

**AN EMPIRICAL INVESTIGATION OF THE APPLICATION OF
PROMOTIONAL MIX ELEMENTS WITHIN MULTINATIONAL
PHARMACEUTICAL COMPANIES IN KENYA.**

By

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OCTOBER, 2001

DEDICATION

**TO MY MOTHER,
MARGARET SENKENOI NAIKUNI**

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

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ABSTRACT

The study reported here analyzed the application of promotional mix elements within multinational pharmaceutical companies in Kenya. These promotional mix elements are personal selling, sales promotion, direct marketing, advertising and public relations and publicity as applied in various proportions while marketing their medicinal products. The study also looked at the factors that determine the choice of which promotional tool to apply. These factors are those that impact both positively and negatively on which tool to use and those, which hinder on desirable tools to apply. The basic premise of study was to look at how the widely used promotional tools –in FMCG¹ industry- are applied in the specialized industry of pharmaceuticals.

The study was a survey of a judgmental sample comprising of multinational pharmaceutical firms with scientific offices in Nairobi. The data was collected using self-administered questionnaires. This contained open-ended as well as closed-ended type of questions. The primary data was collected using the drop and pick method. The data collected was analyzed using frequency tables, and percentages to compare the distribution of the variables in the study.

The findings from these analyses came up with the following conclusions;

- ◆ The most commonly used promotional mix element used by multinational pharmaceutical firms is personal selling and sales promotions. These two are the key elements of promoting medicinal products used by most of the multinational pharmaceutical firms. Publicity and public relations together with advertising are the least used promotional tools. The most widely used promotional tools in personal selling are sales presentations and sales meetings while exhibitions are commonly applied in sales promotion.

¹ Fast Moving Consumer Goods

- ◆ The important factor, which determines the tool to use by multinational pharmaceutical firms, is type of product and profitability. The type of customer and market competition are equally important as factors in the determination of promotional tools to apply.

Background

- ◆ The factors that impact negatively on promotional activities of multinational pharmaceutical firms are lack of focus, ethical considerations, and regulatory and financial constraints.

Forty-seven years down the line, the population now stands at 28.7 million, (Kenya Population and Housing Census report, 1999, Government Press). The health institutions have expanded both in size and numbers. By end of May 1995, there were 104 Government Hospitals, 9 Local government hospitals and maternity units, 72 Mission Hospitals, 184 Private Hospitals. There were also 1483 Government health centers and dispensaries, 114 local government health centers, dispensaries and welfare clinics, 466 mission health centers and dispensaries, 100 private health centers and dispensaries and 14 NGOs run dispensaries (The Kenya Gazette, Vol. XCVIII- No 31 1995). Appreciation of the effectiveness of modern medicines has grown and, with it, the demand for public health services and for pharmaceuticals has also grown. New diseases have appeared, (for example, HIV, malaria, cancer etc.), creating demand for more specialised medicines (National Drug Policy, 1994).

It is in light of all this that it is fitting that the Kenya government came up with its National Drug Policy (NDP). This policy guides legislative returns, staff development and management improvements for pharmaceutical services. One of this legislation is on rational drug use, which guides the promotion of pharmaceutical products in Kenya. Under the rational drug use section, (National Drug Policy, 1994), section 6.7, states:-

CHAPTER 1

1.0 INTRODUCTION

1.1 Background

In 1963, at independence, Kenya's population was about eight million. The resources available at that time were adequate to find a free drug supply system in the Public Sector (Kenya National drug policy, 1994). The regulations governing pharmaceuticals promotions were evolving from a simple set of legal notices (e.g. Legal Notice no 17 of 1956)- even though drug supply to public institutions was operating smoothly.

Thirty-seven years down the line, the population now stands at 28.7 million, (Kenya Population and Housing Census report, 1999, Government Press). The health institutions have expanded both in size and numbers. By end of May 1995, there were 104 Government Hospitals; 9 Local government hospitals and maternity units; 72 Mission Hospitals; 184 Private Hospitals. There were also 1483 Government health centers and dispensaries; 114 local government health centers, dispensaries and welfare clinics; 466 mission health centers and dispensaries; 100 private health centers and dispensaries and 14 NGOs run dispensaries (The Kenya Gazette, Vol. XCVIII- No.31 1995). Appreciation of the effectiveness of modern medicines has grown and, with it, the demand for public health services and for pharmaceuticals has also grown. New diseases have appeared, (for example, HIV, cardiac ailments, cancer etc.), creating demand for more specialised medicines (National Drug Policy, 1994).

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Under the rational drug use section, (National Drug Policy, 1994), section 6.7; states; -

“Drug advertising and promotion to health professionals must be ethical, factual, educational and balanced; to impart non-exaggerated information to prescriber”.

Therefore, pharmaceutical firms operating in Kenya must adhere to this legislation, otherwise Cap 244 (The Pharmacy and Poisons Act, 1989) provides for stiff penalties for misleading and exaggerated claims in any advertisement. This act was established through an act of parliament to make better provision for the control of the profession of pharmacy and the trade in drugs and poisons.

The legislation regulating Pharmaceutical advertising and promotion dates back to 1964 (L.N. 365 /1964, under Miscellaneous Provisions). This was given the task to ensure the dissemination of truthful information about pharmaceutical products.

Since then, there have been dramatic changes in the pharmaceutical market place.

- Once only confined largely to journal advertisements and detailing, promotional practices as witnessed by the author, have mushroomed to engender an ever-wider variety of communication channels, unthought of then.
- Once confined to medical practitioners only, i.e. doctors, clinicians and pharmacists, - the audience for pharmaceutical promotion has grown to include an increased number of people; - insurance firms, health management organizations (HMO's); and patients also now within the loop. The health care delivery system itself is radically changing.
- Once focused on promoting a limited number of well-known drugs, the pharmaceutical industry now aggressively markets an augmented list of complex chemicals, (for example, Imiprazole, Glitazones, Enoxaparin, ACE inhibitors, Statins etc) treating many diseases for the first time or with innovative chemical compounds (Morris & Pines, 2000).

- In the last decade, with the adoption of open market economy and liberalisation policies by the government, there has been a tremendous increase in the number of new entrants in the market (Odhiambo, 1999). Therefore the challenges facing marketing managers, in promotions, are not only against the old competitors, but also against new, aggressive entrants in the market.

In short, the pharmaceutical market place, in the new millenium, has never been more competitive, more diverse or more promising. And the patient has never been so well educated and so much in need of information (Morris & Pines, 2000). Despite huge increase in physician-oriented information dissemination, levels of brand loyalty and reduced switching among clinicians still remains quite low.

The question that must be addressed in the new millenium is, whether the current promotional activities designed in the pre-liberalisation era, make sense in an increasingly complex, competitive and dynamic pharmaceutical market place.

The current promotional activities include- detailing to medical personnel, sponsorship of/to symposia, seminars, continuous medical education (CME's) and product sampling¹. However, for the new evolving market place, and for the new century, this requires a new way of thinking about how promotion should be implemented and carried out.

The Pharmaceutical industry was liberalized in 1991 through an act of parliament (pharmacy and poisons board). The period after saw an influx of many pharmaceuticals companies into the market either directly investing or through franchise holders – i.e. local trading partners (importing wholesalers). This has had an impact in the promotional activities of companies, whereby the number of medical representatives has mushroomed to over 600 in number (*registrar, pharmacy and poison board*). This has had a direct impact on how promotional activities are going to be carried out. Today, over 452 firms (Druggist 2001) are in operations in the pharmaceutical industry in Kenya.

¹ Interview with a marketing manager of a leading pharmaceutical firm.

The challenges thus, facing marketing managers in these firms is on how to come up with promotional activities, that are:

- in the short-term, going to build their brands, and attain a competitive edge;
- in the long-term, build on the brand equity and brand personality of their products.

STATEMENT OF THE PROBLEM

Brands have equity because; - they have high awareness; many loyal consumers; a high reputation for perceived quality; access to distribution channels, protection through patents; and brand association -i.e. attributes, benefits and attitudes- (Aaker, Batra, & Myers, 1996). Thus the challenges are on how to retain their market share, and grow in other sectors through gaining markets and market growth. They need to constantly monitor competitor activities and be innovative enough to come up with new strategies, such as improved packaging, colour schemes, labeling, presentation, and new promotional initiatives such as brand standing i.e. Brand Public Relations (Aaker, 1996).

Today in Kenya, managers are faced with greater issues. These are, severe recession, reduced purchasing power, entry of HMO's in the market who dictate what to be included in the formularies, reduced growth rate, increased competition, consumer (patient) awareness, pressure on pricing, and reduced government expenditure on direct purchases (Majumder, 1996). These has resulted in cutthroat competition as well as reduced profits (Odhiambo, 1999). Under this condition, marketers are thus faced with challenges of coming up with effective and unique promotional activities, which though, still have to fall within the regulations governing such activities. To face these challenges therefore, a lot of focus and innovative promotional mix elements need to be designed.

The purpose of this paper is to outline how the current pharmaceutical promotion mix elements are being applied in providing physicians, clinicians, and other health professionals,- patients included- with truthful and balanced information. First, the paper describes the current set of promotional tools used. Secondly, it looks at the

opportunities and threats facing marketers currently in coming up with effective promotional activities. The paper lastly proposes innovative promotional strategies – much different from what exists now – for pharmaceutical promotion in the new millenium.

1.2 STATEMENT OF THE PROBLEM

There is generally a growing need for quality healthcare in Kenya today (National Drug Policy, 1994), and as newer diseases are being discovered each and everyday, demand for both public and private health services and for pharmaceutical products is constantly growing. This need has also created a market for firms to market and sell their products, and thus competition has grown too (Majumder, 1996). There are many players now in the market, especially after the liberalisation policies adopted by the government. Likewise, with the advent of the information super highway, or the Internet, the level of information with regards to disease(s) and its (their) management among patients, has grown tremendously (Spiguel, 2000). It is now quite common to hear lay people in deep discourse on a certain malady and ways to manage that; for example cases like Cardiac problem, Diabetic ailments, Lupus, Psychotropic and Anxiety ailments among many others. Therefore the Internet has changed the perceived customer profile.

Against this backdrop, it has thus become complex on how marketers of pharmaceutical products carry out their promotional activities. Firms have to develop their marketing skills and promotional strategies so as to maintain or increase their market share and profitability levels. The global developments are also impacting on these activities. There has been in the last three or four years, mergers and acquisitions among major multinationals, which have changed the landscape in the market –for example, Novartis, AstraZeneca, Aventis, GlaxoSmithkline etc. These have consolidated the activities of previously antagonistic or competing firms, and synergised their resources. This has resulted in newer stronger competitors being ‘born,’ and thus changing the ways/methods

on how the marketing functions are undertaken. This has created stronger companies in some therapeutic areas where previously they competed in low scale.

This paper thus studies the question on what promotional mix practices the pharmaceutical firms use to market their products in the face of these new competitive environmental conditions.

1.3 CLASSIFICATION OF PHARMACEUTICAL PRODUCTS.

Pharmaceutical firms produce and market both non-ethical and ethical products. Obado (1991), in his studies, observed that pharmaceutical products fall into three categories. These are; - the ethical products; the over – the – counter (OTC) products; and prescribed medicines categories respectively. This study also recognizes the three categories; as POM – Prescription only – medicines; P-only medicines i.e. Pharmacy only medicines, and thirdly, the OTC, over–the-counter drugs. The study however is confined to only the first and second categories (POM and P). Firms in Kenya as per the practice currently use this categorization.

- **POM** – Prescription only medicines – these are products, including vaccines, which legally must be prescribed by a medical practitioner and supplied by a pharmacy. These products are considered dangerous, and must be taken with a qualified doctor's recommendation. Most marketing activities for this category are wholly directed towards the medical practitioners – viz. doctors, clinicians, other health practitioners and Pharmacists. Examples include Amoxil, Halfan, Adalat, and Zinnat.
- **P-Medicines** – these are pharmacy only products. These are also ethical products, which are prescribed by doctors but can also be bought over the counter, but only through pharmacy outlets. Marketing efforts are primarily targeted towards the medical practitioners – although some controlled direct to consumer advertisements are also

undertaken, Examples are some laxatives, dewormers, cough syrups which include Actifed, Benylin, Bro-zedex; and anti-diarrheals.

- **OTC** – These are medicinal over the counter products. These are ethical products appropriate for the prevention, treatment, symptomatic relief or cure of diseases, injuries or other related conditions that are available to the consumer without the requirement for a prescription. These medicinal OTC have gained acceptance in the market, and become common and familiar to ordinary end – users as a consumer product. The marketing activities in this category are directed both to ordinary end-user-consumers, as well as to the medical practitioners. The regulatory bodies do not restrict the distribution of these products. These are products found across the market, from kiosks, to dukas, pharmacies and even supermarkets. Examples include; Panadol, Hedex, Sloans Liniment, Vicks, Coldcap, Andrews’s Liver Salts, and Eno.

