivations are an important part of why consumers buy, a brand's most powerful advantage is rooted in the human tendency to form habits and stick to routines. Consumers' past experience with a brand is consistently the most important factor in their future brand choices followed by price and quality. Whatever the product, most people will buy the same thing over

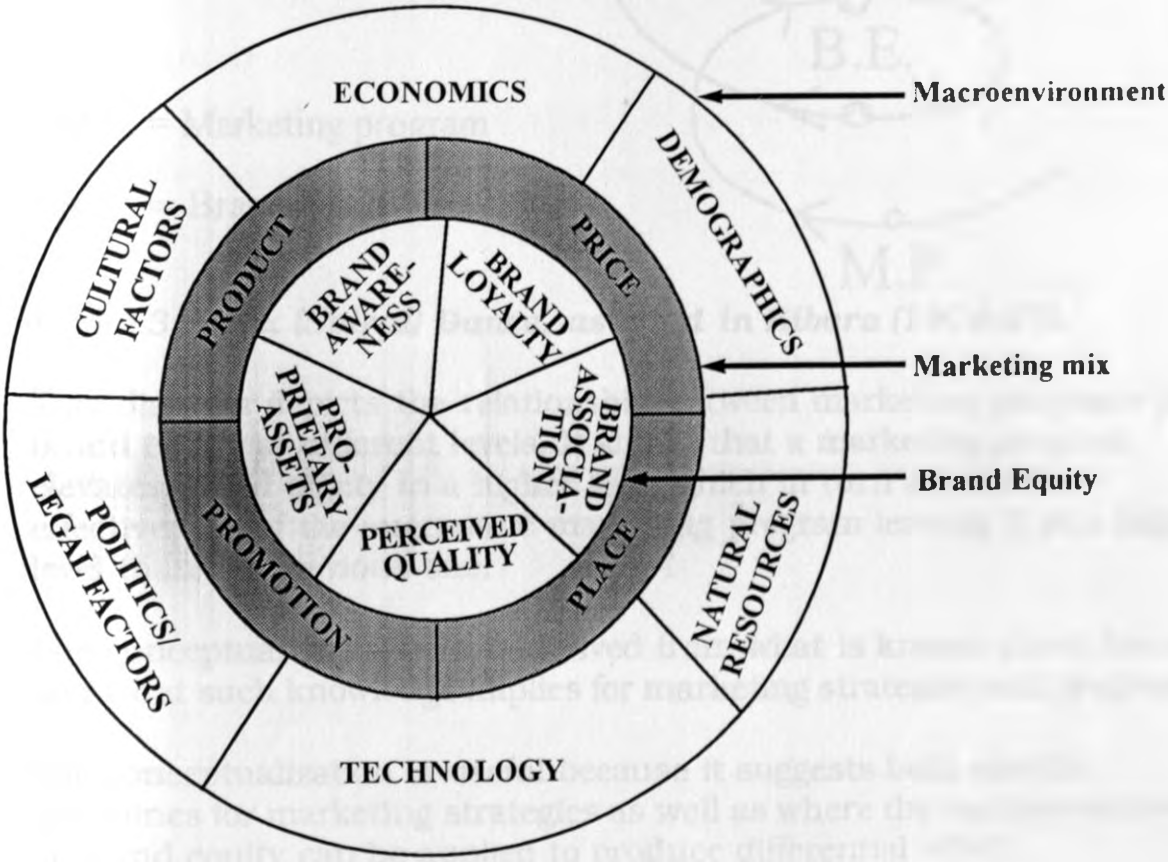
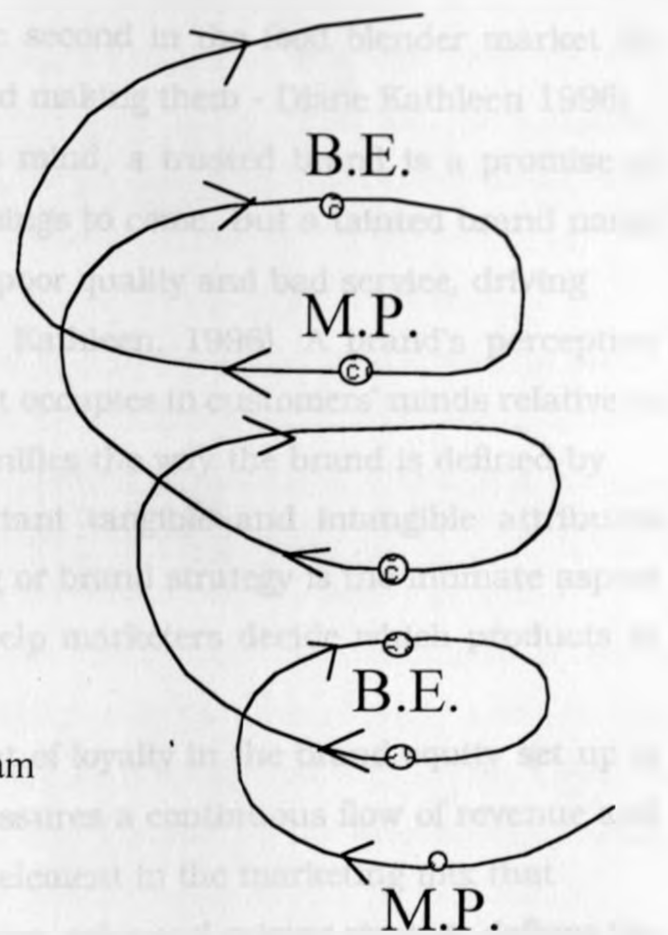


Figure 2: Theoretical framework of brand equity

The diagram infers that marketing programs through manipulation of the 4Ps are designed to reinforce brand equity.



M.P. = Marketing program

B.E. = Brand Equity

Figure 3: ***Helix (Spiral) Dance, as cited in Kibera (1979:37).***

This diagram depicts the relationship between marketing programs and brand equity at different levels. It shows that a marketing program elevates brand equity to a higher level which in turn affects the effectiveness of the successive marketing program leaving it at a higher level than the previous one.

The conceptual framework is derived from what is known about brands and what such knowledge implies for marketing strategies and programs.

The conceptualization is useful because it suggests both specific guidelines for marketing strategies as well as where the various elements of brand equity can be applied to produce differential effect.

The importance of conceptualizing brand equity from this perspective is that it enables marketers to consider specifically how their marketing programs improve brand equity and how such improved brands affect marketing programs.

and over again as long as it satisfies their needs. In the final analysis, many brands are nothing more/less than an image that may imprint itself in consumers' minds forever. (People were still ranking General Electric second in the food blender market 20 years after it had stopped making them - Diane Kathleen 1996).

Inside a customer's mind, a trusted brand is a promise of high quality and good things to come. But a tainted brand name can trigger memories of poor quality and bad service, driving customers away (Diane Kathleen, 1996). A brand's perception determines the position it occupies in customers' minds relative to competing brands. It signifies the way the brand is defined by consumers along important tangible and intangible attributes (Ngahu, 1998). Branding or brand strategy is the intimate aspect of product strategy to help marketers decide which products to brand and how.

Price: While the element of loyalty in the brand equity set up is viewed as the one that assures a continuous flow of revenue and profits, price is the only element in the marketing mix that creates sales revenue. Thus, price and pricing strategy defines the price range and movement through time that would support the sales, profit objectives and market positioning of the product in the target market. The pricing policy for the brand directly creates associations to the relevant price tier or level for the brand in the product category. Each possible price has a different implication on profits, sales revenue and market share and affects the loyalty base of the brand.

And because people are willing to spend a little more to get something they trust and are familiar with, branded products are able to command premium prices and hence higher profit margins (Starr and Rubinson, 1978). Thus despite the increased role of nonprice factors in the modern marketing process, price strategy remains an important element and marketers should fully understand customers' perceptions of value for their own brands as well as for those of competition.

Promotion: This refers to the various methods that a company uses to establish a reputation for itself or its products for trustworthiness, progressiveness and social responsibility. These may include advertising, sales promotion, salesmanship and publicity. They impart an advantage over other firms in the minds of actual and potential consumers. Similar to brand awareness in the brand equity set up, promotion aims at increasing the awareness of a product to enhance recognition and recall. And just as loyalty, customer's confidence and awareness is built through a combination of satisfying offers and effective communications over time.

Fundamentally, high levels of brand awareness and a positive brand image should increase the probability of brand choice, as well as produce greater consumer loyalty and decrease vulnerability to competitive marketing actions. Such high levels of awareness have specific implications for the pricing, distribution and promotion activities related to the brand. It increases marketing communication effectiveness and guides consumer response to advertising and promotion (Rossiter and Percy, 1987).

Distribution: The channels chosen for the company's products intimately affect every other marketing decision. For instance, the firms' brand awareness strategies will be influenced by the degree of co-operation from channel members. Channel decisions similarly involve the firm in relatively long term commitments to other firms, for instance through installation of cold storage facilities or when a manufacturer entirely relies on independent wholesalers for distribution of its products without the option of entering the distribution chain in any other way.

A distribution system is a key external resource which take years to build and cannot be easily changed. It represents a significant corporate commitment to a large number of independent companies whose business is distribution, and to the particular markets they serve. It also represents a commitment to a set of policies and practices that constitute the basic fabric on which is woven an extensive set of long term relationships (Corey, 1976).

Firms making up the marketing channel are connected in different ways by physical, title, payments, promotion and information flows. They form part of the assets associated with the brand while the value and strength of these business relationships are reflected in customers' attitudes and their word of mouth endorsements (Bill Blevel, 1996).

Since brand equity is about building a strong, favourable and unique brand, then the foregoing shows that it is enhanced by creating a favourable response to pricing, distribution, advertising and promotion activity for the brand. The products' quality and styling, the price and pricing strategy, the distribution channels and promotion tools adopted all communicate something about the brand with direct implications on its equity.

2.5 How brand equity is created

As noted earlier brand equity occurs when the consumer has a high level of awareness and familiarity and holds some strong, favourable and unique brand associations in memory. For branding strategies to be successful and brand equity to be created, consumers must be convinced that there are meaningful differences among brands in the product or service category (Keller, 1998). By creating perceived differences among products through branding and developing loyal consumer franchises, marketers create value, which can translate to financial profits for the firm.

Creating brand equity involves combining brand elements in a consistent and complementary manner so that collectively the brand is memorable, meaningful, transferable and protectable. Hence smart marketers will choose vivid brand names that suggest some concrete or abstract benefit, visually reinforced by a slogan or jungle that enhances awareness and image. Such a chosen brand, with inherent marketing value to build awareness and image as well as serve as a strong foundation to link associations, can provide a firm with a strong competitive advantage.

Particularly in times of shrinking and fragmented markets, the fact that a brand name can be noticed and its meaning registered or activated in memory within just a few seconds is a tremendous asset (Keller, 1998).

Different approaches to motivating and defining brand equity do exist and vary greatly depending on the perspective and purpose adopted.

