"COMPETITIVE STRATEGIES OF HEALTH MAINTENANCE ORGANIZATIONS IN NAIROBI"

BY

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DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

SIGNED. ....**DATE** 30/10/2007

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

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DEDICATION

I would like to thank all those that helped me to ensure the success of this project. This includes; my dear husband, Martin and children, Jason and Nathan who were patient and very supportive when I had to be absent at some point, during the preparation of this research and ultimately the MBA Program, as I attended classes.

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ABSTRACT

Competitive strategy comprises of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position. It concerns what a firm is doing in order to gain a sustainable competitive advantage. This study therefore sought to find out the competitive strategies of Health Maintenance Organizations in Nairobi.

The objective of the study was to establish the competitive strategies of Health Maintenance Organizations in Nairobi. The study adopted a descriptive design in its methodology. Stratified sampling was adopted for this study. In this study all the 13 Health Maintenance Organizations in Nairobi were involved in the study. Primary data was collected by questionnaire method.

The result of the study showed that the major competitive strategies of by HMOs within the city include; being low cost leaders, having excellent customer service, training of staff, effective recruiting policies and better facilities. On the other hand HMOs also used their subscription fees to achieve competitive advantage; include fees based on client category and fees being similar but of better value.

CHAPTER ONE: INTRODUCTION

1.1 Background

1.1.1 Competitive Strategies

Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson & Strickland, 2002). It concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (1985) outlines there are three approaches to competitive strategy: Striving to be the overall low cost producer, i.e. low cost leadership strategy, seeking to differentiate one's product offering from that of its rivals, i.e. differentiation strategy and focus on a narrow portion of the market, i.e. focus or niche strategy.

The usefulness of strategy equally entrenched further by Aosa (1998) in his argument that strategy is of value to managers when dealing with problems that are potential to their management. Competitive strategies are therefore a result of strategies management. Pearce and Robinson (2002) concludes that strategy is a reflection of a company's awareness of how to compete against whom, when, where and for what. The challenges of doing business in a fast changing environment have forced management to break up bureaucratic "silos" that fragmented energy upwards in firms instead of outward to customers replacing them with boundary-less communication networks that have nurtured self-directed work groups guided by ownership and accountability (Porter, 1985). Today's leader's then must rely on core values to keep the organization well centered and balanced. Value based leadership offers managers at all levels the opportunity to affect the organization's culture positively and powerfully. Some firms have stalked their competitors' most profitable products with their own and stolen the rewards; a concept called "cram skimming" (Pearce & Robinson1997). In this the firm lets competitors do the groundwork, develop the market and customers and build the healthiest profits of its entire business. Then after assessing the situation, the company steps in with its own product or service, usually an improved version and walks away with the customers.

1.1.2 Health Maintenance Organizations in Kenya

Health Maintenance Organizations (HMOs) are health insurance agencies that provide heath facilities and services to registered members at a fee. Kenya is estimated to have about 10 large and medium sized HMOs, who between them support about 200,000 medically covered persons. For registration, the capitalization requirements of HMOs are Kshs 25 million for organizations that conduct total business below Kshs 250 million annually. HMOs whose annual business is over Kshs250 million need to top up their capital base at a ratio of Kshs 1 million for every Kshs 10 million of business, maintaining capitalisation at 10 per cent of collected premiums. PKF (2005)

Health maintenance organizations may be considered relatively new in Kenya (Okanga 2001). However, Druly (1996) and Kongstvedt (1997) trace HMOS to have been in existence in Britain and USA since 1910. The HMOS are basically organized health plans that are responsible for both financing and delivery of specified set of health care services for a pre-paid fixed fee.

According to Mbatia (1997) the health sector in Kenya has gone through a lot of changes since independence from the dominantly government provided healthcare to cost sharing regime. The Government expenditure on health has continually declined against increasing population and rising cases of costly diseases such as HIV/AIDS Tuberculosis and Malaria (World Bank, 1993, human development report, 1999). The effect of this trend has been poor health care provision in strained facilities where congestion and drugs shortages have been the norm. The introductions of cost sharing in public hospitals did not help the situation as it only made people to pay more for deteriorating health services. (Human development report, 2001).