This study will however confine its research on the first and second categories only, i.e. ethical prescription only drugs, and the promotional activities in play in marketing of these products.

1.4 OBJECTIVES OF THE STUDY:

- To determine how pharmaceutical firms apply varying promotional mix elements in marketing their products.
- To identify the important factors that influence the extent to which the promotion mix elements are used.

1.5 IMPORTANCE OF THE STUDY

In the developed countries, a lot has been done with regards to promotional activities in the pharmaceutical and health care industries (Morris & Pines, 2000). However, in Kenya, little has been done in this respect, and the activities are unclear (*). The current study therefore tries to first, investigate the application of promotional mix elements in the pharmaceutical industry and the factors that influence or impede how each tool is applied.

The findings of this study will be important to marketers of pharmaceutical products who may apply some of its results to improve the promotional activities of their marketing mix. They can be able to identify the promotional mix elements that are relevant and effective to apply in promoting their products. The result will be better promotional strategies being set, so as to be able to maintain or gain greater market share and also improved profitability.

Thirdly, the study will form a basis for further research in the same area or industry. It may stimulate further research in this key sector of the economy viz. healthcare. It would in particular be of significance to those who would like to pursue research on the regulatory practice in Kenya for pharmaceutical products, and its impact, - the question being - is it outdated, and out of focus, or sufficient. Or, studies on the impact of health management organization (HMOs), and insurance companies, on the promotional activities of pharmaceutical products among many others.

1.6 RESEARCH SETTING

The study will be carried out among pharmaceutical firms currently operating in Kenya. Pharmaceutical firms are defined into three clearly defined categories. There are the MNC – Multinational pharmaceutical companies, for example; Aventis, AstraZeneca, Roche, Bayer etc. The second category are the generics companies that export to Kenya: - e.g. from India – Ranbaxy, Glenmark, Cadila e.t.c.; from South Africa, Adcok Ingram, Apotec, Premier e.t.c. The third category comprises of the local manufacturing firms, for example, Elys, Regal, Cosmos, Biodeal e.t.c.

This study however, will confine itself to the first category, i.e. the multinational pharmaceutical companies. The research will be undertaken within Nairobi only since all the multinationals have their scientific offices based here in Nairobi. The basic premise here is that, these are the companies that invest largely in Research and Development (R & D), and their products are patented with emphasis on branding. Therefore, they are actively engaged in marketing activities such as promotional activities, product launches, marketing research, brand building e.t.c, to support these brands.

1.7 DEFINITIONS

• PROMOTION

Any activity undertaken by a pharmaceutical company or by its distributors that promotes the prescription, supply, sale, or distribution of its pharmaceutical products, including vaccines.

Such activities would include; journal and mail advertising; materials used by representatives (detail aids); supply of samples and gifts; provision of hospitality for promotional purposes; sponsorship of healthcare professionals or meetings (either

promotional or scientific); audio-visual materials such as films, slides and overhead presentations, audio/video cassettes.

- **HEALTH PROFESSIONALS**

These are members of the medical, dental, pharmacy and nursing professions and any other persons who may, as a result of their legal qualifications, be able to prescribe, supply or administer medicines i.e. directly or indirectly involved in the provision of a healthcare service or healthcare advice. Government agencies and managed care organizations are also included.

- **MEDICAL REPRESENTATIVES**

These are persons whose duties comprise calling upon doctors, dentists, and pharmacists, wholesalers or government officials who are involved in the provision of healthcare.

CHAPTER 2:

LITERATURE REVIEW

2.1 INTRODUCTION

The marketing communications mix (commonly referred to as promotional mix) literature within the Pharmaceutical industry has to a large extent been found lacking. However, Siage (1999), in his study, observes that the skills employed in Marketing of ethical products (brands) have always been based on the generalization of the consumer marketing or industrial marketing models. In this context, therefore, consumer and industrial goods manufacturers have adopted the marketing concept since 1950's, whereas the concept views the customer as the life-blood of business (Bii,1992). The Pharmaceutical firms therefore also do apply this marketing concept and market their products to the end users. This process involves communicating the functional features and benefits of their ethical brands (medicines).

This literature review, will look at the promotional mix elements in the consumer and industrial manufacturers sectors, and try to relate this concepts to the specialized business of ethical (medical) marketing. It will also look at the importance of communications, and expound on the communications model by Kotler (1997), and Batra, Myers and Aaker (1996). Keller (1998) in his work sees "Marketing communications as the means by which firms attempt to inform, persuade and remind consumers directly or indirectly about the brands that they sell". It is the 'Voice' of the brand, establishing dialogue and build relationships with consumers. There has been research in the promotional mix elements both in manufactured goods industry as well as in the service industry. This concepts and tools (Bii, 1992) will be referenced in this study, as the Pharmaceutical industry is also being faced with the same changing business environment; viz., inflation, low-purchasing power, competition etc. Managers in the industry thus need to leverage

their business using the elements of the promotion mix. Therefore, little will be covered specifically on the past studies in the drugs business and the literature review will objectively try to relate to the newer elements in promotions currently in play.

This literature review will also look critically at the pharmaceutical industry and highlight the marketing of medicinal products and studies done. It will focus on the promotional mix elements used in promoting ethical products in Kenya. The literature review will also focus on the demographics of the industry, size and the impact of the external environment on their activities. An overview of the operations (marketing) of the pharmaceutical industry in Kenya will be reviewed and highlights on the problems faced by marketers in the pharmaceutical industry in promoting their ethical products.

2.2 MARKETING CONCEPT AND MARKETING OF ETHICAL PRODUCTS.

A well-designed product that meets customer needs is important for effective marketing but not sufficient for market success. Customers must also know that the product is available and must understand its benefits and its advantages over the competition (Stanton, 1996). Marketing is charged with the responsibility of informing and reminding prospective customers of the company's offer and of advocating a position in the minds of this audience. Informing, reminding and advocating are the purposes of the promotion component of the marketing mix.

Marketing, according to Keegan, (1995), is the process of focusing the resources and objectives of an organization on environmental opportunities and needs. It is these resources that a marketer of ethical products needs to assess, and position their efforts (focus) in an area, where their products are needed most, for example, focus on a therapeutic area.

Most pharmaceutical firms in Kenya have adopted a marketing concept, as they deal mostly with tangible goods and are also players in the global economy. The marketing

concept emphasizes customer orientation and co-ordination of marketing activities to achieve the organizations performance objectives (Stanton, 1994). It is common to find the marketing activities for pharmaceutical firms being co-ordinated by a single individual: - Marketing manager or Product manager, among the larger multinationals.

The marketing concept is based on 3 fundamental beliefs (Stanton, 1994):

- All planning and operations should be customer oriented.
- All marketing activities in an organization should be co-ordinated.
- Customer oriented, co-ordinated marketing is essential to achieve the organizations performance objective.

These are the beliefs also in play in the ethical business, whereas all the activities and planning are oriented towards their customers, who are the clinicians (prescribers). The activities are co-ordinated within these firms by their Marketing and/or sales manager, who teach their sales people, and also monitor their sales calls, personal selling being the demand driver.

The market and target market in the pharmaceutical industry are diverse. The market as defined by Stanton (1994), consists of "people or organizations with *needs to satisfy, money to spend, and the willingness to spend it*". This clearly defines the ethical drug market, which comprises all patients and clinicians with a need to get well soon or treat an ailment (need) quickly, but however, not always having the money to spend it, as is evident with the current debate on HIV drugs. Thus, to a pharmaceutical drug marketer the definition is narrower. However, for their marketing activities, the target market, as seen by Stanton (1994), "is a group of customers at whom the seller directs a marketing program". This defines their customers (target) who are the clinicians. Most of the ethical marketing efforts are directed at this group. These marketing efforts are: - the product design, such as colors in antibiotics for easy differentiation and identification; - personal selling through sales people calls, where product attributes, features and benefits are discussed (with emphasis on therapeutic areas and curative success); sales promotion;

pricing initiatives among many others. Thus, the works of a drug marketer are clearly defined.

The American Marketing Association (AMA) defines Marketing “as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, services to create exchanges that satisfy individuals and organizational goods.”

This definition is applicable in the Pharmaceutical industry, which engages in selling of consumer goods. Through research, they can identify areas where their products are no longer quite effective (equipotent), for example, as in the growing resistance to some antibiotic by certain microbes. Based on this, newer more potent drugs are invented or the existing molecules (brands) are modified to cover this newer therapeutic areas. A good example is the penicillin's; from the parent Penicillin (Pen-V) to the current ureido and amino-penicillins. The later are the improvements of the original molecule, which have extended their spectrum of coverage. (As observed by author).

From the above discussions, it is thus evident that marketers are important and are skilled in stimulating demand for a company's product. They are responsible for demand management (Kotler, 2000). The brand strategies they put in place are specifically geared towards this.

The pharmaceutical industry though gives marketers challenges in how to make their decisions. Companies selling their ethical drugs face well trained and well informed professional buyers; -doctors and clinicians (prescribers), who are skilled in evaluating competitive offerings. It is therefore, very important that marketers, through their efforts demonstrate how their brands will help their customers to achieve their goals i.e. managing the ailments/diseases in good time, effectively and efficiently.

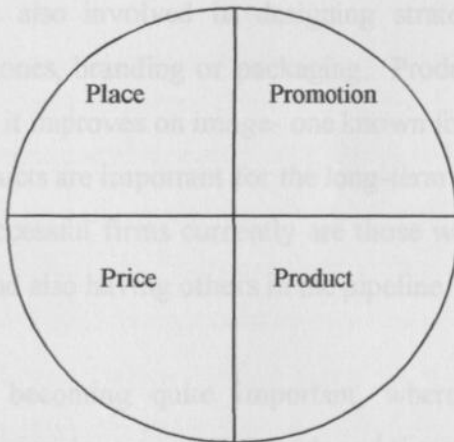
2.2.1 Marketing Mix

Marketers use numerous tools to elicit desired responses from their target markets (Kotler, 2000). These tools constitute the four P's or the marketing mix.

Kotler defines marketing mix "as the set of marketing tools that the firm uses to preserve its marketing objectives in the target market".

These same marketing tools are also applicable in the Pharmaceutical Industry and as classified by McCarthy in the 1970's, the four broad groups, (4P's) of Marketing are: Product, Price, Place and Promotion. These tools have largely been adopted in the pharmaceutical sector.

Fig.1: The 4P components of the Marketing mix



Source: Adopted from Kibera, F.N. and Waruingi B.C.: *Fundamentals of Marketing, An African Perspective*, Kenya Literature Bureau.

The 4P's according to Magrath (1986) are strategic weapons in the firm's market struggle against its rivals (and competitors). The four can be expanded to include, Probe - research- (Keegan, 1995), which is quite important in the ethical industry. Constant feedback is very important for assessment of effectiveness of their brands, as well as, threats in the form of newer entrants. Non response means non-usage.

The combination of the four primary elements (tools) comprises a company's marketing program. The design, implementation and evaluation of the marketing mix constitute the bulk of a firm's marketing efforts.

a. Product

This incorporates product development, which is a key marketing function. It includes the planning and developing the right goods to be marketed. In the pharmaceutical industry in Kenya, especially among the multinational companies, there is very little they undertake locally, since most of their product developments are done in their mother countries, where they have their research centers. However, feedback is forwarded to their headquarters, and thus, however small the role, they still are involved in the design and development of new product or improvements.

The marketers are also involved in designing strategies needed to change existing products, add new ones, branding or packaging. Product improvements have an impact on the company, as it improves on image- one known for new innovative ways to manage diseases. New products are important for the long-term survival of these firms. It is quite evident that the successful firms currently are those who have had new products in the last two decades, and also having others in the pipeline.

Branding is also becoming quite important, where-by line extensions or product improvements are being done on some brands and therefore increase their lifespan. Good examples are the line extensions of *Zantac*[®], with their effervescence presentation; and extension of *Augmentin*[®] lifespan in the market by improving on the dosage from three times daily to twice daily (author).

These new improvements or line extensions are though carried out with extreme caution as any product failure may damage a firm's reputation, image as well as their long-term business objectives and plans. Larger firms, due to their large cash outlay are faster in developing new brands, than the smaller firms (survey-author). Products fail in the

² *Zantac and Augmentin are registered trademarks of GlaxoSmithKline*

market due to certain factors: - the prices are too high as compared to existing alternatives; the side-effect profile associated with it are more than it's substitutes; or, less marketing effort (or support); little or no improvement to current therapies; entry of newer more potent therapies (author).

A firm thus, must critically look at the industry and develop products that are going to be a success. For their own survival, they have to come up with newer innovative products.

b. Price

Price helps in determining the right base price for its products. This is quite important especially in an industry, which is becoming sensitive to pricing. Drug firms price their products with the aim of recouping their R & D expenses within the period the drug is still under patent. Therefore it is one of the most important components of the marketing mix. Therefore, marketers while pricing their brands, they look at the environment, and its impact, as well as the costs of importing the drug, marketing it and anticipated profits.