Hence, creating a successful brand equity entails blending various elements together in a unique way; the product or service has to be of high quality and appropriate to consumer needs, the brand name must be appealing and in tune with the consumers' perceptions of the product, the packaging, promotion, pricing and all other elements must similarly meet the tests of appropriateness, appeal and differentiation (Murphy, 1990).

2.6 How brand equity is measured

The initial choices for brand elements, the nature of the supporting marketing program and the leverage of secondary associations are all ways to build consumer knowledge structures and create sources of brand equity. Since the value of brand equity concept lies in he ability to guide strategic decisions, it is important that marketers are able to accurately measure both the sources of brand equity as well as the outcomes of brand equity benefits. Researchers have over time used two basic approaches: the "indirect" and the "direct" approaches.

The "indirect" approach attempts to assess potential sources of brand equity by measuring brand knowledge structures, that is brand awareness and brand image. These are useful for identifying what aspects of the brand knowledge may potentially cause the differential response that creates brand equity. Brand awareness can be assessed through a variety of aided and unaided memory measures (Scrull, 1984) that can be applied to test brand recall and recognition. Brand recall can also be coded in terms of the order of recall to capture the extent to which the name is "top of mind" and thus strongly associated with the product category in memory.

The second one, the "direct" approach attempts to measure brand equity more directly by assessing the impact of brand knowledge on consumer response to different elements of the firms' marketing program. It is useful for approximating and determining the possible outcomes and nature of benefits that arise from the differential response that creates brand equity.

Measuring brand knowledge requires measuring brand awareness and the characteristics and relationships among brand associations. And since any one measure typically captures only a particular aspect of brand knowledge, multiple measures are employed in the study to capture the multidimensional nature of brand knowledge. Hence two approaches of measuring brand equity are complementary and should be used together.

Measurement of the characteristics of brand associations (i.e their type, favourability and strength) can also be done in a number of ways. Qualitative techniques can be employed to suggest possible associations as when consumers describe what the brand means to them in an unstructured format, either individually or in small groups. More specifically, consumers might be probed in terms of "who, what, when, where, why and how" types of questions about the brand. More direct measures to determine brand associations can be done through two general approaches. That is by comparing the characteristics of brand associations in some way and by directly asking consumers for information relevant to the congruence and competitive overlap for the brand associations. Congruence is the extent to which brand associations are shared and can be assessed by comparing the pattern of associations across consumers to determine which associations are common or distinctive. Competitive overlap of brand associations is the extent to which brand associations are linked to the product category and are shared or not shared with other brands. Linkage to a product category or identification can be assessed by examining how consumers respond to brand recall tasks with product category or other cues. Lack of shared associations or uniqueness can be assessed by comparing the characteristics of associations of the focal brand (i.e their type, favourability and strength) with the characteristics of associations for competing brands. Additionally, consumers could be asked directly (1) how strongly they identify the brand with the product category and (2) what they consider to be the unique and shared aspects of the brand.

Another potentially useful approach for directly assessing brand equity is the conjoint or trade off analysis (Green and Srinivasan 1978, 1990). This is used to explore the main effects of the brand name (i.e differences in preference or choice for brand) and interaction effects between the brand name and other marketing mix elements such as price, product or service features and promotions or channel choices.

2.7 How brand equity is managed and applied

Since no single number or measure captures the full meaning of brand equity, it should be thought of as a multidimensional concept that depends on (1) what knowledge structures are present in the minds of consumers and (2) what actions a firm can take to capitalize on the potential offered by these knowledge structures. Different firms may be more or less able to maximize the potential value of brand according to the type and nature of marketing activities that they are able to undertake.

Keller, 1998 provides six general guidelines based on the preceeding conceptual framework are presented that should help marketers to better manage brand equity.

1. Marketers should adopt a broad view of marketing decisions so they can make the best possible tactical decisions in the short run and strategic decisions in the long run. Marketing activity by itself can potentially create value for the brand by improving consumers' ability to recall or recognize the brand and/or by creating, maintaining, or changing the favourability, strength or uniqueness of various types of brand associations. By influencing brand knowledge in one or more of these different ways, marketing activity can potentially affect sales.

2. Marketers should define the knowledge structures that they would like to create in the minds of consumers by specifying desired levels of awareness, favourability, strength and uniqueness of the brand's overall product and non-product related attributes. In particular, they should decide on the core needs and wants of consumers to be satisfied by the brand and also decide the extent to which it is necessary to leverage the brand on secondary associations such as the company, product class, person, place, etc.

3. Marketers should evaluate the increasingly large number of tactical options available to create these knowledge structures, especially in terms of various marketing communication alternatives. This should take into account the emergence of non-traditional media, promotions, and other marketing activity like sponsorships, in-store advertising etc. As earlier noted, the manner in which a brand association is created does not matter;

only the resulting favourability, strength and uniqueness of the association. Thus many of the emerging new alternatives can offer a cost effective means of affecting brand knowledge and thus sales, especially to the extent that they complement more traditional marketing tactics. Regardless of which options are adopted, the entire marketing program should be co-ordinated so as to create congruent and strong brand associations. Different marketing tactics with the same strategic goals, if effectively integrated, can create multiple links to core benefits or other key associations, helping to produce a consistent and cohesive brand image. The specific attributes and benefits that the product or service is intended to provide to consumers should satisfy their core needs and wants (Kotler, 1991; Park, Jaworsk and MacInnis, 1986).

4. Marketers should take a long term view of marketing decisions. The changes in consumer knowledge about the brand from current marketing activity also will have an indirect effect on the success of future marketing activities. Thus it is important to consider how resulting changes in brand awareness image may help or hurt subsequent marketing decisions.

5. Marketers should employ tracking studies to measure consumer knowledge structures over time to (i) detect any changes in the different dimensions of brand knowledge and (ii) suggest how these changes might be related to the effectiveness of the different marketing mix actions.

6. Marketers should evaluate potential extension candidates for their viability and possible feedback effects on core brand image. Brand extensions capitalize on the brand image for the core product or service to efficiently inform consumers and retailers about the new product or service. Brand extensions can facilitate acceptance of the new product or service by providing two benefits. First, awareness for the extension may be higher because the brand node is already present in memory. Thus,

consumers should need only to establish a connection in memory between the existing brand node and the new product or service extension. Second, inferred associations for the attributes, benefits and overall perceived quality may be created. That is,consumers may form expectations for the extension on the basis of what they already know about the core brand. These inferences can lower the cost of the introductory campaign for the extension, say by increasing advertising efficiency (Smith and Park, 1992). Though these evaluations will generally correspond to the favourability of the core brand associations, they can differ, and in fact be negative, even if the core brand associations themselves are positive (Aaker and Keller, 1990). Moreover, even if positive attribute and benefit associations for the core brand lead to inferences of positive brand extension associations, inferred negative associations may still emerge (Bridges, 1990). Keller and Aaker, (1992) found that the successful introduction of a brand extension improved evaluations of a core brand that originally was perceived to be of only average quality.

Effectively managing brand equity includes defining the brand strategy of a firm. This provides the general guidelines as to which brand elements a firm chooses to apply across the products it offers for sale. The two main tools for this are;
(i) the brand - product matrix which is a graphical representation of all the brands and products sold by a firm (fig. 4) and
(ii) brand hierarchy which reveals an explicit ordering of brands by displaying the number and nature of common and distinctive brand components across the firms' products. This enables the devising of policy for brand fortification and leverage to reflect corporate concerns and changes over time and geographical boundaries.

To sum up, building brand equity requires creating a familiar brand name and a positive brand image. Strategies to build brand equity are discussed in terms of both the initial choice of brand identities - name, logo and symbol and how these are supported by and integrated into the marketing program. The process requires taking a long term perspective that recognizes that any changes in the marketing program for a brand, may by changing consumer knowledge, affect the success of future marketing programs. Additionally, a long term view also results in proactive strategies designed to maintain and enhance brand equity over time in the face of external changes in the marketing environment and internal changes in a firm's marketing goals and programs. Brand equity creation and management also involves reinforcing and/or if necessary, revitalizing brands.

Reinforcement is done by marketing actions that consistently convey the meaning of the brand to consumers in terms of what products the brand represents, what core benefits it supplies, what needs it satisfies and how the brand makes those products superior. Consumers must be given a clear picture of the totality of the brand and why it is special. Revitalizing a brand requires either that lost sources of brand equity are recaptured or new sources are identified and established. In the final analysis, researchers tend to agree that brand equity provides a common denominator for interpreting marketing strategies and assessing the value of a brand (Keller, 1998).

Two basic approaches to measuring brand equity are outlined. The indirect approach measures brand knowledge - brand awareness and elements of brand image, to assess the potential sources of brand equity. The direct approach measures the effects of the brand knowledge on consumer response to elements of the marketing mix.

Guidelines for the application (management) of brand equity are discussed. These guidelines emphasize the importance of taking a broad and long term view of marketing a brand; specifying the desired consumer knowledge structures and core benefits for a brand; considering a wide range of traditional and non traditional advertising, promotion, and other marketing options; coordinating the marketing options that are chosen; conducting tracking studies and controlled experiments; and evaluating potential extension candidates.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 Population

The pharmaceutical sub-sector comprises manufacturers, distributors (who are agents of manufacturers), wholesalers, retailers, and consumers. For purposes of this study, the sampling frame consisted of manufacturers and distributors who normally market various pharmaceutical products. According to the Medical Directory (2000) there are one hundred and thirty seven (137) firms involved in manufacturing, marketing and distribution of pharmaceutical products (Appendix I).

The respondents for the study were persons vested with the responsibility of marketing the firms' products. These were the heads of marketing or other positions mandated to play the functions of marketing. The rationale for the selection of these respondents was that they are the ones associated with performance of various marketing and brand management activities. They are therefore expected to be familiar with factors considered important in creating, applying brand equity elements, and addressing pertinent problems.

3.2 Sample size and sample selection

Out of the total population of one hundred and thirty seven (137) firms, fourteen (14) of them are located in rural towns while the rest (123) are based in Nairobi. Out of the latter, a simple random sample of sixty two (62) firms was taken for the study. Seven (7) rural-based firms were picked on simple random basis to represent the fourteen located outside Nairobi. This sample was considered sufficient and appropriate for the current research as it covered 50% of the total population. The first firm was determined by use of random numbers. This is particularly important considering both the value of information and the need for accuracy of results.

3.3 Data collection

The study has relied on both primary and secondary data. Primary data was collected using partially structured questionnaire (Appendix II). The questions were developed from a thorough review of relevant literature and comprised three parts. Part A consisted of questions aimed at obtaining general information about pharmaceutical firms. This information was aimed at establishing the nature of ownership of pharmaceutical firms, the existence or inexistence of a marketing department, whether firms are distributors/manufacturers or both and the size of their promotional budgets. Findings from this part have a direct influence on the information gathered in the latter parts. It backs and facilitates evaluation and interpretation. Part B focused on factors generally considered important in creating brand equity. Questions on these factors revolved around the five basic elements of the brand equity structure, that is loyalty, awareness, association, perceived quality and other proprietary brand assets. Data collected from this part specifically aimed at satisfying the first objective which sought to determine the extent of application of the brand equity concept within pharmaceutical firms. Part C solicited for information related to problems or constraints that pharmaceutical firms face in their brand management efforts. Questions in this part sought to identify and rank in importance, the various factors that explain the extent to which brand equity is adopted and applied. The other questions in this part sought to identify and rank the major contraints that managers face in their endeavours to embrace the concept of brand equity. Questions in this part were aimed at providing answers to the third objective. After questionnaires were dispatched, sampled firms were then contacted on telephone to make appointments and to identify appropriate respondents. In majority of the cases, the questionnaires were dropped by the researcher and picked up later.