The alternative private sector has been described as very expensive for the population of majority poor. These have proved inadequate and often leave the person with the burden of medical bills to pay (Human Development report 2001). The insurance firms on the other hand have been financing health care based on pay first and claim reimbursement after treatment. This presents the clients with the problem of raising deposits for treatment as required by most of the private hospitals. It is against this background that health management organizations have joined the health service provision sectors.

The HMOs finance and provide health services. This distinguishes them from the other health institutions that offer only health services and from the traditional insurance firms that only offer financial benefits to their customers (Okanga, 2001, Alumila, 2004). Health services are intangible and hence the perceived image or quality of the product is difficult to verify. The entrance of Health Maintenance Organizations (HMOs) in early 1980s introduced a new dimension of health services (Beckman, 1997: Litali 2003). The HMOs have been in existence in Kenya for the last 20 years and serve a population of about 300,000 out of the 28.7 million Kenyans (Jagi, 2004).

From 1990, the country has been characterized by a significant growth in the number of HMOs. This has created aggressive competition in the health care sector (Litali, 2003 Irungu, 2004). Each health care provider has to locate itself in the minds of the consumers against the established government health care services, the provider hospitals, faith healers, traditional medicine practitioners, nutritionists and other HMOs. The firms have to distinguish themselves from the mainstream insurance firms and other health institutions and stand out as filler of unmet needs of health care consumers. Kotler (2003) suggests that they may have to create a hole or space in the mind of the consumers which they have to competently fill.

Like other services, health services are inconsistent and hence difficult to create a stable or consistent perception. As such, the marketer may have to do both the service and institution marketing to build the organizations image (Zeithami and Bitner, 2004).

The good name of the organization can help to sell the services better than the service advertising campaigns alone. Inseparability makes the interaction between the service provider and the consumer very crucial; the service supplier primarily influences the service quality as seen by the consumer. This requires the service provider to create an acceptable interface between the buyer and the seller that would make the buyer sell the service by word of mouth (Gakombe and Gilmore, 2003)

The proposed introduction of compulsory National Social Health Insurance Fund poses a serious market share problem for the HMOs. As individuals and corporate members may not contribute twice for the same service, there are fears that they might take the mandatory one and pullout of the private providers. The HMOs are business firms and the challenges of declining economic performance, retirement and dominant low-income market impact heavily on the appeal of their services. The situation is made worse by the escalating cost of care resources, high poverty levels, high rates of HIV/AIDS infection, unemployment, fraud and road accidents. The cultural backgrounds that create negative attitudes and beliefs towards prepaid health care services keep away the potential consumers. With this kind of environment, Mogusu (2004) observes that it is not easy to run a Health Maintenance Organization in Kenya.

According to Mbatia (1996) Health services have been described as very expensive especially where the consumer is looking for specialist care or even quality care. The HMOs facilitate the financing of health. This is seen as major milestone towards making health services from the private providers affordable (Okanga, 2000). Kotler (2003) suggests that constant services improvement has to be the theme of the service management. Barkowitz et al (2003) adds that a service provider has to use meaningful service differentiation to cater for individuals and corporate/group buyers and at the same time distinguish itself from competitors. Kotler (2003) observes that advertising is important but works better when combined with other promotion. The HMOs must decide whether to promote the service brands or their organizations.

1.2 Problem Statement

Health Maintenance Organizations in Kenya are faced with numerous challenges. Customer demands and expectations, general economic decline, government laws and regulations and unorthodox intra industry competition are but some of the challenges (Ndubai 2003). Wasunna (1999) states that due to non-availability of drugs at public hospitals, many patients have to rely on HMOs. This has led to an increase in the number of HMOs, and increase in level of competition. The entry of health Maintenance Organizations has not made the challenges easier.