Price also comprises of strategies concerning discounts, terms of credit, freight payments and other price related factors. These affect the firms sales volumes, demand, profit, market sector penetrated (market share), consumer perception of their products and competitive evaluation of its attractiveness. Furnisk and Naddler (1966) stress that if price is handled poorly, it may cause product failure. The changing nature of competition and the economic hardship currently facing Kenya is forcing most drug firms to use pricing as a strategy to gaining market share. It is common now to see every month a company offering discounts or increasing credit terms to its clients. The entry of stronger HMO's has also impacted on pricing, whereby, for firms to be included in their formulary they have to price their products competitively.

c. Place

Place or distribution is also one of the important marketing mix components. Marketers use it to select and manage the trade channels through which products will reach the right market at the right time, (Stanton, 1994).

For ethical products (drugs) however, the channels of distribution are narrow. The pharmacy and poisons act (cap 244) clearly defines where ethical products should be dispensed. These should be registered with the board through a qualified pharmacist and permitted to physically handle the drugs. It is a characteristic of the drug industry not to find a broad distribution channel, say dukas and kiosks since ethical drugs are to be provided by qualified personnel.

Place thus helps in the suitable selection of a distribution system to ensure all prescriptions generated are supplied. It mostly comprises of distributors (wholesalers) and the retailers (pharmacies).

d. Promotion

Promotion helps to create widespread awareness and to enhance the image of the institution (Bii, 1992). Stanton sees promotion as the need to inform and persuade the market regarding a company's product. The main activities in creating the awareness are: Advertising, Personal selling, sales promotion and publicity. These are the activities to be discussed in the next sections and comprise the study being undertaken.

2.3 PHARMACEUTICAL INDUSTRY IN KENYA

The pharmaceutical industry can broadly be categorized into 2 branches: The human Pharmaceuticals and the Veterinary pharmaceutical industries respectively (Siage, 1999). For the purpose of this study, the focus will mainly be on the human pharmaceutical industry. The latter can be a basis for another study.

The human pharmaceutical industry can further be divided into three large categories depending on the kinds of products and the rules governing their manufacturing procedures, marketing and usage. As quoted earlier these categorizations are:

- The Over the Counter drugs (OTC) – This requires no elaborate usage instructions or precautions to be taken.
- Pharmacy only (P) category – This requires purchaser to take elaborate instructions on the correct usage and precautionary measures.
- Prescription only medicine (POM) – or at times as used in the study, the ethical category – these drugs are purchased upon presentation of a duly signed prescription from a qualified doctor. This category is strictly regulated and is one monitored a lot by the pharmacy board. Any infringement may result in litigation.

The study as previously stated would be looking at only the activities of multinational companies, marketing branded products still under patent. The other generalized categorization used in the industry is to get firms dealing in branded products only i.e. those whose brands are still protected by their patents; and the second category are the generics. Generics are imitations of the branded products whose patents have expired (Merck manual 1999). These firms produce their generic drugs and mainly compete on price. The third categories are the branded generics. These are drugs, which try to compete on other tools other than price. They engage in some level of marketing such as sales promotions, packaging, branding and small clinical studies on efficacy. These are mostly reputable firms, whereas some multinationals are also involved (author).

According to the medical directory (Kenya) (2000), there are one hundred and thirty seven (137) firms involved in manufacturing, marketing and distribution of pharmaceutical products. However, this comprises all the firms in the industry, whereas, as stated earlier, this study will focus mainly on the MNC's. By June 1998, these were made up of some 55 companies of varying sizes, product ranges and methods of operations (Pharmaceutical society of Kenya, 1999).

The size of the target market for the drug industry has not been well studied and documented. Most of it is based on estimates on the amount of drugs imported by the

companies and their IDF's³ registered with the registrar of the board. However, according to the 1994 national health account data, the total expenditure on drugs was Kshs.31 billion. Whereby, the expenditure of individuals on drugs was Kshs.20.3 billion, the MOH spent Kshs.7.4 billion; NHIF Kshs.1.3 billion and the insurance companies Kshs.133 billion (Source; PJK, Dec 2000).

The number of HMO's have also increased and more insurance firms are actively selling newer healthcare or medical premiums with those previously not involved in it, actively joining in the fray.

2.4 MARKET SEGMENTATION OF THE PHARMACEUTICAL INDUSTRY

Market segmentation is the strategy of sub dividing a market into homogenous subsets of customers whereby any subset may be selected as a target to be reached with a distinct marketing mix, (Kotler, 2000). Once a segment has been identified, a distinct market strategy for each segment is formed. David and Utall (1989) state that, "without a strategy you do not know who your customers are".

Siage, (1999), observed in his study that in the drug industry it is becoming apparent that the buyer behavior of the target market directly influences the success of any marketing endeavor made by the drug manufacturers. From this, it is thus evident that the industry can use the marketing function as the basis for the product differentiation and market segmentation. Many of the products in the industry possess certain unique features but do fall into broad categories known as "therapeutic areas" (Siage, 1999). Therefore, ethical products in one or same therapeutic areas can be considered as direct substitutes of one another. It is common to see prescriptions being changed at the pharmacy level, because of this substitution possibility. This feature of the Pharmaceutical industry has made it necessary for the drug manufacturers to strive to differentiate their products on the basis of the 4Ps of Marketing.

³ IDF- import declaration form

2.5 PROMOTIONAL MIX ELEMENTS IN THE PHARMACEUTICAL INDUSTRY

Marketing communication mix (commonly referred to as promotion mix), as defined by Keegan (1995), refers to all forms of communications that organizations use to establish meaning and influence buying behavior among existing and potential customers. A marketing communication should be designed to tell customers about the benefits and values that a product or service offers, therefore drug marketers jobs are cut out in ensuring that they communicate effectively to their target market to gain leverage as well as use it to gain competitive advantage.

It is quite apparent that the old system of producing drugs for certain diseases, because they will definitely be used to treat, no longer holds water. Competition has brought into the industry, newer horizons to compete at. Nyaga (1986) stated that marketing in Kenya is at its infancy, however, dramatic changes are being observed. The other elements of the marketing mix apart from the product features are also being actively used. The area of greater emphasis for the new millenium in the drug industry will be in promotion mix.

Kotler (2000), points out that, it is no longer enough to first develop a good product, price it attractively, and making it accessible. He states that firms must also communicate with the present and potential stakeholders, and the general public. Every firm is cast into the role of communicator and promoter. To promote it's products, and gain market share, individual firms must carry out research and plans based on sound and basic concepts of marketing research and product development (Grosse and Hempell, 1980).

For purposes of this study, the researcher has adopted the promotional mix as defined by Kotler (2000). He sees promotional mix as consisting of five major modes of communication, viz.: *advertising; sales promotion; public relations and publicity; personal selling and direct marketing.*

Fig. 2: The Common communications platforms.

<u>ADVERTISING</u>	<u>SALES PROMOTION</u>	<u>PUBLIC RELATIONS</u>	<u>PERSONAL SELLING</u>	<u>DIRECT MARKETING</u>
Print and broadcast ads	Contests, games,	Press Kits	Sales presentations	Catalogs
Packaging – outer	Sweepstakes,	Speeches	Sales meetings	Mailings
Packaging inserts	Premium s and gifts	Seminars	Incentive programs	Telemarketing
Motion pictures	Sampling	Annual reports	Samples	Electronic shopping
Brochures and booklets	Fair & trade shows	Charitable donations	Fairs & trade shows	TV shopping
Posters & leaflets	Exhibits	Sponsorships		Fax mail
Directories	Demonstrations	Publications		E-mail
Reprints of ads	Coupons	Community relations		Voice mail
Billboards	Rebates	Lobbying		
Display signs	Low-interest financing	Identity media		
Point –of-purchase displays	Entertainment	Company relations		
Audio-visual materials	Trade-in-allowance	Company magazine		
Symbols and logos	Continuity programs			
Videotapes	Tie-ins			

Source: - Adapted from Kotler, P., “ Marketing Management, the millenium ed., 2000, Pg. 605,Prentice-Hall, Inc., N.J

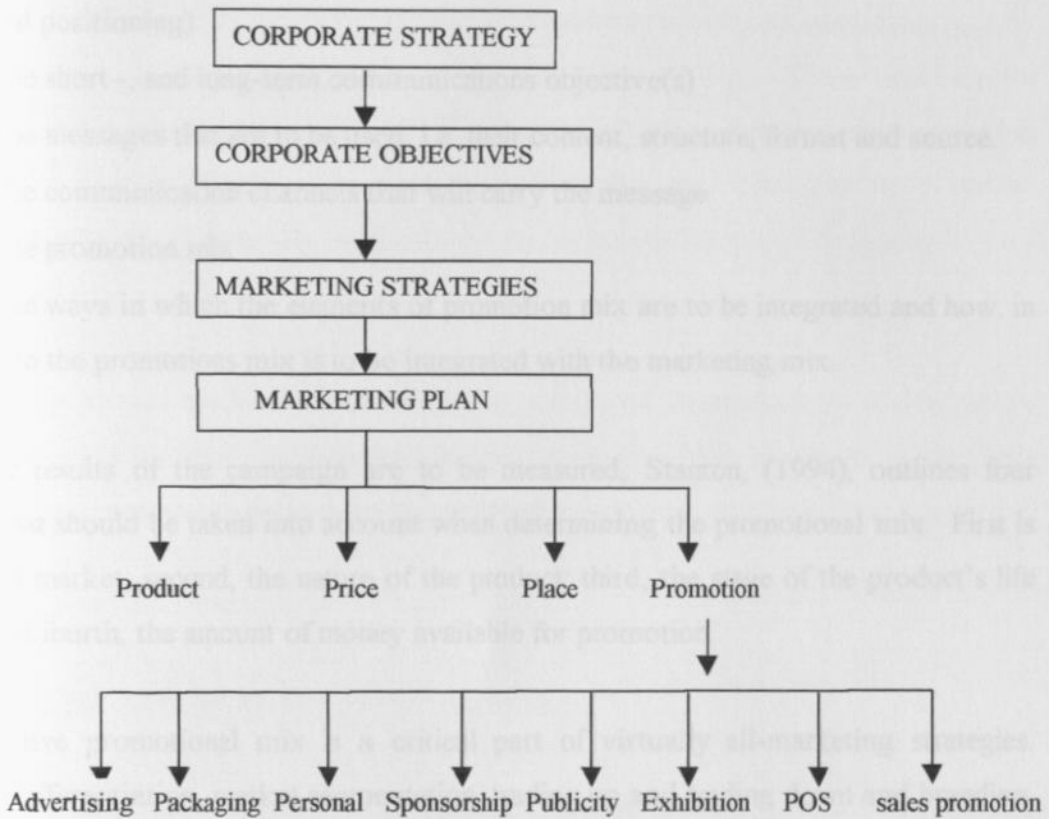
The techniques involved in the use of the promotion mix elements are used in communication with intend to influence the buying process by achieving cognitive, effective or behavioral outcomes in target markets.

The marketers need to answer the question of how the communication’s program can be integrated with the other elements of the marketing mix in order to achieve the greatest degree of synergy. Marketing is concerned with satisfying the needs of customers (Wilson & Gilligan, 1998).

Wilson and Gilligan (1998) also observed that communication is the fastest moving element of the marketing mix, and because of this, new ways of communication with the market are emerging. For example, product placement which involves the deliberate featuring of a product or brand in a film or TV program, or advertorials which are print advertisements that have an editorial style and format similar to newspaper or Magazines articles. These two are lacking in our local firms and could be incorporated largely,

especially with the advent of health related programs, such as, talks on diabetes, Typhoid, Heart ailments e.t.c.

Fig. 3: the promotional mix and its relationship to marketing strategy.



Adapted from: - Wilson R.M.S and Gilligan, C., " Strategic Marketing Management: Planning, Implementation and control, 2nd ed. 1998, Butterworth-Heinemann, Oxford.

2.6 DETERMINATION OF PROMOTIONAL MIX ELEMENTS.

Marketing Managers need to determine what combination of the promotion mix will make effective promotion programs for their ethical products. This is a tricky job since they do not know from the outset, which among the tools will help achieve the goals of their marketing objectives.

METHODS OF DETERMINING PROMOTIONAL BUDGET

Wilson and Gilligan (1998) outline factors to consider in developing the communication programs. The marketer needs to observe:

- The nature of the target audience(s) – carry out an S.T.P (segmentation, targeting and positioning)
- The short -, and long-term communications objective(s)
- The messages that are to be used, i.e. their content, structure, format and source.
- The communication channels that will carry the message
- The promotion mix
- The ways in which the elements of promotion mix are to be integrated and how, in turn the promotions mix is to be integrated with the marketing mix.