3.4 Analytical methods and techniques

The data collected from the survey was analysed by use of descriptive statistics including tables, charts and percentages to present both the response rate and information on other variables. The percentage tables and charts were preferred for their ease of reference and interpretation. The SPSS was used to summarize, cross tabulate and sort out the data to give appropriate rankings and strengths of various factors.

product managers and marketing managers are in fact evaluated on the basis of short term measures and performance. They cannot therefore identify with confidence the various brand elements and associations let alone their strength.

Accordingly, fewer firms execute a clearly spelt out policy (Table 2) on strategic management of brands and indeed a good number of them do not even know what such a policy would entail and whether it exists. The duties and responsibilities that would appertain to creating and applying brand equity appear to be lumped together and relegated to the sales and marketing departments of firms, where such departments exist.

Table 3. shows that over 87% of firms have this crucial department where marketing and promotion programs are prepared and executed mainly by product managers.

Table 3. Percentage of firms with a marketing department

Status	Frequency	Percentage
Yes	21	87.5
No	3	12.5
Total	24	100.0

Murphy (1990) argues that companies should develop a style and structure which recognizes the fact that their most valuable and important assets are their brands. They should then focus on the proper management, development and exploitation of these assets in order to grow and prosper. The brand management function should come out of its traditional grip of acting as a training ground for high profile marketing executives whose main task has been that of maintaining liaison between the company and its advertising and promotion agencies. This can only be achieved if all firms have a marketing department and better still, a brand equity manager.

The increasing focus on, and interest in brands will certainly lead to a fundamental re-appraisal of the role and status of brand/marketing managers who will be required to take a much more entrepreneurial view of the profitability and proper returns on their brand assets

A keen observation of Table 4 on the status of the head of marketing in pharmaceutical firms and by extension the person in charge of building brand equity shows a growing appreciation of the role of this position vis a vis the role and position of other business functions.

Table 4. Position of Head of Marketing Department in relation to other departments

Department	n_i	Higher (%)	Same (%)	Lower (%)	Total (%)
Finance	24	31.6	63.2	5.2	100
Accounting	24	50	35	15	100
IT	24	57.9	15.8	26.3	100
Administration	24	42.1	21.1	36.8	100
Total	96	181.6	135.1	83.3	400

The table clearly indicates that the greater majority of firms regard the position of head of marketing at par or even higher than the heads of finance, accounting, administration, and information technology. Murphy(1990) notes that major companies have already been redefining the marketing functions and overhauling the brand management status. This has been prompted by the need to respond quickly to technological changes, new and emerging tools of analyzing brand performance and brand equity.

An essential prerequisite of successful creation of brand equity is to have a precise, agreed upon procedures of communicating brand benefits and attributes. This should be contained in a brands blueprint which should be prepared for each brand. This should essentially be qualitative, detailing the personality and positioning of the brand as well as containing standards for all packaging, design and ingredients in much the same way that a corporate identity manual does for the firm. The blueprint should serve as a fixed point of reference for all brand related decisions and activities.

Table 5. Firms With/without a blueprint manual

Status	Frequency	Percent
With	10	47.6
Without	11	52.4
Total	21	100.0

Over half of pharmaceutical firms in Kenya do not have a blueprint for their brands. This implies that the varying perception of various groups involved in the management and exploitation of the brand can become more serious when brand managers change fairly frequently and each new brand manager has to undergo a redefinition.

By adopting a brand blueprint, installing program for its review and ensuring that unauthorized departures from the blue print are not permitted, chances of erratic brand equity building policies and subsequent abuse are much reduced. Managers wanting to alter any elements of the brand will need to justify their actions on grounds other than mere hunch or whim.

Table 6. Number of years a manager handles a brand

Years	Frequency	Percent
One year	2	8.3
Two years	3	12.5
Four years	1	4.2
Five years	3	12.5
Not specified	15	62.5
Total	24	100.0

The above results seem to suggest that brand managers and other key people within this sector handle a particular brand for an average period of three years. During this time they are evaluated, on the basis of short-term measures such as market share movements and short term profitability. This is partly because such measures are available and reliable while indicators of long term success are elusive and not quantitatively measurable. Further majority of the managers involved do not realistically expect to stay long enough to think strategically, nor does ultimate brand performance follow them

This tends to ignore the fact that the brand is developed skillfully and strategically at enormous costs so as to embrace a set of values and to go way beyond mere labeling and functional use. It is not just the actual product comprising its individual parts but a complex phenomenon that takes a long time to establish in the minds of consumers.

A key reason why Kenyan managers might have a short term focus is the prominence and acceptance of the maximization of profits as a prime objective of firms. The problem is that this measure of current returns is not necessarily related to future returns. Yet the resulting need for managers to demonstrate good quarterly and annual earnings permeate into organizational objectives and brand management evaluation. The measures of performance associated with a brand and its manager are mostly monthly and quarterly. There are no longer -term objectives that are meaningful.. Hence an apparent pressure to deliver good short term financial measures while relegating long term forecasts and projections to the background.

Since brand equity takes a long time to build its on-going performance must be constantly measured and market surveys conducted to keep abreast of changing consumer patterns and needs. Consumers often object strongly to having their brands interfered with, without recourse to them.

To ensure success, brands must be appealing and maintained in good "shape" by their owners so as to continue to justify the consumers' needs. It should serve as a pact between the owner and consumer to allow the consumer to shop with confidence in an increasingly complex world while providing the owner with higher volumes, higher margins and greater certainty as to future demand.

Table 7 shows the frequency with which pharmaceutical firms in Kenya measure the performance of their brands.

Table 7. Frequency of measuring brand performance

Period	Frequency	Percent
monthly	8	50.0
quarterly	4	25.0
Half year	3	18.7
not regular	1	6.3
Total	16	100.0

Efficiency – conscious firms conduct some form of tracking studies to be able to assess the effectiveness of their marketing strategies. Table 10. depicts the case of pharmaceutical firms.

Table 10. Number of firms that engage tracking studies

Status	Number of firms	Percent
Engage studies	7	33.3
Do not engage studies	14	66.7
Total	21	100.0

As Table 10. clearly reveals, only a third (33.3%) of firms in this sector bother to evaluate whether expenditures incurred in marketing activities are value for money. This failure deprives the majority of firms the benefit of having a clear basis of planning and executing future expenditures towards brand building activities.

4.2 Brand Awareness and Equity Building

Among the key elements in a brand are the name, logo, packaging, promotion and overall design and presentation. Creating a strong brand equity entails blending all these various attributes together in a unique way to meet the tests of appropriateness, appeal and differentiation. In Kenya, over 85% of brands marketed are accompanied by logos/symbols with a view to differentiating them from those of competitors (Table 11). There is evidence in history, that names and logos were put on goods in order to identify their maker (Farquhar, 1989). The objective is to assure the customer and provide legal protection to the producer.

Increasing awareness involves working through a continuum that can be represented by three levels of brand awareness, namely, recognition, recall and 'top of mind'(Aaker1991).

Table 11. shows one of the ways in which firms seek to expose their brands to enhance awareness.

Table 11. Brands with/without logos/symbols

Logos/symbols	**Number of mentions**	**Percent**
With	17	85.0
Without	3	15.0
Total	20	100.0

Table 12. Brand exposure by sponsorship of events

Firms	Number of mentions	Percent
Sponsor events	16	76.2
Do not sponsor	5	23.8
Total	21	100.0

Table 11 clearly indicates that over 85% of brands sold by local pharmaceutical firms have either a logo or a symbol to identify and differentiate them from others Further, Table 12 shows that 76.2% of firms expose their brands through sponsorship of various events such as conferences, seminars and symposia.

Other strategies of enhancing brand awareness and image are as presented in Table 13 in order of their perceived importance.

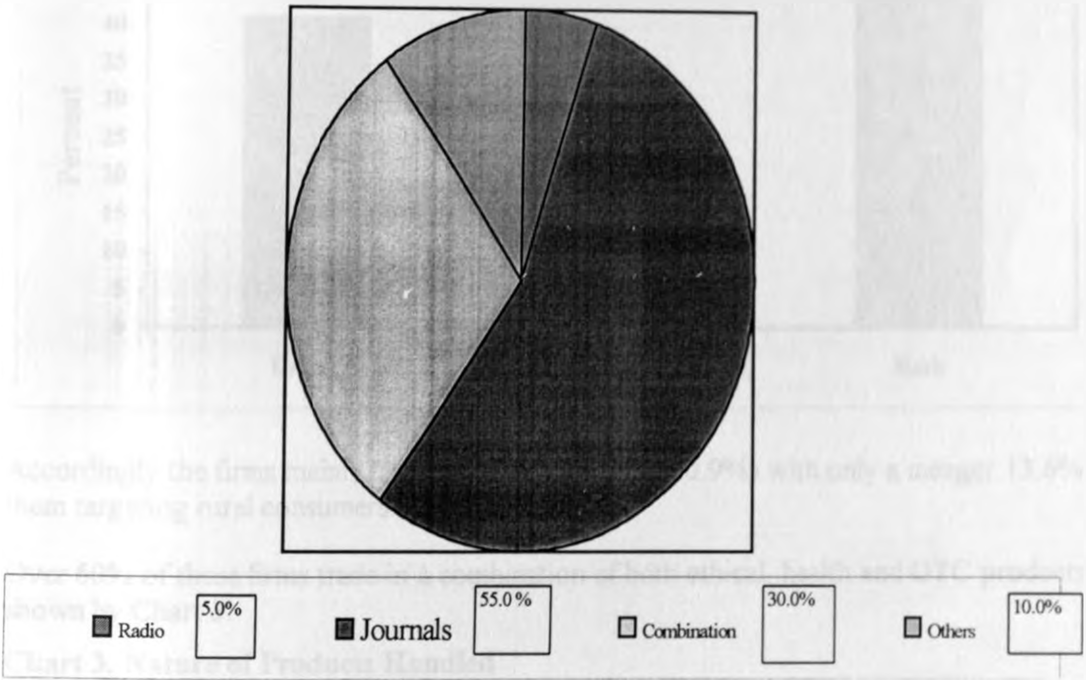
Table 13. Ranking of promotion elements in order of importance.