Several studies have been carried out on strategic response of firms to the changes in the environment in a number of industries, Kombo (1997),Njau (2000), Mwarania (2003), Mugambi (2003) and Mutua (2004), (Mpungu 2003) and 'Positioning strategies used by Health Maintenance Organizations in Kenya'(Kisyoka, 2006).

In these studies, it was generally found that firms adjusted their strategic variables depending on their uniqueness to ensure survival. This study therefore is meant to fill the void on what strategies HMOs apply to compete in this crowded and challenging setting. The question addressed was: What competitive strategies were Health Maintenance Organizations in Nairobi using to cope with competition?

1.3 Objective of the study

The objective of this study was to establish the Competitive Strategies that were used by Health Maintenance Organizations in Nairobi.

1.4 Importance of the Study

The issues to be raised in this study, and the results thereof, will be valuable to researchers, policymakers and practitioners. The finding of the study will be important to HMOs as they will use the findings of this research to evaluate themselves and forge forward with their competitive strategies to gain market leadership and maintain competitive edge. This study will provide a valuable insight to industry players who, henceforth, will take competition to a higher level, wherein, such competition will be on the basis of corporate values.

This study will provide pertinent information for policymaking and planning in the industry. Policymakers will, hence, be able to make informed strategic decisions in the light of increased competition, environmental pressures and awareness. This study will endeavor to give recommendations that will enable the industry survive. The study will inform other interested parties, e.g. the public on the internal strategies by HMO's in provision of healthcare services. To scholars, the study will contribute to the body of knowledge on competitive strategies by HMOs specifically.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Strategy

The word strategy comes from the Greek word "strategos' which means the art of general or commander-in-chief. Strategy is a much used and abused word and means different things to different people and organizations. Ansoff (1965) warned that strategy is an elusive and somewhat abstract concept. This is expected when dealing with an area that is constantly changing. Pearce and Robinson (1991) define strategy as large-scale future oriented plans for interacting with competitive environment to achieve company objectives. It is the company's 'game plan'. While it does not detail all future development of resources, it provides the framework for managerial decisions. A strategy reflects company's awareness of how and where they should compete and for what purpose.

Mintzenberg and Qiunn (1996) define a strategy as the pattern or plan that integrates organizations major goals, policies and action sequence into a cohesive whole. Porter (1996) states that strategy is creating a fit among a company's activities. The success of a strategy depends on doing many things well not just a few and integrating them. If there is no fit among activities, there is no distinctive strategy and little sustainability.

Thompson and Strickland (1993) define strategy as the pattern of organizational moves and managerial approaches used to achieve organizational objectives and pursue organizational mission. Strategy is the match between an organization's resource and skills and the environmental opportunities it wishes to accomplish (Schendel and Hofer 1979). It is important to provide guidance and direction for the activities of the organization. Strategy can also be seen as the process of deciding a future course for a business and has a role on organizing and steering the business in the attempt to bring that future course.

Aosa (1998), states that strategy is creating a fit between the external characteristics and internal conditions of an organization to solve a strategy problem. The strategy problem is a mismatch between the internal characteristics of an organization and its external environment. The matching is achieved through development of an organization's core capabilities that correlate to the external environment enough to enable the exploitation of opportunities existing in the external environment and organizations internal capabilities.

In essence, strategy has to do with understanding when an organization will go in the future and how it will get there through the configuration of its resources within a changing environment to meet the needs of the market and fulfill the stakeholders expectations. As the environment is always changing, an organization must configure its resources to match the changes. The changes may be mild or turbulent but must be marched accordingly by appropriate strategy.

Most organizations owe their initial success to a unique strategy positioning that is usually acquired through clear trade offs and in the alignment of activities to its positioning. However, through passage of time and pressure of growth, compromises are made and incremental additions of services or products and imitation of rivals become the norm. It is at this point that an organization begins to lose its clear competitive positive strategy. Strategic positioning is therefore a continuous process that is often not obvious but requires insight and creativity on the part of managers (Porter, 1996). An organization must configure its resource and strategies to result in the most appropriate response to environmental changes which often tend to be turbulent and discontinuous.