How the results of the campaign are to be measured, Stanton, (1994), outlines four factors that should be taken into account when determining the promotional mix. First is the target market; second, the nature of the product; third, the stage of the product's life cycle; and fourth, the amount of money available for promotion.

ELEMENTS OF PROMOTIONAL MIX

An effective promotional mix is a critical part of virtually all-marketing strategies. Product differentiation, market segmentation, trading up and trading down and branding, all require effective promotion (Stanton, 1994). Designing an effective promotional mix involves a number of strategic decisions. Marsh (1989) gives some of the strategies as speed of return on promotion investment in relation to strategic objectives; nature of information; nature of distribution; image requirements, and others.

Also, a company should carry out a customer-value analysis to determine the benefits the customers in a target market segment want and how they perceive the relative value of competing suppliers' offers (Bii, 1992).

2.7 METHODS OF DETERMINING PROMOTIONAL BUDGET

The amount of money available for promotion is the ultimate determinant of the promotion mix effects. The money available to promote each product will significantly affect the type of promotion material that can be considered. There are four basic methods generally used to determine promotional budget, which also can be adopted by the pharmaceutical industry, (Stanton 1994, and Kotler, 2000). These methods are frequently discussed in connection with the advertising budget, but they may be applied to any promotional activity or the total promotional budget. These methods are the percentage of sales; all available funds; following the competition; and budgeting by task or objective.

Marketers for ethical products therefore need to use any of the methods mentioned above in coming up with their promotional budgets. At the moment, there is no clear understanding on which method is being practiced.

2.8 ELEMENTS OF PROMOTIONAL MIX

The promotional mix elements; - advertising, sales promotion, public relations and publicity, personal selling and direct marketing are the tools pharmaceutical firms select from when they develop and plan a promotional campaign or program.

2.8.1 Advertising

Kotler (2000) defines advertising as “any paid form for non-personal presentation and promotion of ideas, goods or services by an identified sponsor”.

Advertising as defined by the British code of advertisement practice, 1979, is, “a paid for communication addressed to the public (or some of it) with the purpose of influencing the opinion or behavior of those to whom it is addressed”.

In essence, advertising exists to inform, persuade and remind a buying public of a particular product or service and it does so at a lower cost per head to the company than personal selling or exhibitions.

Advertising acts as a contributor to sales, a communication tool, establishment of customer preferences, reminder and reinforcer of loyalty and increasing market share against competitors. Marsh (1988) shows that the goal of advertising is to reach the greatest proportion of the targeted market at the least cost. Reach and frequency are intricately linked since both aspects influence the number of people seeing or hearing the advertisement.

In the local pharmaceutical industry, there is very little use of this promotional tool. One of the biggest obstacles being the regulations governing how advertisements should be undertaken (CAP244). Thus, it takes a longer time for drug firms to create brands, since the more expensive tool- personal selling is the one that is heavily used. Advertising helps in bringing awareness and thus educating the targeted customers.

Advertising objectives according to Kotler, (2000) can be classified according to whether their aim is to inform, persuade or remind. Selective demand stimulation through advertising is what is sought.

Advertising seeks to stimulate demand for branded products. It may do this in one of two ways; - either through a 'pull' strategy whereby a manufacturer might succeed in moving goods into retail shops by advertising to the end-users and ensuring that they ask for this particular product from their usual retailer. A 'push' strategy is where the manufacturer works down the channel of distribution 'pushing' the goods by means of financial discounts or incentives (Kotler).

Advertising takes place through the radio, television (Print and broadcast media), through packaging, posters, and leaflets, billboards, brochures, directories, audio-visual material and other media.

2.8.2 Sales Promotion

Kotler (2000) defines sales promotion as a variety of short-term incentives to encourage trial or purchase of a product or service. The American Marketing Association, defines it as, “ those activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as displays, shows, exhibits, demonstrations and various non-recovering sales efforts not in the ordinary routine”.

McDonald (1984) states that sales promotion is a specific activity, which can be defined as the making of a featured offer to define customers with specific three limits. For purposes of the study, the researcher will adopt the definitions as stated by Kotler, (2000).

Some of the sales promotions in use by pharmaceutical companies include sampling, dealer incentives such as cash bonuses, credit terms, sales incentives, packaging, sponsorship, exhibitions in conferences among others. The increased use of this promotion element can be attributed to its efficacy for example, incentive schemes, and exhibitions.

According to Wilson and Gilligan (1998), benefits of sales promotion can be seen in terms of the way in which it helps to maintain a high level of awareness of the supplier and of the brand; through,

- Packaging impact at the point of sale.
- By special offers and other incentives e.g. competitors.
- By the use of sponsorship.
- Through exhibitions.
- By the use of sales literature and other selling aids (videos, samples).

Sales promotions are actively used in the ethical industry (medicines) whereby most firms sponsor doctors to attend conferences outside and within Kenya, in the areas of

their specialization. They also sponsor partly or wholly their annual conferences or the on going continuous medical education (CME) programs. All firms, both in the branded and generics business, generally use sampling. Their objective mostly is to encourage testing and trialability.

Public Relations and Publicity

2.8.3 Personal Selling

The Institute of Public relations defines it as: "The deliberate, planned and

This is one of the predominant elements used in the pharmaceutical industry. Kotler (2000) defines personal selling as face-to-face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions, and procuring orders. Thus personal selling is a form of communication that takes place on a face-to-face basis.

As stated earlier, pharmaceutical firms are faced with well-trained customers – the clinicians – who are able to decide on what brands to use. The ability to understand and thus influence the doctor's prescription is the greatest marketing challenge in the industry.

During the outbreak of Highland Malaria in Kisumu by Kariakoo Pharmaceuticals, they engaged in press releases, except during their product launches, and line

The promotional activity therefore widely used in the industry is the indirect personal selling of the drugs to the doctors through the efforts of the medical representatives. The medical representatives call on the doctors to explain to them the drug composition, their modes of action, the recommended dosages, the interactions, precautions e.t.c; and marketing the benefits and advantages of prescribing their particular brand, over all the other competing brands and generics, in the same therapeutic area. These indirect selling is what was earlier described as selective demand generation.

The marketing executive therefore plays an important role in ensuring that the medical representatives are well trained on product knowledge, comparisons with competitors, versed in therapeutic areas of interest, and able to present professionally their brands to the target group. Effective selling increases the usage and market share, which in the long-term increases profitability. In the Kenyan market, personal selling is now even

much more utilized due to the increased competition as well as, the shifting loyalties among clinicians (doctors)

2.8.4 Public Relations and Publicity

The British Institute of Public relations defines it as; “ The deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and it’s public”. Public relations concentrates on giving information to ensure that those organizations’ motives and actions are popularly understood. Kotler sees it as a variety of programs designed to promote and/or protect a company’s image or it’s individual products.

This is one of the tools not actively used in the drug industry in Kenya. Only a few companies are seen using some of it’s components, for example, a few have been seen donating their products to charitable donations, such as, Malaria medications to the MOH, during the outbreak of Highland Malaria in Kisii by Kotec Pharmaceuticals. Rarely are they engaged in press releases, except during their product launches, and line extensions.

When used to counter adverse publicity, public relations must first be carefully researched to get the true facts to avoid over-reaction (Kotler, 1998), Publicity has high potential of building awareness and preferences, it helps in improving a firms image in support of it’s public relations efforts.

2.8.5 Direct Marketing

This is one of the newer elements added on to the traditional promotional mix tools. The advances made in the telecommunications sectors have now opened new avenues where promotions can be carried out. This new media incorporates the use of mailings,

telephone, fax, email and other non-personal contact tools to communicate directly with or solicit a direct response from specific customers and prospects.

It has not caught up yet in the Kenyan drug firms, but forms of it are being utilized. For instance, most companies are building on their own comprehensive databases, which primarily can be used for sending mailings to their targeted clinicians. This therefore is opening up new avenues for reaching customers. However, direct telemarketing has not caught up as doctors and clinicians are still in the era of personal selling. They believe the call has to be personal, and involving.

This mode should however be seen in the context of it playing a broader role, - that of building a long –term relationship with the customer (Kotler, 2000). Direct marketers can occasionally send birthday cards, informational materials, or small premiums to select members in their database. This enhances the loyalty the clinicians will have with the firm. This though is an element still at its infancy, and needs to be harnessed by companies that aim to gain a competitive edge over their competitors.

2.9 PROBLEMS IN PROMOTING PHARMACEUTICAL PRODUCTS.

The problems encountered in developing promotional tools effective to market drugs are mainly associated with the nature of the industry, and the type of products involved.

As such a drug firm is faced with various promotional and operational problems that require some attention.

- a) First and foremost is the regulatory act (appendix), which defines to what level should promotions be undertaken. Therefore a firm is confined to only certain channels of communications and barred from others. Therefore levels of innovation are regulated.
- b) Segmentation is basically based on therapeutic areas and thus distinctive edge over competition is quite narrow.

CHAPTER 3:

- c) Threat of patents being broken for some drugs is making some firms to curtail their investments on promotional tools, with the threat of not being able to recoup their investments - case in mind is the Industrial Property Act.
- d) The promotional tools used by firms, are mainly all similar;-personal selling, sampling and sponsorships. This is thus making target customers non brand loyal, and as observed before, constant shifting from product to product. Firms thus need to continuously improve on their tools and constantly change, so as to be perceived as innovative, and always offering newer information or products.
- e) The ability to understand and influence the doctor's prescription behavior. Since the marketer of a drug is always absent when the prescription is being made, it is important for the marketer to be able to predict the patterns and behavior. Aim is to put his/her product in a favorable position in relation to the competition. This is quite a complex undertaking.

SAMPLING PLAN

the process by which a relatively small number of individuals or measures of objects or events is selected and analyzed in order to find out something about population (Kotler, 1977). For the purpose of this study, judgemental sampling used rather than the whole population (census) of all multinational pharmaceutical companies (MNC's). This is because of the size of the population, as

CHAPTER 3:

RESEARCH DESIGN.

3.1 POPULATION.

The pharmaceutical industry comprises of multinational companies, generic importers, local manufactures, distributors (who are franchise importers), wholesalers, retailers and consumers (Mbao, 2000). For purposes of this study, the sampling frame consisted of multinational companies (MNC's) currently importing and actively marketing their products in Kenya. According to the Medical dictionary (2000), one hundred and thirty seven (137) firms are operating in Kenya. Of these, fifty-five (55) companies are categorized as MNC'S (Siage, 1999), and primarily market branded medicinal products. The study will focus on 25 of the MNC firms. The study will use judgmental sampling of the top 25 firms, which are actively promoting their products.

The respondent will be persons vested with the responsibility of marketing the firm's products. These will be the heads of marketing or holders of positions mandated to play the role and functions of marketing. They are thus familiar with the elements currently in play and the issues/problems encountered in promotions.

3.2 SAMPLING PLAN

Sampling is the process by which a relatively small number of individuals or measures of individual objects or events is selected and analyzed in order to find out something about the entire population (Koul, 1977). For the purpose of this study, judgmental sampling shall be used rather than the whole population (census) of all multinational pharmaceutical companies (MNC's). This is because of the size of the population, as

there are over 55 pharmaceutical firms engaged in marketing of their drugs in Kenya (PSK, 1999) in different proportions.

DATA ANALYSIS AND FINDINGS

3.3 DATA COLLECTION

The study used the survey method to conduct the research, and used self-administered questionnaires to collect primary data. In some cases, interview method of data collection was used. All the targeted respondents were in Nairobi.

The questionnaire contained both open and close-ended questions. It used structured as well as unstructured questions. The questionnaire was constructed using question formats from similar research work done in the past in other industries (Bii 1992 and Magana, 1999). Although modifications relevant to this study's objectives were included.

CHAPTER 4

DATA ANALYSIS AND FINDINGS

4.0 INTRODUCTION

The data analysis techniques used in the study are simple summary statistical tools. The study uses descriptive statistics, such as percentages, which try to classify the data and describe the relationships in proportions. The percentages calculated help compare the distributions of the various variables in the study.

This chapter is divided into two main sections, which correspond to the main objectives of the study stated in chapter 1. First section presents data findings on how pharmaceutical firms apply varying promotional mix elements in marketing their products. The second section presents data findings on the important factors that influence the extent to which the promotional mix elements are used.

4.1 APPLICATION OF VARYING PROMOTION MIX ELEMENTS BY MULTINATIONAL PHARMACEUTICAL FIRMS.

The findings in the study indicate that multinational pharmaceutical firms in Kenya use to a greater extent in varying proportions, the elements of promotional mix while marketing their specialized range of products.

Table 1 shows the overall ranking of the promotional mix elements in terms of their importance to the responding pharmaceutical firms.

Table 1: Ranking of promotional mix elements in order of importance.