	Factors	n_i	Most important %	Moderately important %	Least important %	Total %
1	Salesmanship	24	83.3	11.1	5.6	100
2	Sale promotion	24	55.6	33.3	11.1	100
3	Packaging	24	43.8	37.5	18.8	100
4	Advertising	24	20.0	46.7	33.3	100
5	Publicity	24	18.8	37.5	43.8	100
6	Sponsorship	24	11.1	33.3	55.6	100

Evidently, salesmanship (personal selling) emerges as the most important form of marketing brands in this sector followed by sales promotion and packaging designs. This can be explained by the fact that pharmaceuticals are essential and sensitive goods which must be selectively and cautiously marketed.

Chart 1. presents another element of the promotion mix that is commonly used

Chart 1. Pie-Chart showing percent of media of advertising used by firms



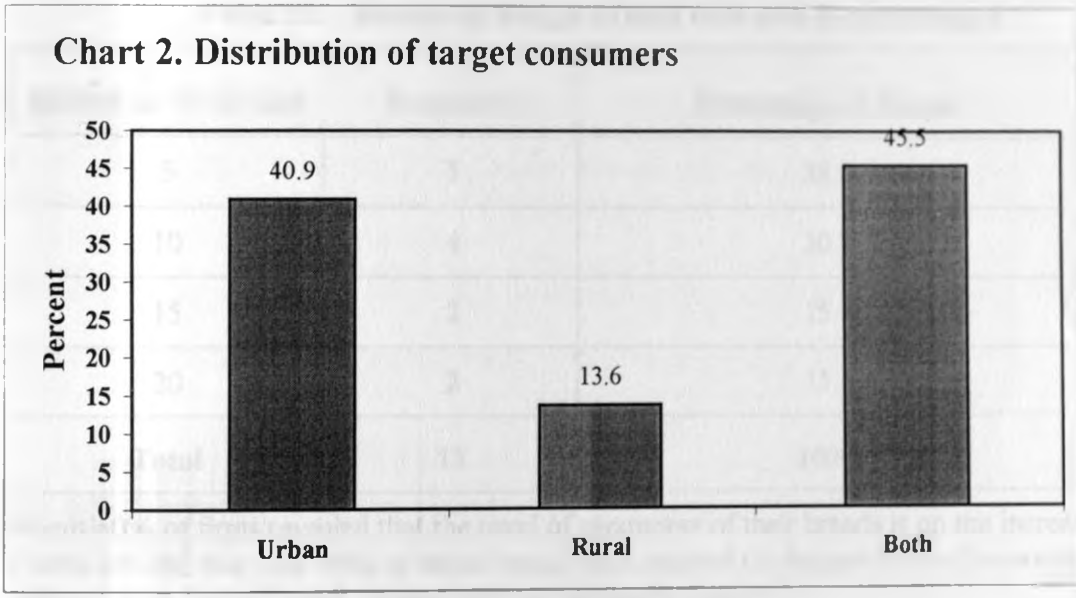
The chart shows that the sector prefers use of professional journals as their first choice of advertising.

Further, as shown in Table 14. these firms target mainly the middle and upper income groups of people especially those found in urban centres and towns (Chart 2.).

Table 14. Target Population

Income Groups	Number of mentions	Percent
Upper class	8	36.4
Middle class	4	18.2
Lower class	2	9.1
All	8	36.4
Total	22	100.0

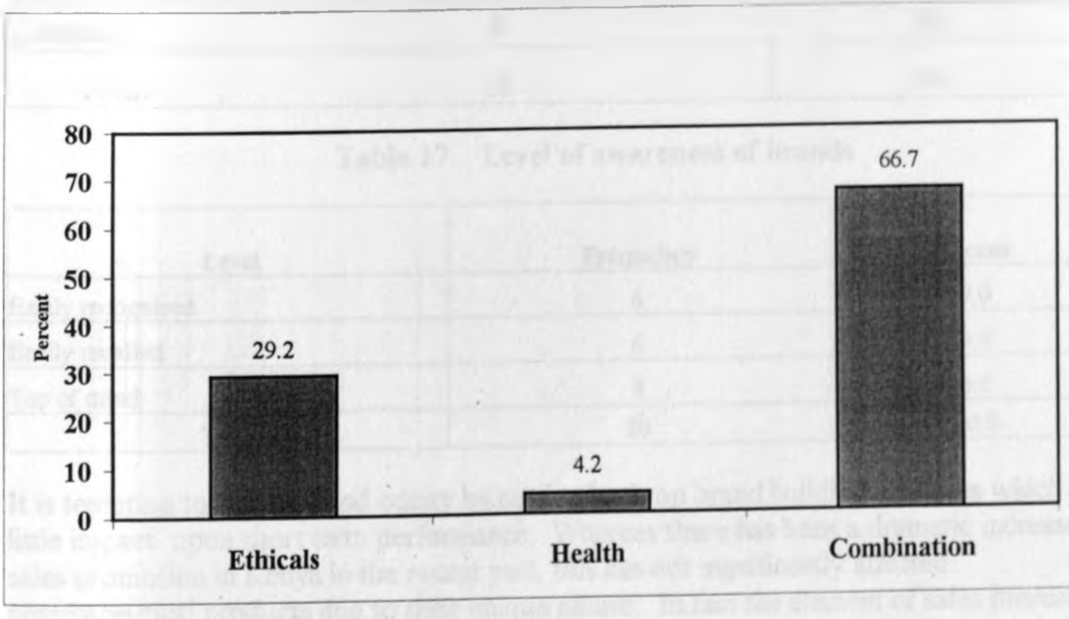
Though the greater population of Kenyan people reside in the rural areas, only a small portion of them contribute to the pharmaceutical market in Kenya (Chart 2.)



Accordingly the firms mainly target urban consumers (40.9%) with only a meager 13.6% of them targeting rural consumers.

Over 60% of these firms trade in a combination of both ethical, health and OTC products as shown by Chart 3.

Chart 3. Nature of Products Handled



The firms spend an average of 10% of their brands turnover to execute their marketing activities as shown by Table 15.

Table 15. Marketing Budget to total turn over in percentages

Budget as % of sales	Frequency	Percentage of sample
5	5	38.5
10	4	30.8
15	2	15.4
20	2	15.4
Total	13	100.0

About 60% of firms revealed that the trend of awareness of their brands is on the increase (Table 16) and that over 40% of those brands have reached the highest level of awareness referred to as "top of mind" (Aaker,1991) as shown by Table 17.

Table 16. Trend of awareness

Trend	Number of mentions	%
Increasing	14	70
Decreasing	2	10
Constant	4	20
Total	20	100

Table 17 Level of awareness of brands

Level	Frequency	Percent
Easily recognised	6	30.0
Easily recalled	6	30.0
Top of mind	8	40.0
Total	20	100.0

It is tempting to "milk" brand equity by cutting back on brand building activities which have little impact upon short term performance. Whereas there has been a dramatic increase in sales promotion in Kenya in the recent past, this has not significantly affected pharmaceutical products due to their unique nature. In fact the element of sales promotion whose inevitable result is a great increase in the role of price induces pressure to reduce the quality, features and services offered. The Kenyan pharmaceutical sector downplays the role of price while emphasizing the place of packaging and personal selling. Sales promotion however remains a crucial weapon ranking second in importance within the promotion tools mix.

4.3 Brand Loyalty And Equity Building

Consumer loyalties ensure future demand and cashflows and introduce stability into the business. Solid loyalty guards against competitive encroachment and allows investment and planning to take place with increased confidence.

Murphy(1990) observes that even though consumers have the ability to purchase whatever products or brands they wish, in practice they are remarkably loyal to familiar brands and desert them only reluctantly. In many situations customers do not like to change. Changing brand requires effort especially if the decision involves substantial investment or risk. Further, positive attitudes towards an incumbent brand are likely to develop which will not only justify but enhance prior decisions.

The case of loyalty patterns within Kenyan pharmaceutical sector is as shown by Table 18

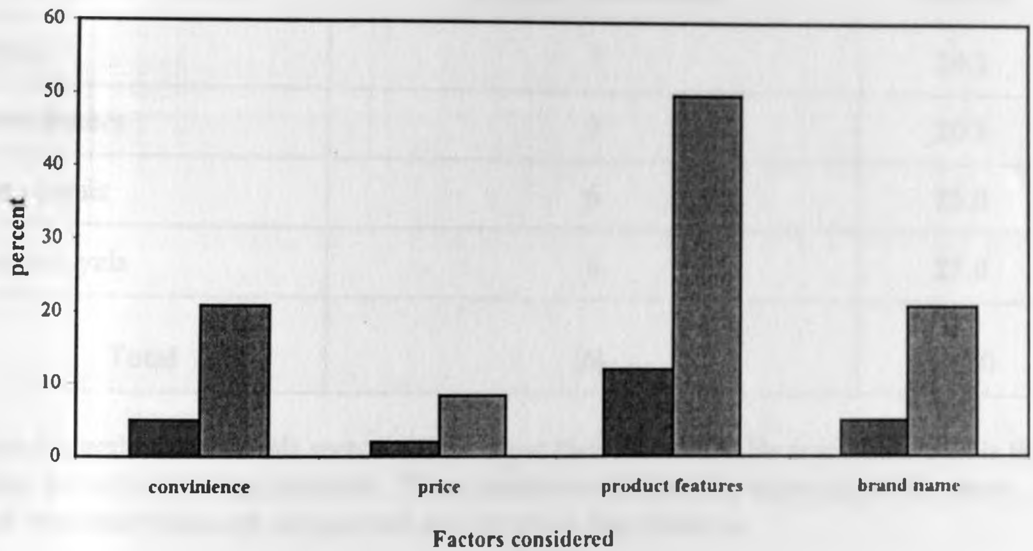
Table 18. Levels of loyalty as reported by pharmaceutical firms

Level	Number of mentions	Percent
Very loyal	7	29.2
Passively loyal	10	41.7
Indifferent	3	12.5
Non loyal	4	16.7
Total	24	100.0

The table shows that the number one level of loyalty comprise of passively loyal customers. This includes customers who are satisfied with the brand or at least not dissatisfied. These customers are termed habitual buyers and can be vulnerable to competitors who can create a visible benefit to switching. They are, however, a crucial base as they are not usually on the look out for alternatives.

The decision to purchase any product is influenced by many variables in any given situation Chart 4 identifies and ranks factors considered relevant in the purchase of pharmaceutical goods and services.

Chart 4. Key considerations in purchase decisions



As revealed by analysis of the above tables the key considerations that buyers of pharmaceutical products make is product features followed by brand name. Aaker (1991) observes that if customers are indifferent to the brand and in fact buy with respect to features, price and convenience with little concern to the brand name, then there is likely little equity. This is particularly the case in a sector where word -of- mouth is pivotal to purchase decisions. From this results it can be concluded that the pharmaceutical sector has yet to fully embrace and implement the concept of brand equity.

The table indicate that majority of firms, 34.8% and 39.1% rely on customers whose repurchase levels is upwards of 60% and 80% respectively.

Table 19. Proportion of Repurchase

Proportion	Number of mentions	Percent
40 -60	6	26.1
61 - 80	8	34.8
81 - 100	9	39.1
Total	23	100.0

Levels of loyalty can be determined by the proportion of repurchase of goods from a particular firm. Table 19 depicts the situation within pharmaceutical firms.