2.2 Competition and Its Challenges to Organizations

According to Ansoff and McDonnell (1990) organizations are environment dependent and environment serving. Organizations are in a constant two-way interaction with the environment. They receive inputs from the environment, transform or add value to them, and return the outputs in form of goods and services back to the environment. They therefore affect and are affected by what happens in the external environment, which is beyond the organization's control. Environmental change creates pressure for change in the organization and this means that they have to respond to relevant external change to ensure that they survive.

According to his study Miller (1998) stipulates that organizations exist in a complex commercial, economic, political, technological, cultural and social environment. These environmental changes are more complex to some organizations than for others. For survival, an organization must maintain a strategic fit with the environment. The environment is important and an organization has to respond to its dynamism, heterogeneity, instability and uncertainty (Thompson, 2002). In addition, the competitive environment has been and continues to be driven by technological innovations, globalization, competition, extreme emphasis on price, quality and customer satisfaction. As a result, organizations must continuously create and innovate in order to stay relevant and be successful.

He further states that a sustainable competitive advantage is achieved when there is a strategic fit between the external and internal environment. An organization's external environment includes the economic forces, the social-cultural, demographic, political and technological factors, while its competitive environment includes competitors, customers and suppliers. This external component should have a strategic fit with the internal environment, which includes the organization's systems, policies, resource capability and its corporate culture (Pearce and Robinson, 1997).

Wooldridge& Floyd (1990) notes that, the environment is a critical factor for any organization's survival and success. It should be seen as a biosphere in which individuals and organizations live over the long term and as a community project in which to be actively involved. It is a resource to be managed and to be shared, hence the need to effectively manage the value chain system and establish collaborations, partnerships and to get involved in social responsibility to enrich this resource and enhance the corporate image of the organization. It is noted that, many organizations are now more than ever being involved in social responsibility activities since a good corporate image can also be a source of competitive advantage. It is imperative that managers apply critical investigation into the realities of the changing environment of this millennium through enlightened diagnosis of the problems it poses.

The political and economic environment for example, can influence the lifestyles and the health of the people. This same environment should also be seen as a system, which calls for profound understanding in order to improve decision-making and to recognize the links between the past, present, and the future and between local and global matters. This necessitates that strategic managers therefore, view the environment in all its context and perspective and understand the concept of strategic management.

These five forces driving industry competition are, the threat of potential entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products of services and intensity of rivalry among firms in industry.

2.2.1 The Threat of New Entrants

The seriousness of the threat of entry depends on the barriers present and on the reaction from existing competitors that the entrant can expect. If barriers to entry are high and a newcomer can expect sharp retaliation from the entrenched competitors, obviously he will not pose a serious threat of entering. New entrants to an industry bring in new capacity, the desire to gain the market share and substantial resources. Companies diversifying through acquisition into the industry from other markets often leverage their resources to cause a shape up. There are six sources of barriers to entry. These are economies of scale, product differentiation, capital requirements, cost disadvantage, independent of size, access to distribution channels and government policy through licensing controls. (Pearce II and Robinson, (2002), Porter, 1985).

A high risk to of entry by potential competitors represents a threat to profitability of established companies. But if the risk of entry is low, established companies could take advantage of this opportunity to raise prices and earn greater profits.

2.2.2 Bargaining Power of Suppliers

Harvey (1988) stipulates that suppliers can exert pressure on participants in an industry by raising prices or reducing the quality of purchased goods and services. Bargaining power of suppliers refers to the ability of suppliers to raise input prices, or to raise the cost of the industry in other ways.