Promotional mix element	Ranking	frequency	percentage
Advertising	3,4,5	5	31.3
sales promotion	2	9	52.9
Publicity and Public relation	5	6	37.5
Personal Selling	1	17	94.4
Direct marketing	3	6	35.3
	n=18		

The data findings indicate that overall, 94.4 percent of the respondents ranked personal selling as their most important promotional mix tool, followed by sales promotion as the second most important, with 52.9 percent of respondents. 35.3 percent pharmaceutical firms rated direct marketing third. The respondents indicated the least used promotional mix element in rank as publicity and public relations. These findings tally with the observations and literature cited in chapter 2, which points out the use of personal selling by a majority of institutions in the industry. This is basically attributed to the specialized products marketed in the pharmaceutical industry.

Based on the findings and the literature, it is evident that the industry has not evolved to grasp all the tools of marketing in promoting their products. Nor have they been innovative enough to initiate newer ways of marketing products as is seen within the first moving consumer goods (FMCG) sector.

Tables 2,3,4,5 and 6 depict the findings in details, for each of the promotional tools in the pharmaceutical industry by multinational firms.

(a) Personal Selling

Table 2 shows the findings on the extent each tool in personal selling is utilized by multinational pharmaceutical firms in Kenya.

Table 2: Personal-selling tools used by multinational pharmaceutical firms.

Tools	M.Com. used		commonly used		S. used		rarely used		never used	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Sales ppt	16	94.1	1	5.9						
Sales mtgs	10	62.5	6	37.5						
Incentive prgs	2	12.5	5	31.3	5	31.3	2	12.5	2	12.5
Samples	5	29.4	7	41.2	2	11.8	3	17.6		
Contact by CSD			6	35.3	4	23.5	4	23.5	3	17.6
Contact by sec.			2	12.5	4	25.0	3	18.8	7	43.8
Other										
			n=18							

It is discernible from the data in table 2 that within personal selling tools, the most commonly used is sales presentations with 94.1 percent of respondents indicating their use of the tool. Sales meetings follow, with 62.5 percent of respondents indicating their use. 41.2 percent of the respondent multinational pharmaceutical firms commonly used samples in the findings. Incentive programs are the least used tools with the spread across the respondents. Among the other tools, contact by consumer service department personnel is commonly used with 35.3 percent of respondents indicating its use. The least utilized toll in personal selling is contact by receptionist or secretaries, with 43.8 percent of respondents showing so.

These findings again tally with the literature by showing that sales presentation done one to one by the sales cum medical representatives, are the most utilized promotional tool in personal selling. These tallies well, with the practice of multinational pharmaceutical firms in Kenya. This is basically driven by the ethical considerations as well as by the government and professional regulations.

The use of other personnel within the companies such as receptionist, secretaries are the least used which tallies with the literature cited in previous pages. This is due to the nature of the products marketed, which do require some form of specialized training and a minimum requirement of basic understanding of biological sciences. These qualifications are basically not found among this category of employees, which tallies with the findings of the tool being the least utilized.

(b) Sales Promotions.

Table 3 shows the extent multinational pharmaceutical firms in Kenya utilize the various sales promotion tools in marketing their medicinal products.

Table 3 Sales Promotion tools.

Tools	M.com used		C. used		S. used		Rarely used		Never used	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Give away	8	47.1	5	29.4	3	17.6	1	5.9		
Exhibitions	2	11.8	12	70.6	2	11.8				
C. Med. Ed.	8	47.1	9	52.9						
Special discounts			4	23.5	5	29.4	5	29.4	3	17.6
Bonus			4	23.5	5	29.4	8	47.1		
Sponsorship	4	25.0	9	56.3						
Other										
	n=18									

The most commonly utilized tools are give aways and continuous medical education (CME) with findings of 47.1 percent of respondents, stating so. These give aways include things like diaries, calendars, branded pens, prescription pads, medical aid products such as stethoscopes, thermometers, tongue depressors, otoscopes among many. Continuous

medical education comprise of meetings organized by medical representatives whereby a specialist doctor local or from without presents on a therapeutic area and the various modes of management. These are thereafter followed by product presentations done by representative of the multinational pharmaceutical firm.

These findings tally with the literature cited in chapter 2. Bonus is the least utilized tool, with 47.1 percent of respondents, followed by discounts with 29.4 percent of the firms.

The findings imply that use of give aways and CME's do more to augment the activities of personal selling. They also are confined within the practices of the target group that are clinicians/doctors. The promotional tools are cheap with the benefit of constant changes to enhance innovation and improvements.

Multinational Pharmaceutical firms therefore, similar to other sectors of trade does use 'physical' forms of marketing their products. They participate in exhibitions, offer give aways and organize continuous medical education – all forms of sales promotion'.

(c) Direct Marketing

Table 4 shows the various tools as utilized in the pharmaceutical industry. Among multinational pharmaceutical firms, it is discernible that telemarketing, that is, through the use of telephones, is commonly used by 29.4 percent of the respondents. Promotion through email findings show that 29.4 percent of respondents somewhat utilize this tool. However, from table 4, it is evident that these tools are rarely or never used in the industry, as evident from 41.2 percent of respondent rarely using fax mail, and 35.3 percent, rarely using email.

Table 4: Direct marketing tools used by multinational pharmaceutical firms.

Tools	M. Com. Used		Commonly Used		S. Used		R. Used		Never used	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Mailings	3	17.6	3	17.6	6	35.3	4	23.5	1	5.9
Telemarketing	3	17.6	5	29.4	2	11.8	4	23.5	3	17.6
Fax mail			3	17.6	2	11.8	7	41.2	5	29.4
Email			3	17.6	5	29.4	6	35.3	3	17.6
mailing cards			3	17.6	3	17.6	6	35.3	5	29.4
Others										
			n=18							

It is also discernible from table 4 that there is a uniform spread among the tools, indicating the general low utilization of any of the tools in promoting pharmaceutical products. There is a general spread among respondents, which in some way indicate either lesser preference or utilization of the tool, or lack of interest of it as a tool to promote products. This concurs with the literature, which shows this new added promotional mix element as being less used in promotion of specialized medicinal products. The findings though indicate a newer interest in this promotion tool which could be used to enhance communication.

d) Public Relations and Publicity.

Table 5 shows the various public relations and publicity tools used in the promotion of pharmaceutical products.

Table 5: Public relations and publicity tools

Tools	M.Com. used		Com. Used		Somewhat used		Rarely used		Never used	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Press releases			1	5.9	4	23.5	3	17.6	9	52.9
Seminars			7	41.2	5	29.4	4	23.5	1	5.9
Donations			4	23.5	7	41.2	4	23.5	2	11.8
Events	2	12.5	4	25.0	2	12.5	5	31.3	3	18.8
Publications			5	33.3	1	6.7	4	26.7	5	33.3
Company magazines			2	12.5	3	18.8	5	31.3	6	37.5
Community relations			1	6.7	2	13.3			5	33.3
			n=18							

Table 5 reveals that seminars are the commonly used tools with 41.2 percent of the respondents. About 41.2 percent of the pharmaceutical firms somewhat utilized donations and contributions in the form of donation of drugs to charity homes, orphanages and in days of disasters or natural calamities e.g. Turkana famine 2000, or the bomb blast of 1998. The least utilized tool is the use of press releases, with 52.9 percent of pharmaceutical firms showing their never using it. Company magazines follow this with 37.5 percent of respondent. The rarely utilized are publications and community relations with 26.7 percent and 46.7 percent respectively of the multinational pharmaceutical firms.

The findings also tally with the literature, which cites less use of this tool among multinational pharmaceutical firms in Kenya. The firms though need to use more of the other tools as in the other industries, and avoid the uniformity of only using seminars and donations. Being integral providers of healthcare, they need to be heard and known in the

larger society, through utility of some of the tools, such as; event sponsorship, press releases among many others.

(e) Advertising

Table 6 shows the various advertising media tools used in the promotion of products by pharmaceutical firms. This is divided into electronic and print media. This is the least utilized promotional mix element in marketing of products by pharmaceutical firms.

Table 6: Advertising tools

Tool	Most commonly used		Commonly used		somewhat used		rarely used		Never used		
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	
(a) Electronic media											
Radio					1	5.9	2	11.8	14	82.4	
TV					2	11.8	4	23.5	11	64.7	
Audio tapes			3	17.6	5	29.4	2	11.8	7	41.2	
Video	4	23.5	4	23.5	7	41.2		0	2	11.8	
(b) Print media											
Newspapers			3	17.6	1	5.9	2	11.8	11	64.7	
Magazines			0	3	17.6	1	5.9	4	23.5	9	52.9
Specialty Journals	8	47.1	5	29.4	4	23.5		0		0	
Catalogues	1	5.9	4	23.5	2	11.8		0	10	58.8	
Leaflets	7	41.2	5	29.4	1	5.9	2	11.8	2	11.8	
Brochure and bulletins	12	70.6	2	11.8	2	11.8	1	5.9		0	
posters	4	23.5	7	41.2	5	29.4	1	5.9			
Others											
			n=18								

Table 6 reveals that among the tools in electronic media, 23.5 percent of respondent most commonly use videos. It also reveals that 41.2 percent of respondents somewhat use this tool. 29.4 percent of respondents also somewhat use audiotapes for promoting their

products. However, table 6 shows that 82.4 percent of pharmaceutical firms never use radio and 64.7 percent never use Television. This concurs with the literature, which indicates the regulatory constraints, which hinders the use of this media, as patients don't belong to the direct target groups of pharmaceutical firms.

Among the print media, table 6 reveals that 47.1 percentage of multinational pharmaceutical firms most commonly use specialty journals for promoting medical products. The most commonly used tool with 70.6 percent of respondents of pharmaceutical firms is use of brochures and bulletins. About 41.2 percent of pharmaceutical firms also most commonly utilize leaflet as a means of promoting their products. 41.2 percent pharmaceutical firms commonly use posters. The pharmaceutical firms never use newspapers and magazines with 64.7 and 52.9 percent of respondents respectively indicating so.

The findings compliment the literature cited whereas the tools most evidently used are those in one way or the other augment the most used tool – personal selling. Journals, brochures, leaflets are what medical representative use when they make their calls to the doctors.

4.1.1. Marketing activities and the Promotional mix elements.

One of the other indirect ways of studying the promotional activities of pharmaceutical firms while marketing their products is to look at the person with the task of preparing their marketing and promotional programs. We can also use the duration of evaluating their promotional campaigns, and whether the firms have procedures of tracking and analyzing the effectiveness of these activities.

Table 7: Titles of individuals who prepare marketing and promotional campaigns

Title	Frequency	Percentage(%)
Sales supervisor & manager	2	11.1
product manager	5	27.8
Field manager	1	5.6
Marketing manager	5	27.8
General manager	1	5.6
Regional manager	3	16.7
brand manager	1	5.6
	n=18	

Table 7, reveals that 27.8 percent of the pharmaceutical firms have marketing managers who prepare their programs, 27.8 percentage of the firms had product managers. In retrospect, as their roles are similar, then 55.6 percent of pharmaceutical firms thus have marketing oriented individuals who prepare their marketing and promotional campaigns.

It is worth noting that 16.7 percent of pharmaceutical firms still have the sales manager and field managers preparing their marketing promotional programs. This is a reflection of the laggard nature of the industry, which has yet to separate the two roles of sales and marketing. It is worth noting also that, from table 7, in 22.3 percent of respondent pharmaceutical firms, the general or regional managers carry out the task. This is as a result of the lean organizational structure among some of these firms. Most of these have small operations in Kenya whereby the regional head couples up also as the marketing head as well as the administrator. It reflects though the lesser inculcation of marketing into the operational activities within pharmaceutical firms.

Table 8: Duration of evaluating promotional campaign in months

months	Frequency	percentage (%)
2	1	5.9
3	10	58.8
6	5	29.4
12	1	5.9
	1 missing	6.7
	n=18	13.3

Table 8 shows the duration pharmaceutical firms take to evaluate the impact of their promotional campaigns. It is evident that 58.8 percent of pharmaceutical firms evaluate their activities after every three- (3) months. About 29.4 percent of pharmaceutical firms review their activities after every six- (6) months. The two reveal that quarterly and half-yearly reviews account for 88.2 percent of the respondent. These reviews are done using various methods or procedures.

Table 9, shows whether firms have procedures to track and analyze the effectiveness of their promotional campaigns. It does also show the various procedures given by the respondents, which they use.

83.3 percent of the respondent pharmaceutical firms have procedures in place for analyzing the effectiveness of their promotional activities. 11.1 percent pharmaceutical firms do not have procedure in place to carry out this tracking and analysis process.

Table 9: Does firm have procedure to track and analyse effectiveness of promotional activities.