Similarly majority of firms endeavour to clearly specify their channels of distribution as a way of further cementing the relationship between their brands and their customers Table 22

Table 22. Usage of distribution channels

Channel type	Frequency	Percent
Specified	12	50.0
Any	5	20.8
Both	7	29.2
Total	24	100.0

Table 22. shows that while 50% of firms are specific about their channel outlets for ease of monitoring their performance and solidifying relationships, the rest have not yet been able to identify distributors whom they can establish long term relationships for mutual benefit

4.5 Perceived Quality And Brand Equity Building

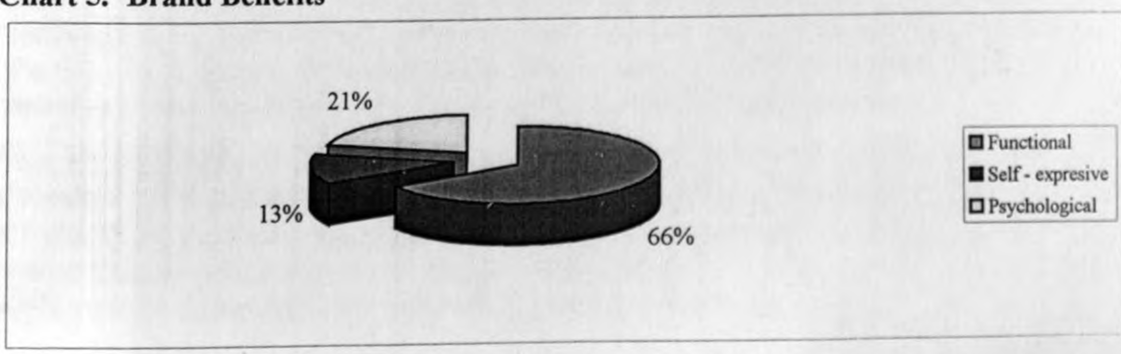
This intangible overall feeling about a brand is based on the underlying dimensions which include characteristics of the products to which the brand is attached such as reliability and performance. It is the single most important asset base of firms. As shown by Table 23 below, close to 80% pharmaceutical firms consider perceived quality as very significant

Table 23. Significance of Perceived Quality

Perceived quality of	Frequency	Percent
Significant	19	79.2
Not significant	5	20.8
Total	24	100.0

Chart 5. represents the perceived benefits that consumers derive from purchases of pharmaceutical products.

Chart 5. Brand Benefits



The chart clearly indicates that local firms rightly consider the functional benefits of their brands as their number one duty to their consumers followed by psychological or emotional benefits.

Consumers, over time tend to develop feelings towards certain brands which they extend to the brand as though the brand were a person. Their feelings reflect the overall perceived quality of the brand.

These feelings are reflected by Table 24.

Table 24. Customer Feelings Towards Brands

Customer feelings	Frequency	Percent
Respectiful	4	16.7
Trustworthy	14	58.3
Friendly	6	25.0
Total	24	100.0

From Table 24, it can be observed that majority of firms describe the regard of their brands by customers as trustworthy. Perceptions of product performance or service quality have often been said to be a function of ones' environment and his frame of reference which is usually based on past experience.

Customers will always pay a premium price for superior quality and firms that offer that level of perceived quality will always prosper. To ensure that their brands are perceived by consumers as noticeably better, local firms like Smithkline Beecham have been seeking accredition for ISO90002 status.

4.6 Proprietary Assets and Equity Building

While an asset is something that a firm posses such as brand name, equipments and retail locations that are superior to those of competition, skills that a firm possesses helps it to execute activities such as advertising or manufacturing better than its competitors. Assets could either be tangible or intangible, external or internal to the firm and the content and sources of each vary greatly from one firm to another. Both assets and skills provide the basis of a competitive advantage that is sustainable and when appropriately anchored, allow the competitive advantage to persist over time and thus lead to long-term profits. But unlike tangible asset valuables of a firm such as plant and equipment, stocks and fixtures, that are documented in the books of accounts every year, the most important assets of a firm such as the skills of its people, the brand names, patents and trademarks are however intangible in that they are not capitalized and thus do not appear on the balance sheet.

While physical assets are maintained through depreciation provisions even in bad times, the maintenance of intangible assets as identified in Table 25 are by contrast more vulnerable and tends to be more easily neglected. Yet it cannot be overemphasized that every brand is developed within the framework of physical, organizational, legal and human conditions that enables the firm to generate and implement appropriate strategies (Barney,1991).

Table 25 shows that pharmaceutical products in Kenya are traded both under license and patents.

Table 25. Trade Licenses/Patents

	Frequency	Percent
License	7	29.2
Patents	12	50.0
Both	5	20.8
Total	24	100.0

The foregoing analysis of the marketing activities of pharmaceutical firms in Kenya tend to reveal that majority of firms embrace and aggressively engage some of the elements of brand equity in varying degrees. This revelation implies that it is not the adoption or implementation of brand equity concept that hampers its application but rather a lack of knowledge and understanding of its operative variables and mechanisms. One may therefore argue that if companies were to actually be enlightened of the overwhelming potential in creating brand equity and be able to design appropriate programs and structures that enhance a brand's value, there are enough products and customers that can facilitate the emergence of powerful, strong brands in Kenya.

A strong brand will, to a very great extent, assure customers' satisfaction by meeting their general and specific needs while at the same time achieving extremely low levels of customer complaints.

4.7 Factors Critical to the Application of Brand Equity

This study identified and measured eleven (11) factors that were considered relevant in the application of brand equity concept. The factors were rated on a scale of 1-10 with one (1) representing least important and ten (10) most important. The scale has further been condensed as in Table 26.

Table 26. Variables Critical to the Application of Brand Equity

Rank	Factor	n_i	Most important %	Moderately important %	Not important %	Total %
1	Nature of products (e.g. ethicals or OTC's)	24	70	35	5	100
2	Target audience (e.g.. upper scale or lower scale)	24	55	30	15	100
3	Top management qualifications.	24	57.9	31.6	10.5	100
4	Capitalization (asset base)	24	55	20	25	100
5	Organisation of Firm	24	50	45	5	100
6	Existence of Market Department	24	50	45	15	100
7	Nature of Firm (e.g. distributor or manufacturer)	24	45	40	5	100
8	Profitability	24	40	50	10	100
9	Size of Firm	24	40	15	45	100
10	Ownership (e.g.. Foreign or local)	24	35	30	35	100
11	Number of brands handled	24	25	45	30	100

The above table is categorical on the variables to be addressed in the process of adoption and application of the brand equity concept. Top is the nature of the product or the product category which undoubtedly designates and delimits the medium and mode of exposure that a brand can be subjected to. Second in rank of importance is the target market. Quite expectedly, the target audience, in terms of income levels will have a great influence on the manner and mode of activities used to reach it. To be able to effectively appreciate and address the two overriding factors calls for a management whose skills, knowledge and vision are unquestionable. Hence the qualifications of top management are highly ranked on the scale at position three.

Other critical factors are asset base, organization of firm and existence of a marketing department in that order. Variables such as profitability, size of firm and nature of ownership are lowly ranked as playing a less critical role in the process of brand equity creation and application.

4.8 Relative importance of factors that constrain the creation and application of brand equity.

As the need to develop brands of high equity becomes more apparent, companies have to brace themselves for a myriad of obstacles, both internal and external to the firm. It will however be imperative to note that the various factors will have varying effects on each and every firm and that the responses of respective firms will vary markedly.

Table 27 identifies and ranks the various constraints affecting brand equity creation

Table 27. Table 27. Relative importance of factors that constrain the creation and application of brand equity.

Rank	Factors specific to firm	n_i	Very Critical %	Fairly Critical %	Critical %	Not Critical %	Total %
1	Lack of focus	24	55	15	5	25	100
2	Ethical considerations	24	47.6	4.8	38.1	9.5	100
3	Inadequate market research	24	40	5	50	5	100
4	Ad hoc marketing activities	24	35	35	15	15	100
5	Financial constraints	24	33.3	28.6	23.8	14.3	100
6	Preoccupation with short term returns	24	28.6	42.9	14.3	14.3	100
7	Lengthy decision making process	24	31.6	42	10.5	15.8	100
8	Inability to measure effectiveness	24	30	35	25	10	100
9	Top management orientation	24	23.8	52.4	4.8	19	100
10	Too many products\brands	24	9.5	23.6	42.9	23.8	100
	External factors						
1	Competition	24	57.1	28.6	14.3	0	100
2	Consumer purchasing power	24	57.1	28.6	14.3	0	100
3	Size of the market	24	33.3	42.9	19	4.8	100
4	Technological changes	24	33.3	23.8	38.1	4.8	100
5	Politics	24	33.3	14.3	19	33.3	100
6	Decontrol\Deregulation	24	23.8	28.6	33.3	14.3	100
7	Cultural factors	24	0	23.8	28.6	47.6	100

As spelt out in Table 27, the study identified ten internal and seven external factors that hamper the creation and application of the brand equity concept. The factors were ranked on a likert scale from very critical to not critical.

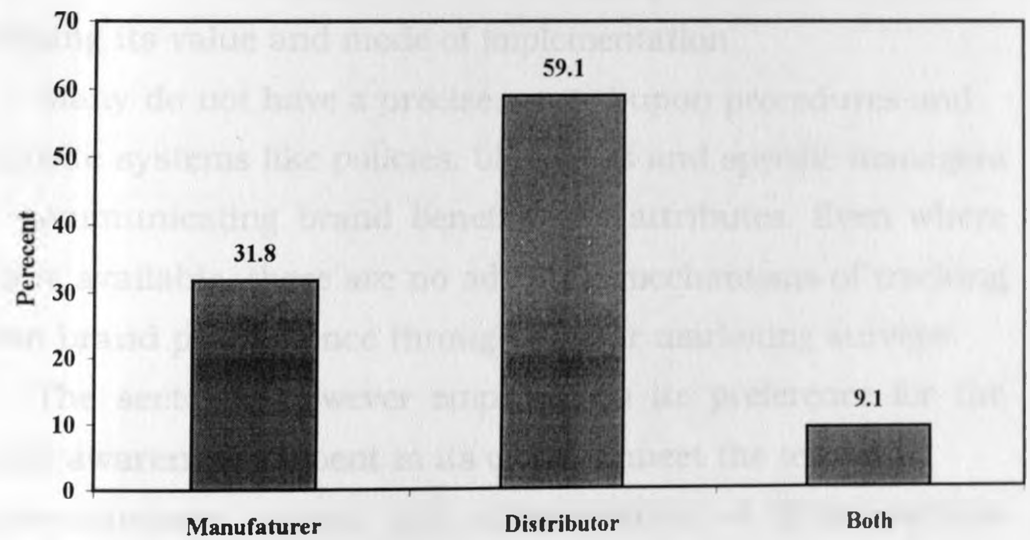
In the category of internal factors lack of focus; ethical consideration and inadequate market research emerged as the most critical variables in that order. Ad-hoc marketing activities, financial constraints and preoccupation with short tern returns, closely follow in order of importance with others trailing.