Powerful suppliers can thereby squeeze profitability out of an industry unable to recover cost increases in its own prices. By raising their prices, for instance, soft drink concentrate products have contributed to the erosion of profitability of bottling companies because the bottlers, facing intense competition from powdered mixes, fruit drinks and other beverages, have limited freedom to raise their prices accordingly.

2.2.3 Bargaining power of Buyers

Harvey (1988) also states that customers can likewise force down prices, demand higher quality or more service and play competitors off against each other, all at the expense of industry profits. The bargaining power of buyers refers to the ability of buyers to bargain down prices charged by companies in the industry or raise costs of companies in the industry by demanding better product quality and service. It is concentrated or purchased in large volumes. Large volume buyers are particularly potent forces if heavy fixed costs characterize the industry as they do in metal containers, corn refining and bulk chemicals (for example which raise the stakes to keep capacity filled).

A company's choice of suppliers to buy from or buyer groups to sell to should be viewed as a crucial strategic decision. A company can improve its strategic posture by finding suppliers or buyers who possess the least power to influence it adversely. Abeka (1999) found that industries players were responding to customers' demands. Firms were found to have become more innovative and sought new ways of approaching the changed environment. They use strategies such as improved customer service, credit facilities, fuel cards and provision of convenience goods and services.

2.2.4 The Threat of Substitute Products

In modern business, e-commerce is fast becoming a major substitute to supermarkets (Kotler, 2001). The existence of close substitutes is a strong competitive threat because this limits the prices the companies in an industry can charge for their products and services.

2.2.5 Rivalry among Existing Competitors

Rivalry among existing competitors takes the familiar form of jockeying for position using tactics like price competition, product introduction and advertising slug tests. Intense rivalry is related to the presence of a number of factors. If competitors are numerous or are roughly equal in size then industry growth is slow, precipitating fights for market share that involve expansion-minded members. If fixed costs are high or the product is perishable, then there is a strong temptation to cut prices (Porter, 1985).

2.3 Competitive Strategies

In his definitive work on competitive strategy, Porter (1985) propelled the concept of strategy and competitiveness into the foreground of strategic thought and business planning. The nature and degree of competition in an industry hinge on five forces; the threat of new entrants, the bargaining power of customers, the bargaining power of suppliers, the threat of substitute products or services and the jockeying among the contestants. The essence of strategy is coping with competition and appreciating how Porter's Five Forces shape a firm's business strategy. The purpose of competitive strategy is to establish a profitable and sustainable position against the forces that determine industry competition.

Porter (1980) asserts that the corporate strategist's goal is to find a position in the industry where his company can best defend itself against these forces or influence them in his favour. Knowledge of the underlying five competitive forces provides the groundwork for a strategic agenda of action. "They highlight the critical strengths and weaknesses of the company, animate the positioning of the company in its industry, clarify the areas where strategic change may yield the greatest payoff and highlight the places where industry trends promise to hold the greatest significance as either opportunities or threats" (Porter 1980). There are a variety of competitive strategies that organizations can adopt. Some of these are, cost leadership strategy, differentiation strategy and special focus strategy (Porter, 1980).

The aim of a cost leadership strategy is to achieve an overall lower cost than one's competitors without reducing comparable product/service quality. To do this requires a high volume of sales in order for low cost organizations to structure themselves in such a w ay that they can achieve economies of scale. This strategy, requires the "aggressive construction of efficient scale facilities, vigorous pursuit of cost reduction from experience, tight cost and overhead control, avoidance of marginal customer accounts and cost minimization in areas like Research & Development, services, sales force and so on" (Porter, 1980).

According to Ansoff (1988), differentiation strategy is based on achieving an industry-wide recognition of different and superior products and services compared to those of other suppliers. This recognition can be accomplished through the design of special brand images, technology features, customer service or higher quality, all of which have implications for the structure and operation of companies.