	Frequency	Percentage (%)
Yes	15	83.3
No	2	11.1
	1 missing	

If yes, specify

Variable	Frequency	Percentage (%)
Chemist surveys on Rx	3	20
prescription audit	3	20
Message recall	1	6.7
Retail/Market Surveys	2	13.3
Script analyses	1	6.7
thro' amount of sales	1	6.7
Audit & distribution	2	13.3
improvement on return	1	6.7
sales analysis	1	6.7
	3 missing	
	n= 18	

Among the procedures, prescription audit, or chemist surveys and script analyses, which all means the same procedure, accounted for 46.7 percent of the pharmaceutical firm's responses. This is thus the most utilized procedure used to track and analyze the effectiveness of the promotional activities. The other procedures used are retail/market surveys with 13.3. Percent, and sales analysis/amount of sales accounting for 13.4 percent of respondents. Message recall and distribution account for 6.7 percent and 13.3 percent respectively. From this 90 percent of the procedures are marketing oriented thus enhancing the rationale for effective use of marketing tools to maximize on the returns.

4.1.2 Promotional Message strategies used by Pharmaceutical firms in Kenya in marketing their medicinal products.

Table 10 shows multinational pharmaceutical firms message strategies used in promoting their products.

Table 10: Promotional message strategies used by multinational pharmaceutical firms

Message strategy	Always		Sometimes		Not at all	
	Freq	%	Freq	%	Freq	%
Who to communicate with	16	94.1	1	5.9		
Where to communicate	14	82.4	3	17.6		
When to communicate	15	88.2	2	11.8		
How to communicate	13	76.5	4	23.5		
What means to communicate with	14	82.4	3	17.6		
Content of communication	15	88.2	2	11.8		
Estimate cost of communication	11	64.7	5	29.4	1	5.9
What expected result should be	13	76.5	4	23.5		
	n=18					

Table 10 reveals that 94.1 percent of pharmaceutical firms indicated that they identify whom to communicate with, in their promotional message strategies. It also shows that 88.2 percent know when to communicate, and same percentage indicated that they set the content of their communication. 82.4% of pharmaceutical firms also know where their message strategies are directed, and what means to communicate with, with their target

groups. However, only 64.7 percent of the respondents indicated that they estimated the cost of their communication. These findings reveal that all the pharmaceutical firms (multinational) set strategies for their promotional mix. This concurs with the literature on the application of the 5p's by firms, whereby they need first to segment their target groups so as to know their customers and the potential customers. Then the type of products they prefer, and the total cost of offering this product in terms of distribution, advertising and price.

Table 11, 12, and 13 reveal the target groups for multinational pharmaceutical firms, the types of products they market and the method they use for setting their promotional budget.

Table 11: The target groups of promotional activities in pharmaceutical industry

	V Important		Important		Less Important		Least important	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Specialist Doctors	17	94.4	1	5.6		0		0
General Practitioners	11	61.1	7	38.9		0		0
Clinical officers			7	43.8	8	50.0	1	6.3
Parameds	1	6.3	3	18.8	7	43.8	5	31.3
Pharmacists	3	17.6	12	70.6	2	11.8		

Table 11 reveals that 94.4 percent of multinational pharmaceutical firms target specialist doctors in their promotional activities. General practitioners or G.P's account for 61.1 percent of their activities, which they categorize as very important. For important target

groups, pharmacists, account for 70.6 percent of their activities, while the less important target groups are the clinical officers with 50% of respondent stating so, and 43.8 percent of respondents for the parameds group which mainly comprises of nurses. These findings concur with above findings in table 10, which shows a greater proportion in selection of the target groups by multinational pharmaceutical firms. This reveals that there is proper segmentation of the targeted markets for their promotional activities.

Table 12: Types of products marketed

	Frequency	Percentage (%)
Prescription only(POM)	8	44.4
Pharmacy only (P)	0	0
Both	10	55.6

n=18

Table 12 reveals the types of products marketed by multinational pharmaceutical firms. These are prescription only medicines (POM) or pharmacy only (P) product, or both.

It is discernible from table 12 that 55.6 percent of pharmaceutical firms market both prescription only medicinal and pharmacy products, and their promotional activities are geared towards these categories and the targeted group. This tallies with table 11 findings with the high percentage showing for specialist doctors – 94.4%; and pharmacists – 70.6% The findings also reveal that that only 44.4% of the respondent firms market prescription only products. These findings conform to the literature, which indicated the new global trends whereby more and more lay-people comprehend the facets of medicine. Therefore, there is a lot of over the counter prescription or dispensation of medicines. There is thus a trend in the markets to move more products from being prescription only to the pharmacy points and targeting of pharmacists by firms as prescribers too. This is mainly attributed to the economic downtown in Kenya, and the general costs of medicine.

Table 13: Method for setting promotional budget

Method	Frequency	percentage
Percentage of sales	10	58.8
Follow competition	1	5.9
Budgeting by task/objective	6	35.3
All available funds	0	0
	1 missing	
	n=18	

Table 13 reveals the methods used by multinational pharmaceutical firms for setting their promotional budget. It is evident from the findings that 58.8 percent respondent pharmaceutical firms use percentage of sales to set the budget for their promotional activities. Further analysis reveals that 35.3 percent of the respondent firms use budgeting by task or objective as a method for setting their budgets. Only 5.9 percent follow on what competition does. Above findings, first show the nascent stage of marketing within pharmaceutical firms. Most of their activities are still driven by sales, and little direct budgeting for marketing activities is still left to the sales managers. However from the findings, it is evident that there is a trend towards marketing oriented activities, with objectives and tasks being used for setting budgets for promotions.

4.2 Factors that determine the choice of a promotion mix element.

This section discusses the findings on the factors which multinational pharmaceutical firms consider as important in determining the use of promotional mix element in marketing of the medicinal products.

This is the second objective of the study, which reveals the respondent's choice of the factors that determine which promotional mix elements to use.

Table 14 reveals the important factors that are considered in determining which promotional mix element are used in the marketing of medicinal products by multinational pharmaceutical firms.

Table 14: Factors determining the choice of promotional mix elements.

Factor	M.C.U.		C.U.		S.Used		R. Used		Never used	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Availability Funds	10	58.8	5	29.4	1	5.9	1	5.9	1	5.9
Mkt. Competition	11	64.7	5	29.4	1	5.9				
Pdt. Life cycle	6	35.3	8	47.1	1	5.9	2	11.8		
Type of Customer.	11	64.7	4	23.5	2	11.8				
Type of product	12	70.6	4	23.5	1	5.9				
Skill of staff	7	43.8	6	37.5	1	6.3	2	12.5		
Company policy	6	35.3	4	23.5	5	29.4	1	5.9	1	5.9
Profitability	12	70.6	2	11.8	2	11.8	1	5.9		
Suitability	6	35.3	6	35.3	4	23.5	1	5.9		
Company image	8	47.1	4	23.5	4	23.5	1	5.9		
Type of message	8	47.1	8	47.1	1	5.9				
			n=18							

Table 14 reveals that the type of product and profitability are the factors considered by most multinational pharmaceutical firms as most common factor used to determine the promotion mix element, with 70.6% of respondents respectively. The type of the customer and market competition with 64.7 percentage of the pharmaceutical firm follows these. All this concurs with the literature, which identified the four as being important in the determination of promotional mix element in chapter 2. Further analysis reveals that 58.8 percent of pharmaceutical firms consider availability of funds as important in the determination of the promotion mix. Overall, product life cycle,

company policy and suitability are moderately or somewhat considered in comparison to the above, with 35.3% of the respondents respectively.

The findings agree with the literature, which outlines the factors as target market, nature of product, stage of product's life cycle and availability of money for promotion, and also customer analysis. This is what determines the promotion mix tools to apply in marketing of specialized products.

4.2.1 Creation of positive image through promotional activities.

Table 15 presents the promotional activities that pharmaceutical firm in Kenya use so as to enhance their image positively.

Table 15: Deliberate efforts made by M. pharmaceutical firms towards creating a positive image through promotional activities

	Frequency	Percentage (%)
Yes	13	76.5
No	4	22.2
	n=17	

If Yes, specify

Label	Frequency	Percentage (%)
2	2	20
5	1	10
1,2	2	20
1,5	2	20
3,4	1	10
1,3	1	10
2,5	1	10
Total	10	100

problems encountered by multinational pharmaceutical firms

NB: There were responses given more than once and a mixture of responses.
 Only 10 pharmaceutical firms responded to this question, not all inclusive

LEGEND

- 1- Training/Teaching/ Education
- 2- Advertisement/ promotion/ Efficacy
- 3- Customer awareness/ campaigns
- 4- Market development
- 5- Donations/ Sponsorships

	F.C		B.C		Ct.		N.C	
	Freq	%	Freq	%	Freq	%	Freq	%
1	11	64.7	1	5.9	1	5.9	2	11.8
2	7	38.9	3	16.7	8	33.3	2	11.1
3	9	42.3	4	23.5	3	17.6	1	5.9
4	4	23.5	4	23.5	2	11.8	5	29.4
5	1	5.9	3	17.6				

Table 15 reveals that 76.5 percent of respondent multinational pharmaceutical firms use promotional activities to build on a positive image, whereas 22.2% do not use this activities to enhance their image. The findings show that teaching or education together with promotion/advertisement account for nearly over 50% of respondent's feedback. This shows these tools are also used to enhance on the image of these firms. The other promotional activities mentioned are customer awareness campaigns as well as donations and sponsorships. The least used is market development. These findings reveal that promotion tools can be used in building on a positive image of a company/firm, as shown by the respondents indicating teaching/training/ or education as one of their important tools. These data though only had 10 respondents of the 18 analyzed, thus it may not be all conclusive and further research may reveal more.

4.3 Problems encountered by multinational pharmaceutical firms while promoting their products.

This section discusses the data findings on problems encountered by multinational pharmaceutical firms in Kenya while promoting their medicinal products.

Table 16: Factors impacting negatively on promotional activities of multinational pharmaceutical firms in Kenya

(a) Specific to firm (internal)										
Factor	V.C		F.C		S.C.		Cr.		N.C	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Lack of focus	11	64.7	1	5.9	1	5.9	2	11.8	2	11.8
Financial Constraints	7	38.9	3	16.7	6	33.3	2	11.1		
Ethical Considerations	9	52.9	4	23.5	3	17.6			1	5.9
Short term returns preoccupation.	4	23.5	4	23.5	2	11.8	2	11.8	5	29.4
Inadequate Mkt. Research	4	22.2	6	33.3	2	11.1	4	22.2	2	11.1
Inability to measure	4	22.2	5	27.8	3	16.7	5	27.8	1	5.6
Too many brands/pdts	2	12.5	5	31.3	2	12.5	2	12.5	5	31.3
Ad hoc marketing	4	25.0	2	12.5	2	12.5	2	12.5	6	37.5
Monotony of activities	1	5.9	3	17.6	3	17.6	5	29.4	5	29.4
Regulatory: Govt.	7	43.8	3	18.8	2	12.5	2	12.5	2	12.5
:Professional	4	26.7	3	20.0	3	20.0	1	6.7	4	26.7
Overreliance H/office	5	27.8	2	11.1	2	11.1	5	27.8	4	22.2
Culture of not Advertising	5	27.8	1	5.6	3	16.7	3	16.7	6	33.3
(b) External to Firm										
Size to market	12	66.7	2	11.1			2	11.1	2	11.1
Competition	13	72.2	5	27.8						
Technology changes	2	11.1	3	16.7	7	38.9	3	16.7	3	16.7
Cons.purchasing power	14	77.8	2	11.1	1	5.6	1	5.6		
Liberalization	10	58.8	3	17.6	1	5.9	3	17.6		

n=18

LEGEND

V.C - very critical

F.C - fairly critical

S.C. - somewhat critical

Cr. - critical

N.C - not critical

Table 16 reveals that lack of focus is the most critical factor that impacts negatively on the promotional activities of multinational pharmaceutical firms, with 64.7 percent of the

respondents. Further analysis reveals regulatory by government accounting for 43.8 percent and 26.7 percent by professional constraints. It is evident that regulatory does accounts for 70.5 percentage, making it the most important. This concurs with the literature in chapter 2, which cites it as the first problem, which hinders the promotional activities of pharmaceutical firms. Ethical considerations account for 52.9 percent of the respondent who consider it as very critical. This compliments the above observations.

Other problems encountered are inadequate market research with 55.5 percent of respondents showing it as very critical or fairly critical. Also the presence of too many brands/products account for 43.8 percent of respondents stating very and fairly critical. All above concern also with the literature cited in chapter 2, which show lack of brand loyalty, and segmentation being problems.

External to the firms, consumer purchasing power is considered as the biggest problem with 77.8 percent of the respondents stating it as very critical. Similarly competition is considered a problem, accounting to 72.2% respondents, 66.7 of respondents stated as very critical size of market as also being a problem, whereas liberalization accounted for 58.8% of the responses. Technology changes and ad hoc marketing with preoccupation with short-term results were the least problems cited in the study.