External factors that negatively impact on brand equity creation are mainly explained by cut-throat competition, consumer purchasing power and size of the market in that order. Others are the rapid changes in technology, political manipulation and deregulation.

In a similar study on the adoption of marketing concept, Nyaga (1986) quoted Felton (1959) as having identified several hurdles that faced firms that sought to embrace the marketing concept. These included inexperienced executives, errors in effecting promotions, incomplete integration, autocratic management style, personality clashes among others In Kenya today, the attempt to adopt and apply an even more alien concept within the discipline of marketing is bound to face an even greater number of obstacles.

Pharmaceutical firms in Kenya operate under three different and indiscreet forms as revealed by Chart 6.

Chart 6. The nature of firms in percentage



Its clear that the Kenyan Pharmaceutical sector is dominated by firms whose mainstay is distribution. This can be explained by the high costs of manufacturing products locally owing to poor infrastructure and high import duties of raw materials. Hence many firms find it easier to import finished goods into the local market while only 31.8% of the firms continue to manufacture locally.

From the foregoing analysis, one can in brief conclude that despite the obvious value of brand equity, the extent of its application in Kenyan pharmaceutical firms seem to suggest that the concept is still in its introductory phase. The concept is however strong and growing in the developed world and it will be a matter of time before it is fully embraced and implemented within the Kenyan pharmaceutical sector.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary and Conclusions

Without question, the key to the success of brands will be the commitment of firms in the development of brand equity, the brand management systems that support it and the ongoing investment in marketing programs that sustain it.

It is clear from the study that many of the firms which profess to be adhering to the brand equity concept are far from grasping its value and mode of implementation.

Many do not have a precise, agreed-upon procedures and requisite systems like policies, blueprints and specific managers for communicating brand benefits and attributes. Even where this is available, there are no adequate mechanisms of tracking down brand performance through regular marketing surveys.

The sector is however emphatic on its preference for the brand awareness element in its quest to meet the tests of appropriateness, appeal and differentiation of firms' various brands. This is achieved by use of brand logos/symbols, sponsorship of various events, packaging, salesmanship, promotions and advertising. Data from the study point to a rising trend of awareness of the sectors' brands with a third of them having achieved the 'top-of-mind' position.

This trend is not however correspondingly backed by solid levels of loyalty by consumers. This can be explained by the high fragmentation and segmentation of drug markets within Kenya and the phenomena of globalization and deregulation that has suddenly led to the proliferation of a myriad of affordable brands.

To counter this challenge, local pharmaceutical firms aggressively seek to create barriers of encroachment to their customer base by forging strong associations with their customers. These associations are hatched through knowledge of buyers' needs and preferences and stimulation of positive, favourable relational bonds with consumers.

The sector is also keen to ensure that its products are perceived to be of very high quality, efficacious and reliable. The benefits of these products are first and foremost expected to be functional before consumers can appreciate the psychological and emotional values. This has enabled customers to gradually develop positive feelings of trust, friendship and respect and a willingness to pay a premium price for this category of products.

The study identified eleven variables that must be addressed by firms keen on creating brand equity. These include nature of products, target audience, top management qualifications and a firms' capital base, in that order. Similarly identified are the major hurdles that stand in the way of adoption and application of the brand equity concept in the sector. The leading is lack of focus within firms, ethical considerations, inadequate market research and and-hoc marketing activities. Others are beyond the control of firms, and include competition, purchasing power, market size and technological changes.

As noted by Murphy (1990), major companies have already been redefining their marketing functions and overhauling the brand management status. This has been prompted by the need to respond quickly to technical changes, new and emerging tools of analyzing brand performance and brand equity. The case of Kenya tend to reveal that majority of pharmaceutical firms embrace and aggressively implement some of the elements of brand equity in varying degrees. This revelation seems to suggest that it is not the adoption or implementation of brand equity concept that is the problem but rather a lack of knowledge and understanding of its operative variables and mechanisms.

Yet manufacturing firms and distributors are the ones expected to engage in brand building activities. These firms are among the 'elite' of modern marketers, leaders in marketing research, new product development and innovative methods of marketing. If the brand equity concept were to be properly implemented, these companies should be the ones to show the way.

This study seems to suggest that the concept is still in its introductory phase in Kenya and will certainly go through a lot of criticism and questioning before it can be fully appreciated and applied. Of course, in some instances, it shall be ignored and even discarded but only at the detriment of concerned firms.

Creation and application of brand equity can be viewed as difficult by firms whose perspectives are short term as it requires patience and long term vision.

Local firms will have to appreciate that quest for successful brands call for long term view of brand profitability. This can be frustrating and risky in the short term for an investor but those firms who are patient and consistent with brands even when they absorb losses in the short and medium term stand to gain tremendous pay-offs which can last for decades when their equity-building activities have matured.

Certainly, the power of strong brands and the difficulty and expense of establishing them is indicated by what firms are willing to pay for them. Their value is in part due to the reality that it is more difficult to build brand equity today than it was a few decades ago due to the high costs of advertising and distribution as well as the proliferation of similar brands. This is especially the case in the Kenyan pharmaceutical sector which has been overwhelmed by the wave of globalization at a time when the brand-building concept had not taken root. It is even more so given that pharmaceutical products require high investments in research and development (R&D) before they can be launched into the market. It now means that marketers have to make do with niche markets which do not afford the sales turnover to support expensive marketing programs.

The key to justifying continued investment in building strong brands lies in being able to estimate the value underlying brand assets. Such value require protection and retention through suitable strategies that ensure that the market does not turn into a commodity area.

But once developed, brand equity can create associations that can drive market positions, persist over long time periods and be capable of resisting aggressive competitors.

5.2 Recommendations

Undoubtedly, building and applying brand equity is the core of all marketing functions and strategies and will determine the success of firms in the future. Murphy (1990) argues that companies should develop a style and structure which recognizes the fact that their most valuable and important assets are their brands. They should then focus on the proper management, development and exploitation of these assets in order to grow and prosper. Local firms can achieve this by opting to adopt and implement the concept wholly and solidify its benefits rather than continue to apply it haphazardly.

This means that the role of brand equity should turn the marketing or brand equity manager away from the factory/business premises to the market place where other entities of the firm are to be found. Accordingly, all decisions should then be based on what could be produced to satisfy the needs and wants of customers and society at large. Local pharmaceutical firms should thus endeavour to transform brand equity into an operational concept which managers are able to relate with and apply.

Unfortunately, it is not possible to prescribe a particular methodical formula on how to build brand equity as the context and circumstances of each firm are different. However, a careful evaluation of how the first four or five critical variables could be addressed and manipulated would go a long way in setting the stage for the implementation of brand equity-building programs. These constraints include the lack of focus in many firms, ethical considerations, inadequate marketing research and and-hoc marketing activities. New marketing strategies should be devised to address external constraints such as cut-throat competition, market size, customer purchasing power and rapid technological changes.

The strategy which various managers of brands would choose to adopt must depend upon the brands' own life cycle as well as the level of development of the brands' own market.

This is because the various dimensions of brand equity are not equally important in all segments of the market in Kenya and hence the need to determine their relative value in each market. For each brand asset such as loyalty base or awareness, a decision has to be made on whether to exploit it or not; otherwise brand loyalty will not generate value by itself. Local firms must appreciate that brands which have survived and flourished over time have done so through a process of evaluation and proactive strategies that maintain and enhance their values.

They must know that brands cannot shield owners from their own neglect or from inappropriate pricing, promotion and distribution policies. It is the duty of managers to ensure that marketing functions recognize brands for what they are and ensure that they are available at an appropriate price, are properly presented and adequately advertised and supported, in addition to having the full range of varieties and alternatives which the consumer might require.

Firm owners and managers must also realize that due to the rapid proliferation of similar products serving similar functions, the enormous value of brand equity must effectively be used to tip the balance of a customer's decision at the point of sale in favour of the company's brand.

The concept is already strong and growing in the developed world and given global trends, it is a matter of time before it is fully embraced and implemented by Kenyan firms. No doubt, the pharmaceutical sector shall not be left behind.

5.3 Limitations of the Study

The study was faced with a number of constraints as outlined under:

A few of sampled firms were reluctant to fill in the questionnaires citing policy issues while a number of others could not be traced for reason of either having shut down, or relocated.

Majority of firms do not have the position of marketing managers and hence the issues raised in the questionnaires may not have been answered as well as they would otherwise have. Some respondents actually required to be guided on what they referred to as technical marketing terms.

Some firms were not willing to disclose all the information as solicited in the questionnaires especially those to do with financial matters. This withholding of some vital information may undermine the authority of conclusions arrived at.

Cases of distributor firms arguing that a good proportion of the questions would be better handled by their foreign head offices were also a limitation of the data collection process.

The sector also comprises a good number of very small firms which are not even properly organised in terms of departments or sections. These small firms argue that the scale of their operations does not warrant them to fill questionnaires that they consider should be filled by multinational firms.

The above limitations did not however have any significant effect on the study as over 50% of the respondents were able to fill in and return the questionnaire.

5.4 Suggestions for further research

In this study, the conceptual framework derived from the five key elements that defined brand equity and how they relate with the marketing mix elements to create a favourable strong and unique brand.

Consequently, additional research is necessary to refine this framework so as to specifically incorporate and focus on the end-user, the consumer, and suggest other implications for marketing strategies and tactics.

On the question of building a high brand equity, research should be done to establish better choice criteria for the brand identities - the brand name, logo, and symbol. There is little empirical research done to systematically examine brand name considerations as they pertain to enhancing brand associations. Such research should be able to recognize the numerous trade-offs in choice criteria by suggesting when certain characteristics of the brand identities should be emphasized.

Further research questions may be necessary to clarify the roles of various brand identities by considering more explicitly how brand names, logos, symbols and other trademarks can contribute markedly to building brand-equity. This line of research could consider visual and verbal properties of these brand identities and how they might affect brand awareness and the resulting favourability, strength and uniqueness of brand associations.

In terms of understanding how the supporting marketing program builds brand equity, research could focus on factors influencing the favourability, strength and uniqueness of brand associations. Such research may aim at exploring whether certain types of associations are inherently more favourable, stronger or unique in memory or finding out which type of associations are more easily created by a particular marketing mix elements.

Research could also be done to determine the associated costs and benefits of leveraging secondary associations through factors such as company, country of origin, spokesperson or endorser, distribution channels, etc. These factors have their own set of associations and a researcher should be able to determine how consumers merge these associations with other core associations of the brand.

Research could also be done to develop more valid benchmarks for the direct approach to measuring brand equity. That is by establishing plausible descriptions of the relevant activities such as advertising, promotion, product and pricing or to design efficient and effective approaches to conducting tracking studies.

(Appendix II: Kenya Medical Directory 2000: 72)

ALPHABETICAL LISTING FOR PHARMACEUTICAL MANUFACTURERS & DISTRIBUTORS

1 A.S. Lundbeck Overseas. .... Nairobi
2 Aashpham Ltd. .... Nairobi
3 Abacus Pharma (Africa) Ltd. .... Nairobi
4 Aesthetics Ltd. .... Nairobi
5 Africon Sales Ltd. .... Nairobi
6 Amoun Pharmaceutical Industries Co. Ltd. .... Nairobi
7 Apple Pharmaceuticals .... Nairobi
8 Armicon Pharmaceuticals Ltd. .... Nairobi
9 Assia Pharmaceuticals Ltd. .... Nairobi
10 Bakpharm Ltd. .... Nairobi
11 Bayer East Africa Ltd. .... Nairobi
12 Beta Healthcare International. .... Nairobi
13 Biochemie GMBH Austria. .... Nairobi
14 Biodeal Laboratories. .... Nairobi
15 Boehringer Ingelheim. .... Nairobi
16 Boma Drughouse Ltd. .... Nairobi
17 Bristol Myers Squibb Company. .... Nairobi
18 Bulk Medicals Ltd. .... Nairobi
19 Business Frontiers .... Nairobi
20 C. Mehta & Co. Ltd. .... Nairobi
21 Cadila Healthcare Ltd. .... Nairobi
22 Caroga Pharma Kenya Ltd. .... Nairobi
23 Cedar Pharmacare Ltd. .... Nairobi
24 Choice Meds Ltd. .... Nairobi
25 Chemid Kenya Ltd. .... Nairobi
26 Cooper Pharmaceuticals. .... Nairobi
27 Core Healthcare Ltd. .... Nairobi
28 Cosmos Ltd. .... Nairobi
29 Countrywide Pharmaceuticals. .... Nairobi
30 Cussons & Company Ltd. .... Nairobi
31 Curamed Pharmaceuticals .... Nairobi
32 Dawa Pharmaceuticals Ltd. .... Nairobi
33 Denken Pharmaceuticals Ltd. .... Nairobi
34 Didy Pharmaceuticals Ltd. .... Nairobi
35 Donvet Pharmaceuticals Ltd. .... Nairobi
36 Drugpharm Services Ltd. .... Nairobi
37 E.T. Monks & Co. .... Nairobi
38 Eli-Lilly (Suisse) SA .... Nairobi
39 Elys Chemical Industries Ltd. .... Nairobi
40 Europa Healthcare Ltd. .... Nairobi
41 Fortepharma Ltd. .... Nairobi
42 Framin Kenya Ltd. .... Nairobi
43 Gesto Pharmaceuticals Ltd. .... Nairobi
44 Glaxo Wellcome. .... Nairobi
45 Globe Pharmacy. .... Nairobi
46 Goodman Agencies Ltd. .... Nairobi
47 Harleys Limited. .... Nairobi
48 Hoechst E.A. Ltd. .... Nairobi
49 Howse & McGeorge Ltd. .... Nairobi
50 Infusion Kenya Ltd. .... Nairobi
51 Janssen Pharmaceutica. .... Nairobi
52 Johnson & Johnson (K) Ltd. .... Nairobi
53 Jos. Hansen & Soehne (E.A) Ltd. .... Nairobi
54 Karuri Stores Pharmaceuticals. .... Nairobi
55 Kemipharm Ltd. .... Nairobi
56 Laboratory & Allied Ltd. .... Nairobi
57 Ladopharma Company Ltd. .... Nairobi
58 Leo Pharmaceuticals. .... Nairobi
59 Letap (Kenya) Ltd. .... Nairobi
60 Lords Healthcare Ltd. .... Nairobi
61 Mac's Pharmaceuticals Ltd. .... Nairobi
62 Manhar Brothers (K) Ltd. .... Nairobi
63 Medical & Health Care Industries. .... Nairobi
64 Merck Sharp and Dohme. .... Nairobi
65 Merrel Dow Pharmaceutical Ltd. .... Nairobi
66 Metro Pharmaceuticals. .... Nairobi
67 Mission For Essential Drugs & Supplies(MEDS). .... Nairobi
68 Mombasa Medical Stores (K). .... Nairobi
69 Monks Medicare Africa. .... Nairobi
70 Nairobi Enterprises Ltd. .... Nairobi
71 Nairobi Medical Stores. .... Nairobi
72 Nairobi Pharmaceuticals (K) Ltd. .... Nairobi
73 Neema Pharmaceuticals Ltd. .... Nairobi
74 Nicholas Pharmaceuticals E.A. Ltd. .... Nairobi
75 Nimikam Limited. .... Nairobi
76 Norvatis Pharm Services Inc .... Nairobi
77 Novelty Manufacturing Ltd. .... Nairobi
78 Orient Pharmaceuticals Ltd. .... Nairobi
79 Pan Pharmaceuticals Ltd. .... Nairobi
80 Paramedic & Pharmaceuticals .... Nairobi
81 Petterson Pharmaceuticals. .... Nairobi
82 Pfizer Laboratories Ltd. .... Nairobi
83 Pharma Share (K) Ltd. .... Nairobi
84 Pharmaceutical Manufacturers. .... Nairobi
85 Pharmaceutical Products Ltd. .... Nairobi
86 Philips Pharmaceuticals Ltd. .... Nairobi
87 Polymerics Pharmaceuticals Ltd. .... Nairobi
88 Polystar (K) Ltd. .... Nairobi
89 Procter & Gamble (EA) Ltd. .... Nairobi
90 Ray Pharmaceuticals Ltd. .... Nairobi
91 Reckitt & Colman Industries. .... Nairobi
92 Regal Pharmaceuticals Ltd. .... Nairobi
93 Regency Pharmaceuticals Ltd. .... Nairobi
94 Rhone Poulenc Kenya Ltd. .... Nairobi
95 Riveryln Pharmaceuticals .... Nairobi
96 Roche Products Ltd. .... Nairobi
97 Sal Healthcare. .... Nairobi
98 Schering Africa GMBH. .... Nairobi
99 Schering-Plough Corporation. .... Nairobi
100 Smithkline Beecham International. .... Nairobi
101 Spin Pharmaceuticals. .... Nairobi
102 Statim Pharmaceuticals Ltd. .... Nairobi
103 Strobe Systems. .... Nairobi
104 Surgilinks. .... Nairobi
105 Surgipharm Ltd. .... Nairobi
106 Syner-Med Pharmaceuticals (K) .... Nairobi
107 Tealands Pharmaceuticals. .... Nairobi
108 Tech-Medicare Labs. .... Nairobi
109 Temple Stores Pharmaceuticals. .... Nairobi
110 3M (K) Ltd. .... Nairobi
111 Transwide Pharmaceuticals. .... Nairobi
112 Trinity Pharma Ltd. .... Nairobi
113 Twiga Pharmaceuticals. .... Nairobi
114 Universal Pharmacy. .... Nairobi
115 Upjohn E.A.. .... Nairobi
116 Vantage Pharmaceuticals. .... Nairobi
117 Vinci Pharmaceuticals Ltd. .... Nairobi
118 Warner-Lambert (E.A.) Ltd. .... Nairobi
119 Westco Kenya Ltd. .... Nairobi
120 Wockaine (K) Ltd. .... Nairobi
121 Wockhard Ltd. .... Nairobi
122 Wyeth-Ayerst Promotions Ltd. .... Nairobi
123 Zeneth Pharmaceuticals. .... Nairobi
1 Alliance Enterprises & Saitone. .... Kisumu
2 Alsafra Healthcare Ltd. .... Mombasa
3 Betroy Pharmaceuticals. .... Nyeri
4 Central Drug Company Ltd. .... Nyeri
5 Central Medical Stores. .... Kisumu
6 Health Care Pharmaceutical Products. .... Kisumu
7 High Fields Pharmaceuticals. .... Kitui
8 Maruti Pharmaceuticals. .... Kisumu
9 Medivet Products Ltd. .... Kiambu
10 Nakuchem (K) Ltd. .... Nakuru
11 Nakuru Medical Stores. .... Nakuru
12 Sipri Pharmaceuticals. .... Kisumu
13 Spectropharm Ltd. .... Mombasa
14 Westway Pharmaceuticals Ltd. .... Nakuru

Appendix I

Elias P. Mbau
D61/P/7934/97
P.O. Box 58778
Tel: 330408
NAIROBI.
3rd July, 2000

Dear Respondent,

I am a postgraduate student at the University of Nairobi. In partial fulfillment of the requirements for the award of the Master in Business and Administration degree, I am conducting a study titled **"An empirical investigation of creation and application of brand equity in Kenyan Pharmaceutical firms."**

Your organization which falls within the population of interest has randomly been selected to form part of this study. This therefore is to kindly request you to assist me collect data by filling out the accompanying questionnaire or affording me an opportunity to come and help you fill.

The information/data provided will be used exclusively for academic purposes and will be treated with strict confidence. A copy of the research project will be made available to your organization upon request.

Your co-operation will be highly appreciated.

Yours faithfully,

Elias P. Mbau
MBA Student

Prof. F. N. Kibera
Supervisor & Professor of Marketing

QUESTIONNAIRE

The questionnaire below is in three parts. Part A is aimed at giving a general background of your organization. Part B is concerned with factors considered important in creation and application of brand equity. Part C deals with the constraining factors that the firm faces in managing brand equity aspects.

Part A

1. Name of company ....
2. Number of branches in Kenya ....
3. Ownership (please tick the appropriate)

   Foreign [ ]

   Locally(Private) [ ]

   Partly local & partly foreign [ ]

   Government owned [ ]

4 Do you have a sales/marketing department? [ ] Yes [ ] No

5 Who prepares your marketing and promotion program? Please give title.............................

6 What was the total promotion budget in Kenya shillings during the last financial year?...

What was the proportion of this budget to total sales turn over? ....

7. Does the firm have a procedure of tracking and analyzing the effectiveness of marketing expenditures?

   [ ] Yes, [ ] No.

8. In your organization structure, what is the position of the head of marketing department in relation to other departments? (Please tick the appropriate).

Department	Higher	Same	Lower
Finance			
Accounting			
Information Technology			
Administration			

9 What is the nature of your organization? [ ] manufacturer [ ] distributor [ ] both

10 Where are majority of your target consumers located?

[ ] urban [ ] rural [ ] both

11 What is the nature of products handled by your firm? [ ] ethicals [ ] over-the-counters [ ] health [ ] combination

Part B

Brand equity: Refers to a set of brand assets and liabilities linked to brand, its name and symbol that add value to or subtract from the value provided by a product or service to a firm and/or that firm's customers. Consider one of your products as you answer the questions

1. Do you have a position in your firm that is charged with the responsibility of protecting brand equity? [ ] Yes [ ] No

   If yes, which one? ....

2. Do you have a blue print manual for each of your brands? [ ] Yes [ ] No
3. How often is brand performance measured? ....
4. How often do you undertake market surveys? ....
5. In case of change of advertising message or packaging does that necessarily follow a market research? [ ] Yes [ ] No
6. How long does a brand manager handle a specific brand on average? .... years
7. Does your firm have a clearly spelt out policy on brand management? [ ] Yes [ ] No
8. Does your firm employ tracking studies to measure consumer brand knowledge?