It is evident that the findings show that the problems encountered in developing promotion mix tools to market medicinal products are mainly associated with the nature of the industry, and the type of products involved.

CHAPTER 5

SUMMARY, CONCLUSIONS AND IMPLICATIONS

5.1 SUMMARY:

The two main objectives of the study, as outlined in chapter 1, were to determine how pharmaceutical firms apply varying promotional mix elements in marketing their products, and to identify the important factors that influence the extent to which the promotion mix elements are used.

A self-administered questionnaire was developed based on the literature and similar studies carried out, and were used as the main instrument for data collection. In some few cases, the researcher due to the busy schedule of the respondent executives used interview method. The data obtained from the responded multinational pharmaceutical were analyzed using frequency tables and percentages to classify, and describe the relationships in proportions of the data findings.

5.2. CONCLUSIONS AND IMPLICATIONS

The findings in the research on the first objectives indicate that among multinational pharmaceutical firms in Kenya, utilize promotional mix elements in varying proportions. The ranking of the promotion mix elements by the pharmaceutical firms revealed that 94.4 percent of multinational pharmaceutical firms ranked personal selling as the most important promotion mix element in their activities. This was followed by sales promotion mix tool. Publicity and publicity relations together with advertising were ranked as the least utilized promotional tools among multinational pharmaceutical firms. These findings thus reveal the importance of one to one communications in marketing of pharmaceutical products and its influence over the other tools. The findings also reveal

the constraints faced by pharmaceutical firms in trying to be innovative, as use of public relations and publicity are hindered as seen in detail below.

Further analysis on which promotion tool is most commonly used in each promotion mix element further reveal that; in personal selling, 94.1% of multinational pharmaceutical firms use sales presentations to promote their medicinal products, followed by sales meetings, used by 62.5% of multinational pharmaceutical firms. Some 41.2% of these firms also use samples delivered by their medical representatives for promotional activities. Contact by other personnel in particular customer service department was commonly used also. This implies that, pharmaceutical firms, in addition to the traditional tools also use other employees in their firms who come in contact with their customer to market their products. This augments the marketing efforts and harmonizes customer satisfaction while enhancing the company's image.

In analyzing the direct marketing tools, the promotional tool commonly used is telemarketing, through telephone calls made to the customers. Use of mailings and email are somewhat used by most of the multinational pharmaceutical firms. This implies that, even though this is a newer tool in the promotional mix elements, it is fairly being utilized, and could have been utilized more if the network could have been more accessible, reliable and cheaper. With the coming of e-commerce, all firms are looking at this as the new avenue of gaining competitive edge. There was though general spreads of responses from the pharmaceutical firms perhaps, suggesting, either lack of awareness, or inappropriate responses, not based on factual practices.

As far as Sales Promotion is concerned, generally, most multinational pharmaceutical firms most commonly use give away – calendars, diaries, pens, mugs etc. – and continuous medical education, CME, by 47.1% of the firms respectively. 47.1 percent of the multinational pharmaceutical firms indicated they rarely use bonus for sales promotion. 47.1 percent of these firms rarely or never use discounts. However, exhibitions as shown are the preferred tool to use with 82.4% of the pharmaceutical firms stating that they most commonly and commonly use this promotion tool. These findings

thus rank exhibitions as the first tool in this category. However, based on practice, this is not continuously used since there are few symposia and conferences (scientific) held annually.

In public relations and publicity tools, 41.2% of pharmaceutical firms commonly use seminars to promote their products, followed by publications, and thereafter donations and contributions, which are used by 53.3% and 23.5 pharmaceutical firms. This means that their promotional activities are basically geared towards the professional bodies, and only participate in donations during calamities, to help, but not as a tool to create a positive image or recognition.

As for advertising, 70.6% of multinational pharmaceutical firms most commonly use brochures and bulletins as a means of advertising their products. This is followed by specialty journals most commonly used by 47.1% of multinational pharmaceutical firms. Among the print media, posters are used by 23.5% of these firms. In the electronic media, videos are most commonly used by 47.0% of pharmaceutical firms to promote their products. The use of print media more suggests the constraints faced by the firms – regulatory, as well as the cheapness of the media tool, and ease of utilizing it and ease of distribution.

With respect to the titles of individuals who prepare the marketing and promotional campaigns, the findings reveal that product and marketing managers account for 55.6% of the multinational pharmaceutical firms. However, the other 44% are spread among sales managers and regional/general managers. This suggests that some of the firms have still not incorporated the marketing heads in their organizations. Though some of this could be attributed to central marketing strategies prepared from head office or regional offices, which only need to be implemented locally. For effectiveness use of marketing within these firms, these departments needs to be created and given the task to initiate, to plan, to execute, and monitor all marketing activities in these firms. Only then will the full potential of each firm be sustained.

Analyzing the duration multinational pharmaceutical firms utilize to evaluate their promotional campaigns, the findings show that 58.8% quarterly evaluate their programs, followed 29.4% pharmaceutical firms which evaluate their campaigns half yearly. These two account for 88.2% of the multinational pharmaceutical firms. These findings therefore show that pharmaceutical firms constantly evaluate the promotional programs to assess their impact and the result accrued. This shows good marketing practice among the multinational pharmaceutical firms,

With respect to procedures for tracking and analyzing effectiveness of promotional activities, 83.3% pharmaceutical firms do have procedure in place to evaluate this activities. Among the most widely used is prescription, or script audits which is used by 46.7% pharmaceutical firms. This is followed by sales analysis/amount/return, with 20.1% pharmaceutical firms using these procedures. This shows that prescriptions generated through personal selling tools, are used to track and analyze the impact of the promotional activities by most of the firms. These show that a direct relationship can be attributed to the promotional tool used. However use of sales is also used which shows that returns in the farm of sales can be used to track and assess the impact of the promotional campaign, regionally or customer-wise.

An investigation of the promotional message strategies used by multinational pharmaceutical firms reveal that all these firms set strategies for their promotion mix. 94.1% of these firms always indicate 'who to communicate with' in their promotional message strategies, and 88.2%, indicate "when to communicate" and the "content of their communication" and "what means to communicate with". However the study reveals also that 29.4% of the multinational pharmaceutical firms sometimes "estimate the cost of communication", and 23.5% indicate sometimes, " how often to communicate", and "what the expected result should be", respectively. Further analysis reveal that 5.9% do not at all use message strategies to estimate the cost of communications.

Analysis of the target groups of promotional activities of multinational pharmaceutical firms reveals that specialist doctors are the largest grouping with 94.4% of these firms

targeting their promotion activities to them. These are followed by general practitioners as a group targeted by 61.1% of the firms. Pharmacists as a group are important to 70.6% of multinational pharmaceutical firms and are third in importance. The least targeted group are the parameds, with 31.3% these firms least targeting them. This implies that pharmaceutical firms need to understand the dynamics of the external environment and learn the newer roles played by this lower cadre's in the healthcare industry. The economic downturn has made healthcare expensive and thus people are turning to these "cheaper" practitioners who are equally trained and good to some extent.

Analysis of the products marketed reveal that 55.6% of pharmaceutical firms are marketing both prescriptions only as well as pharmacy only products. This implies that there is a general transition of most products from POM to P, further increasing the importance of pharmacists as a target group. This could mainly be due to loss of patents, entry of newer potent molecules or the economic downturn, which has reduced the purchasing power of consumers. Most are avoiding consultation fees, and buy their medicaments either OTC or through prescriptions given by pharmacist.

Investigations of the methods used to set promotional budget reveal that 58.8% of multinational pharmaceutical firms use percentage of sales to set the budget. 35.5% firms, which use budgeting, follow this, by task or objectives. Some 5.9% firms follow competition while setting their budget. The study thus shows, the nascent age of budgeting methods used in the industry. Most pharmaceutical firms still use sales whereas, setting of objectives and tasks then budgeting for them is more marketing oriented and professional way of carrying out the exercise.

5.2.1. Factors determining choice of promotional mix element

The research study has revealed that, overall, 70.6% of multinational pharmaceutical firms considers type of product, and profitability, respectively as the most commonly used factor that is used to determine the promotional mix elements to be used. About

64.7% of the pharmaceutical firms consider market competition as the second most commonly used factor to determine the tools to use. Availability of funds, company image and the type of message follow these. The least used is company policy as a factor in determining which tool to use.

Therefore it is evident that type of product plays a major role as a factor determining what tools to apply. It is notable that in the industry we have prescription only products, pharmacy only products as well as over the counter products. Thus it plays an important role in the selection. Also, all companies are driven by how profitable they are. Therefore profitability is also an important factor in determining which promotional tools are to be chosen, as each marketer looks at the returns on the investment, through the marketing effort.

LIMITATIONS OF THE STUDY.

The less usage of company policy could be attributed to the various geographical the firms operate in which vary, and also the nature and type of products they market which fall into various therapeutic areas. No single policy can drive all this to come up with a standard promotional campaign.

5.2.2. Factors impacting negatively on promotional activities of multinational pharmaceutical firms in Kenya.

The research findings indicate that lack of focus by 64.7% of the multinational pharmaceutical firms is the most critical factor impacting negatively on their activity. This is followed by ethical considerations, where 52.9% firms consider it critical. Regulatory factors however, both professional and government, about 70.5% firms consider as very critical factor negatively impacting on their activities of promoting medicinal products. On the hand, ad hoc marketing and preoccupation with short-term returns are the less critical factors with 37.5% and 29.4% firms respectively, indicated this as very critical factor negatively impacting.

These findings partly concur with the literature which suggest, regulatory, competition, lack of funds, lack of loyalty and absence of marketer at time of presenting as the problematic factors. The findings reveal the other factors in play such as over-reliance to head office and ethical considerations. Financial constraints as a factor are seen as not being important in impacting negatively as stated in the literature. The findings thus imply that pharmaceutical firms have to come up with strategies on how to downplay these factors, and find ways around the obstacles such as regulatory so as to be ahead of competition, and gain competitive advantage. More aggressive, sober promotional tools need to be applied.

5.3. LIMITATIONS OF THE STUDY.

The study was constrained by several factors:

- a) The refusal by most of the firms to answer the demographic part of the questionnaire inquiring on promotional budget as well as size of firm based on sales or assets. These could have been used for further statistical analysis to test for associations with respect to tools applied. Most of them said data was confidential.
- b) Lack of adequate time by executives targeted, as they were too busy to fill in the questionnaire. Some I had to literally visit them in person severally to get the questionnaires filled.
- c) Lack of free flow of information in the industry made it had to convince respondents to oblige. Some had to get authorization from their regional head offices. It is difficult to ascertain whether this problem made some respondents withhold some information or actually falsify it.

5.4. SUGGESTIONS FOR FURTHER RESEARCH

From this study, I recommend further research be carried out in the following areas:

- A study on the changes considered by multinational pharmaceutical firms in their promotional activities with the advent of the industrial property bill, 2000.
- A study to compare the promotional tools applied by multi national pharmaceutical firms with those used by branded generics companies as well as by generics companies.
- Lastly is a study to check the impact of liberalization, in particularly aspect of parallel importation of drugs, to establish its effect on the promotional activities of multinational pharmaceutical firms, or of generics companies.

APPENDIX I

Letter to respondents

University of Nairobi
Faculty of Commerce
Dept. Business Admin.
P.O. BOX 30197, Nairobi

16th June, 2001.

Respondent,

I am a graduate student at the university of Nairobi, at the faculty of commerce. In order to fulfill the degree requirements, I am undertaking a management research project on marketing practices followed by pharmaceutical companies in Kenya. The study is an empirical investigation of the application of promotional mix elements within national pharmaceutical companies.

APPENDICES

Your organization/company, which falls within the population of interest, has been selected for the first part of this study. This therefore is to kindly request you to assist me in this by filling out the accompanying questionnaire or according me an interview time and assist you fill it.

The information/data provided will be used exclusively for academic purposes. My intention is to assure you that the information you give will be treated with strict confidentiality. At no point will the name of your organization appear in the final report. A preliminary report with suggestions will be made available to your organization.

Your cooperation will be highly appreciated.

Yours faithfully,

JOHN M. MUTUCHI

Student

MR. J. M. MUTUCHI

Supervisor and Senior Lecturer, CoB

APPENDIX 1

Letter to respondents

University of Nairobi
Faculty of Commerce
Dept. Business Admin,
P.O.BOX 30197, Nairobi.

16th June, 2001.

Dear Respondent,

I am a post graduate student at the university of Nairobi, at the faculty of commerce. In order to fulfill the degree requirements, i am undertaking a management research project on marketing practices followed by pharmaceutical companies in Kenya. The study is titled; **“An empirical investigation of the application of promotional mix elements within multinational pharmaceutical companies in Kenya”**.

Your organization/ company, which falls within the population of interest, has 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 according me an opportunity to come and assist you fill it.