   [ ] Yes [ ] No

Brand awareness: Refers to the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category.

9. Does the brand have an accompanying symbol or logo? [ ] Yes [ ]No
10. Is the brand involved in any sponsorship of events? [ ] Yes [ ]No

    If yes, which ones? ....

11. Roughly what is the proportion of a brand's marketing budget to its annual turnover?

    .... %

12. After how long does the company undertake an evaluation of the impact of marketing activities? .... years
13. Please rank the following promotion mix elements in order of importance to your firm in marketing products with 1st rank being the most important, 2nd of rank next most important

and so on

[ ] Packaging
[ ] Personal selling(Salesmanship)
[ ] Sales promotion
[ ] Advertising
[ ] Publicity
[ ] Sponsorships

14. How would you describe the level of awareness of your products in their(products) respective categories [ ] easily recognized [ ] easily recalled [ ] top of mind

15. Is there a procedure that is used to measure or evaluate the impact of the promotion mix elements upon the brand? [ ]Yes [ ] No

16. How would you describe the trend of awareness of your brands?

[ ] increasing [ ] decreasing [ ] constant

17. Which medium of advertising does your firm normally use? (You can tick more than one)

[ ] journals [ ] radio [ ] television [ ] combination [ ] others ....

18. In general how would you describe the target audience of your communication messages?

[ ] upper class [ ] middle class [ ] lower class [ ] all

Brand loyalty: Refers to a measure of the commitment that a customer has to a brand

19. How do you rate the loyalty of your customers?

[ ] very loyal [ ] passively loyal
[ ] non-loyal [ ] indifferent

20. Which is the key consideration that customers make in buying your brands?

[ ] price [ ]product features [ ] convenience [ ]brand name

21. Does your organization have a reliable measure of brand loyalty?

[ ] Yes [ ]No

22. Which category of your customers do you mostly target in your promotion messages?

[ ] loyals [ ] fence seaters [ ] non-loyals [ ] passive loyals

23. What is the brand's estimated market share? ....%

24. How often do you use promotions based on price? [ ] very often [ ] somewhat often

[ ] rarely

25. Do you have a customer service/complaints manager? [ ] Yes [ ]No

26. Do think there would be any costs incurred by a customer who switches from your brand to that of a competitor? [ ] Yes [ ]No

27. About what proportion of your customers come back for a repurchase?

.... %

Brand Association: Refers to anything "linked" in memory to a brand It comprises informational and associative memory links of brand knowledge, image and position

28. Does the brand has a slogan or a symbol? [ ] Yes [ ]No

29. What mental image does the brand stimulate? ....

30. How would you describe the image so stimulated?

    [ ] positive [ ]negative [ ] neutral

31. Is your firm keen in generating events and issues associated with the brand that are newsworthy?

    [ ] Yes [ ] No

    If yes, how often? .... months/years

32 Does the brand have any relationship with specific events or phenomenon eg sports?

    [ ] Yes [ ] No

    If yes, which specific ones? ....

33 What is the brand strongly associated with? ....

34 Do you use specified channels of distribution or any available channel? [ ] specified [ ] any

Perceived Quality: Refers to customer's perception of the overall quality or superiority of a brand with respect to its intended purpose, relative to alternatives.

35. Do you make deliberate efforts in promotional messages towards creating positive feelings for your brands?

    [ ] Yes [ ] No

36 What factor is very crucial in determining perceived quality for your brands?

    ....

37 Is perceived quality of any significant value to your brands? [ ] Yes [ ] No

38 Does any of your brands have line extensions? [ ] Yes [ ] No

39 What benefits do you consider more important to consumers?

    [ ] functional

    [ ] psychological/emotional

    [ ] self - expressive

40. How would you describe the feelings of your customers towards your brands?

    [ ] respectful [ ] friendly [ ] trustworthy [ ] liking

Other Assets

41 Are your company's brands under licence or patented? [ ] licence [ ] patented

42. Are there long term relationships with distributors? [ ] Yes [ ] No

43. Are your distribution channels shared by other firms? [ ] Yes [ ] No

44. On a scale of 1-10 how would you rank the relative importance of the following factors in the application of the brand equity concept? 1 to represent least important and 10 most important

Factor	1	2	3	4	5	6	7	8	9	10
(i) Size of firm										
(ii) Capitalization (asset base)										
(iii) Profitability										
(iv) Target audience (eg upscale or lowerscale)										
(v) Ownership (eg foreign or local)										
(vi) Number of brands handled										
(vii) Organization of firm										
(viii) Existence of marketing department										
(ix) Nature of products (eg ethicals or OTCs)										
(x) Nature of firm (eg distributor or manufacturer)										
(xi) Top management qualifications										

Part C

1(a) Every organization faces some problems in its operations. On the following scale, please indicate the relative importance of the following factors in negatively impacting on brand equity creation.

Specific to your firm	Very Critical	Fairly critical	Critical	Not critical
(i) Lack of focus	[ ]	[ ]	[ ]	[ ]
(ii) Ad hoc marketing activities	[ ]	[ ]	[ ]	[ ]
(iii) Inability to measure effectiveness	[ ]	[ ]	[ ]	[ ]
(iv) Lengthy decision making process	[ ]	[ ]	[ ]	[ ]
(v) Inadequate market research	[ ]	[ ]	[ ]	[ ]
(vi) Financial constraints	[ ]	[ ]	[ ]	[ ]
(vii) Too many products/brands	[ ]	[ ]	[ ]	[ ]
(viii) Top management orientation	[ ]	[ ]	[ ]	[ ]
(ix) Ethical considerations	[ ]	[ ]	[ ]	[ ]
(x) Preoccupation with short term returns	[ ]	[ ]	[ ]	[ ]

External factors

(xi) Size of market	[ ]	[ ]	[ ]	[ ]
(xii) Competition	[ ]	[ ]	[ ]	[ ]
(xiii) Decontrol / deregulation	[ ]	[ ]	[ ]	[ ]
(xiv) Cultural factors	[ ]	[ ]	[ ]	[ ]
(xv) Consumers purchasing power	[ ]	[ ]	[ ]	[ ]
(xvi) Politics	[ ]	[ ]	[ ]	[ ]
(xvii) Technological changes	[ ]	[ ]	[ ]	[ ]

(b) Please indicate in order of importance, other problems that you consider critical to brand equity building efforts in your firm.

(i) ______________________________

(ii) ______________________________

(iii) ______________________________

(iv) ______________________________

(v) ______________________________

Thank you very much for your cooperation

SELECTED BIBLIOGRAPHY

Aaker, David A, Managing Brand Equity, N.Y.: The Free Press, 1991.

Aaker, David A, Building Strong Brands. N.Y.: The Free Press, 1992.

Alba J. and Hutchinson J.W., Dimensions of Consumer Expertise: Journal of Consumer Research (March, 1987).

Ang'awa, M.A., Consumer Attitudes Towards Marketing: A survey of Nairobi's Middle Socio-economic Class. Master in Business Administration. (Unpublished Project, University of Nairobi)

Annual Editions: Marketing 1996/97. Dushkin Publishing Group Guilford 1996.

Atebe Rogers, "Challenges faced by pharmaceutical firms" Medical Review Journal (vol 5 No 4, 1999)

Churchill Gilbert A.Jr., Marketing Research: Methodological Foundations. New York: The Dryden Press (5th edition, 1991).

Cooper D.R. and Emory C.W., Business Research Methods. London. Richard D. Irwin Inc, 5th edition,1995.

Core, E.R., Englewood, N.J Industrial Marketing: Cases and concepts. Prentice Hall 1976.

The *Daily Nation*, 1st February, 2000: Biggest life science company is born.

The *Daily Nation*, 18th February, 2000: Police, officials seize unregistered drugs.

Drugs and Chemists News, December, 1999: Commentary.

The *East African Standard*, 31st August, 1999: Drugs project throws Kenya shillings 21m down the drain.

The *East African Standard*, 7th September, 1999: Drugs project official lashes out at critics.

Ellen G. and Mark S.J., The different roles of satisfaction; Trust,and commitment in customer relationship," Journal of Marketing. Vol. 63 (April, 1999: 70 - 87).

Engel J.E; Warshaw M.R., Kinnear T.C., Promotional Strategy: Managing marketing communication Process. Irwin Homewood Illinois, 6th edition, 1987 Vol. 57 (January, 1993, 1 - 23).

Hutt, M.D., Business Management. 3rd edition. The Dryden Press, New York, 1985.

Keller, K.L. Heckler S.E. and Houston M., "The effects of brand name suggestiveness on advertising recall". Journal of marketing Vol. 62 (January 1998).

Keller, Kevin Lane., "Conceptualizing, measuring and managing consumer-based brand equity" Journal of Marketing. Vol 57 (January, 1993 1-23)

Keller, L.L., Strategic brand management: Building, measuring and managing brand equity. Prentice Hall 1998.

Kibera, F.Ndung'u., The Effects of Selected Communication Variables on Adoption of New Agricultural Practices by Smallholders in Central Kiambu, Kenya. (Unpublished PhD Thesis, University of Toronto, 1979, PP. 36-37).

Kotler, Philip, Marketing Management, Analysis, Planning, Implementation and Control Prentice Hall, India 9th edition.

Laurence C. and John H., "Redeployment of brands, sales forces and general marketing expertise, following horizontal acquisitions: A resource - based view:" Journal of marketing Vol. 63 (April 1999 41-54).

Masinde, C.K. (1986). Perceived quality of services: The Case of Kenya Airways. Master of Business Administration (Unpublished Project, University of Nairobi).

Murphy, J.M., Brand strategy. Prentice Hall, New York 1990.

Mwendar, A.M.(1987). Perceived quality of Port Services: The case of Kenya Ports Authority. Master of Business Administration (Unpublished Project, University of Nairobi).

Ngahu C., Perception is reality: Sokoni: Journal of the Marketing Society of Kenya, Vol. 7, 1998.

Nyaga, K.J., Adoption of the marketing concept: The case of the financial institutions in Kenya. Master of Business Administration. (Unpublished Project, University of Nairobi).

Ouma Caren (1999), Factors considered important in the successful usage of an advertising program: A case study of commercial banks. Master in Business Administration (Unpublished project, University of Nairobi).

Pharmaceutical Journal, Editorial Vol. 10 No 2 1999

Porter, M.E., Competitive strategy: Techniques for Analyzing

Industries and Competitors. N.Y. The Free Press, 1980.

Rajendra K.S., Tasadduq A.S. and Liam F., "Market-based assets and shareholder value: A framework for analysis", Journal of Marketing, Vol. 62 (January, 1998).

Schiffman L.G., and Kanuk L.L., Consumer Behaviour, 4th edition, Prentice Hall of India, New Delhi 1996.

Steadman and Associates, The Advertisers Guide to Kenya, 1999.

Stuart M. and Wayne G., Research Methodology, Cape Town, Juta & Co. Ltd., 1996.

Tom Peters. Thriving on Chaos London: Pan Books Ltd 1988.

Wambugu, C. "Competition: Here winner takes all" Market Trends Journal (July/August 1999, 10-13).