The information/ data provided will be used exclusively for academic purposes. My supervisor and i assure you that the information you give will be treated with strict confidence. At no point will the name of your organization appear in the final report. A copy of the research project with suggestions will be made available to your organization upon request.

Your cooperation will be highly appreciated.

Yours Faithfully,

JAMES K. OLE NAIKUNI

MBA student

MR. T.M. MUTUGU

Supervisor and Senior lecturer, UoN.

APPENDIX 2

QUESTIONNAIRE

Please answer the questions according to the instructions given.

PART A

- 1 Name of the company.....
- 2 Country of origin of your company.....
- 3 How long has your company been operating in Kenya?.....
- 4 What was your total number of employees as at the end of last year?.....
- 5 Do you have a sales/ marketing department?
 Yes No
- 6 Who prepares your marketing and promotion program? Please give title;.....
7. Designation of respondent.....
8. What was your total promotional budget in Kshs. during the last financial year?.....
9. Does your firm have a procedure of tracking and analyzing the effectiveness of your promotional activities?

 Yes No

If yes, please specify.....
10. What is the relative size of your organization in Kenya on the basis of any of the following; (using last years(2000) records).
 - (a) Sales turnover.....
 - (b) Capital employed.....
 - (c) Asset values.....

11. In your organizational structure, what is the position of the head of marketing department in relation to the other functional heads? (please tick)

<u>Dept</u>	<u>Higher</u>	<u>Same</u>	<u>Lower</u>
Finance	{ }	{ }	{ }
Human Resource	{ }	{ }	{ }
Information Technology	{ }	{ }	{ }
Operations	{ }	{ }	{ }

12. Who do you consider as your four major competitors in the industry?
(Please list in order of importance, 1 being most important and 4 least important)

1. 2.
3. 4.

13. On whom are most of your promotional activities targeted?
Rank in order of importance.

	V.Important	Important	Less important	Least Important
(a) Specialist doctors (e.g. Paeds)	{ }	{ }	{ }	{ }
(b) General Practitioners (G.P.)	{ }	{ }	{ }	{ }
(c) Clinical Officers	{ }	{ }	{ }	{ }
(d) Parameds (e.g Nurses)	{ }	{ }	{ }	{ }
(e) Pharmacists	{ }	{ }	{ }	{ }

14. What type of products do you market in Kenya?

{ } Prescription only (POM) { } Pharmacy only (P) { } Both

PART B

1. Please rank the following promotion mix elements in order of importance to your organizations' marketing activities, with 1st rank being most important, 2nd rank next most important and so on).

- (a) Advertising { }
- (b) Sales Promotion { }
- (c) Publicity and Public relations { }
- (d) Personal selling (one on one) { }
- (e) Direct marketing (e.g mailing) { }

2. After how long does the company evaluate the impact of your promotional campaign

- (a) months
- (b) Years

3. How often do you use price as a promotional tool?

{ } very often { } somewhat often { } rarely

4. On a scale of 1-5, how would you rank the relative importance of the following media vehicles as used by your company. 5 represent most commonly used and 1 never used.

	Most commonly Used	Commonly Used	Somewhat Used	Rarely Used	Never Used
	5	4	3	2	1
A. ADVERTISING					
(i) Electronic media:					
Radio	{ }	{ }	{ }	{ }	{ }
TV	{ }	{ }	{ }	{ }	{ }
Audio tapes	{ }	{ }	{ }	{ }	{ }
Videos	{ }	{ }	{ }	{ }	{ }

	5	4	3	2	1
(ii) Print Media:					
Newspapers	{ }	{ }	{ }	{ }	{ }
Magazines	{ }	{ }	{ }	{ }	{ }
Specialty Journals	{ }	{ }	{ }	{ }	{ }
Catalogues	{ }	{ }	{ }	{ }	{ }
Leaflets	{ }	{ }	{ }	{ }	{ }
Brochures and Bulletins	{ }	{ }	{ }	{ }	{ }
Posters	{ }	{ }	{ }	{ }	{ }
Others (Specify).....	{ }	{ }	{ }	{ }	{ }

(B) SALES PROMOTIONS:

(i) Give aways (calendars, diaries)	{ }	{ }	{ }	{ }	{ }
(ii) Exhibitions	{ }	{ }	{ }	{ }	{ }
(iii) Continuing Medical Education	{ }	{ }	{ }	{ }	{ }
(iv) Special discounts	{ }	{ }	{ }	{ }	{ }
(v) Bonus	{ }	{ }	{ }	{ }	{ }
(vi) Sponsorship (Specify).....	{ }	{ }	{ }	{ }	{ }
(vii) Others (Specify).....	{ }	{ }	{ }	{ }	{ }
(viii) Others (Specify)	{ }	{ }	{ }	{ }	{ }

(C) PUBLIC RELATION AND PUBLICITY:

(i) Press releases	{ }	{ }	{ }	{ }	{ }
(ii) Seminars	{ }	{ }	{ }	{ }	{ }
(iii) Donations/Contributions (e.g Charities/calamities)	{ }	{ }	{ }	{ }	{ }
(iv) Events (Specify).....	{ }	{ }	{ }	{ }	{ }
(v) Publications (Specify).....	{ }	{ }	{ }	{ }	{ }
(vi) Company Magazines	{ }	{ }	{ }	{ }	{ }
(vii) Community relations	{ }	{ }	{ }	{ }	{ }

(D) PERSONAL SELLING

- (i) Sales presentations (by Med. Reps) { } { } { } { } { }
- (ii) Sales meetings (Specify) { } { } { } { } { }
- (iii) Incentive programs (e.g. with trips) { } { } { } { } { }
- (iv) Samples { } { } { } { } { }
- (v) Contact by other staff
 - E.g. (a) Customer service { } { } { } { } { }
 - (b) Receptionist { } { } { } { } { }
- (vi) Other (Specify)..... { } { } { } { } { }

(E) DIRECT MARKETING

- (i) Mailings { } { } { } { } { }
- (ii) Telemarketing (phone) { } { } { } { } { }
- (iii) Fax mail { } { } { } { } { }
- (iv) Email { } { } { } { } { }
- (v) Mailing cards (e.g. birthdays) { } { } { } { } { }
- (vi) Other (specify)..... { } { } { } { } { }

5. Does your company make deliberate efforts in promotional activities towards creating a positive image towards your products?.

{ } Yes { } No

6. If yes, please specify the activities;

	Always	Sometimes	Not at all
(a).....	{ }	{ }	{ }
(b).....	{ }	{ }	{ }
(c).....	{ }	{ }	{ }
(d).....	{ }	{ }	{ }

7. To what extent do the following factors determine the choice of a promotion mix element to be used?

	Most Commonly Used	Commonly Used	Somewhat Used	Rarely Used	Never Used
	5	4	3	2	1
(a) Availability of funds	{ }	{ }	{ }	{ }	{ }
(b) Market competition	{ }	{ }	{ }	{ }	{ }
(c) Product life cycle	{ }	{ }	{ }	{ }	{ }
(d) Type of customers	{ }	{ }	{ }	{ }	{ }
(e) Type of product	{ }	{ }	{ }	{ }	{ }
(f) Skill of staff	{ }	{ }	{ }	{ }	{ }
(g) Company policy	{ }	{ }	{ }	{ }	{ }
(h) Profitability	{ }	{ }	{ }	{ }	{ }
(i) Suitability	{ }	{ }	{ }	{ }	{ }
(j) Company image	{ }	{ }	{ }	{ }	{ }
(k) Type of message	{ }	{ }	{ }	{ }	{ }
(l) Others (Specify).....	{ }	{ }	{ }	{ }	{ }
(m) Others (Specify).....	{ }	{ }	{ }	{ }	{ }

8. Does your company's promotional strategy specifically identify the following with regard to your promotion messages? (tick as appropriate)

	Always 3	Sometimes 2	Not at all 1
(a) Who to communicate with	{ }	{ }	{ }
(b) Where to communicate	{ }	{ }	{ }
(c) When to communicate	{ }	{ }	{ }
(d) How often to communicate	{ }	{ }	{ }
(e) What means to communicate with	{ }	{ }	{ }
(f) Content of communication	{ }	{ }	{ }
(g) Estimate cost of communication	{ }	{ }	{ }
(h) What the expected result should be	{ }	{ }	{ }

PART C

9. Please tick as appropriate;

Does your company; -

Always Sometimes Not at all

(a) Develop means of evaluating elements of a promotional mix? { } { } { }

(b) Evaluate competitors' promotional efforts against your own? { } { } { }

(c) Undertake media planning to identify the most effective elements (tools) of reaching your target customers? { } { } { }

10. What method does your company use to set the promotional budget?

{ } percentage of sales { } All available funds

{ } Follow competition { } Budgeting by task / objectives

11. Other promotional activities in line in the near future, please specify

.....

PART C

Please indicate in order of importance, other factors that you consider critical to your

1. Every company faces some problems in its operations; on the following scale, please indicate the relative importance of the following factors in how they negatively impact on your promotional activities.

(a) Specific to firm:

	Very Critical	Fairly Critical	Somewhat Critical	Critical	Not Critical
(i) Lack of focus	{ }	{ }	{ }	{ }	{ }
(ii) Financial constraints	{ }	{ }	{ }	{ }	{ }
(iii) Ethical consideration (Specify)..	{ }	{ }	{ }	{ }	{ }
(iv) Preoccupation with short term returns	{ }	{ }	{ }	{ }	{ }
(v) Inadequate market research	{ }	{ }	{ }	{ }	{ }
(vi) Inability to measure effectiveness	{ }	{ }	{ }	{ }	{ }
(vii) Too many products/brands	{ }	{ }	{ }	{ }	{ }
(viii) Ad hoc marketing regulations	{ }	{ }	{ }	{ }	{ }
(ix) Monotony of activities	{ }	{ }	{ }	{ }	{ }
(x) Regulatory constraints ; Govt.	{ }	{ }	{ }	{ }	{ }
; Professional	{ }	{ }	{ }	{ }	{ }
(xi) Overreliance on head office (specify)..	{ }	{ }	{ }	{ }	{ }
(xii) Culture of not advertising in Pharma.	{ }	{ }	{ }	{ }	{ }

(b) External factors

(i) Size of market	{ }	{ }	{ }	{ }	{ }
(ii) Competition	{ }	{ }	{ }	{ }	{ }
(iii) Technology changes (specify).....	{ }	{ }	{ }	{ }	{ }
(iv) Consumer purchasing power	{ }	{ }	{ }	{ }	{ }
(v) Liberalization (specify).....	{ }	{ }	{ }	{ }	{ }

APPENDIX 3

2. Please indicate in order of importance, other factors that you consider critical to your promotional activities in your company.

- (i)
- (ii)
- (iii)
- (iv)
- (v)

THANK YOU VERY MUCH FOR YOUR COOPERATION

APPENDIX 3

List of 25 Multinational Pharmaceutical companies :

1. 3M Healthcare
2. Abbott laboratories
3. AstraZeneca
4. Aventis Pastuer Ltd
5. Aventis Pharma
6. Bayer EA Ltd
7. Boehringer Ingelheim
8. Bristol Myers Squibb
9. Eli Lilly
10. GlaxoSmithkline
11. Grunenthal GBMH
12. Janssen Cilag
13. La Roche
14. Laboratoires Servier
15. Menarini Int.
16. Merck co.
17. Norvartis E.A. Ltd
18. Novo Nordisk
19. Pfizer Labs
20. Pharmacia Upjohn
21. Reckitt Benkiser
22. Sanofi Pharma
23. Schering AG
24. Schering Plough Corp.
25. Wyeth Ayerst

APPENDIX 4

The Act regulating drugs advertisements

shall be guilty of an offence.

instructed.

PART IV—MISCELLANEOUS PROVISIONS

36. (*Repealed by 8 of 1965, s. 41.*)

37. (1) Subject to this Act, no person shall take part in the publication of an advertisement referring to a drug, appliance or article of any description in terms which are calculated to imply that the drug, appliance or article may be effective for any of the purposes specified in the Schedule.

Prohibition of advertisements as to certain diseases, etc.
L.N. 365/1964.

(2) In proceedings for contravention of subsection (1), it shall be a defence for the person charged to prove that the advertisement to which the proceedings relate was published only so far as was reasonably necessary to bring it to the notice of one or more persons of following classes—

- (a) members of the National Assembly;
- (b) members of the governing body of a voluntary hospital;
- (c) duly qualified medical practitioners, dentists and veterinary surgeons;
- (d) registered pharmacists, authorized sellers of poisons and licensed wholesale dealers;
- (e) persons carrying on a business which includes the sale or supply of surgical appliances,

or that the advertisement was so published in connexion with an application for a patent submitted to the appropriate authority so far only as was requisite for the purpose of the application.

Ministry of Health.

The Pharmaceutical Journal of Kenya.

Buying, Measuring and Managing Brand.

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