According to Harvey (1988), achieving differentiation is likely to result in insulation against competitive rivalry due to securing customer loyalty. The resulting competitive advantage also leads to increased returns, sometimes through making customers less sensitive to high product price. Specialization by focus strategy is concerned with selecting (focusing upon) only certain markets, products or geographic areas in which to compete. Porter (1990) argues that by focusing in this way, it becomes feasible for a firm to dominate its chosen area(s). The method of achieving domination could either be through cost advantage or product differentiation.

According to Porter (1980), such niche markets must have certain characteristics, which distinguish them from the market in general.

> "…the target segment must either have buyers with unusual needs or else the production and delivery system that best serves the target must differ from that of the other industry segments ….."

If the niche market grows, or it is incorporated into a larger market, then market dominance is unlikely to be retained. In such circumstances, the previously dominant organization will find itself having to compete for market share with others. In effect, the rules of the game change and a different strategy is required to either market, or adapt, thereby neutralizing the other competitors' cost advantage (Porter, 1985).

There are as many competitive strategies as there are competitors. However, beneath the subtleties and superficial differences, there are impressive similarities between different competitive strategies when one considers a company's market target and type of competitive advantage the company is trying to achieve (Thompson and Strickland, 1998). Porter named these strategies generic because they are not firm or industry specific. They can be applied to a firm in any industry.

2.3.1 Cost Leadership Strategy

Harvey (1988) describes this as striving to be the overall low cost provider of a product or service that appeal to a broad range of customers. Cost leadership strategy is one in which a firm strives to have the lowest costs in the industry and offers its products and services to a broad market at the lowest prices. A cost leader's basis for competitive advantage is to lower overall costs than competitors. Successful cost leaders are exceptionally good at finding ways to drive costs out of their business.

According to Ansoff (1988), the aim of cost leadership strategy is to open up a sustainable cost advantage over competitors and then use the firm's lower cost edge as a basis for either under-pricing competitors, gaining market share at their expense, or earning a higher profit margin selling at the going market price. Firms acquire cost advantages by improving process efficiencies, accessing lower cost materials, making optimal outsourcing, vertical integration decisions or avoiding some costs altogether.

According to Thompson and Strickland (1998), a cost leadership strategy has several advantages. Firms that practice this particular strategy have sufficient capital skills, experienced staff and efficient distribution channels. The cost advantage protects a firm from new entrants hence reducing competition. However, the risk of cost leadership is that competitors may leap frog the technology and production capabilities, hence eliminating the competitive advantage acquired from cost reduction.

Broad Cost Leadership Strategy

According to Porter (1985), a Broad Cost leadership strategy targets many markets and a disparate cross section of customers. The firm's breadth is often important to its cost advantage. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of Economies of Scale, proprietary technology, preferential access to raw materials, etc. This generic strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its products either at average industry prices to earn a profit higher than that of its rivals, or below the average industry prices to gain market share. In the event of a price war, the firm can maintain some profitability while the competition suffers losses. Even without a price war, as the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a longer period of time.

Narrow Cost Leadership Strategy

A Narrow Cost leadership strategy may consist of highly focused strategies that may target a very small number of segments, possibly one.

Here a business seeks a lower-cost advantage in just one or a small number of market segments. The product will be basic - perhaps a similar product to the higher-priced and featured market leader, but acceptable to sufficient consumers. (Porter 1985)

2.3.2 Differentiation Strategy

Differentiation is where the Organization creates differential advantage through features or services that sets it apart from others in the market. Pearce and Robinson (1997), asserts that the essence of differentiation is to be unique in ways that are valuable to customers and that can be sustained for a company to be successful in the strategy, it has to study buyers needs and behaviour carefully to learn what they consider important, with value and what they are willing to pay for it. There is no limit to a firm's opportunities depending on the nature and characteristics of the product. The advantage or Uniqueness may be in the form of customer service, design, brand image or technology (Porter 1980). Differentiation extends beyond the characteristics of the product or service to encompass every possible interaction between the firm and its customers. Differentiation strategies are not about pursuing uniqueness for the sake of being different but about understanding the product or service and the customer (Grant 1998). Differentiation insulates royalty by customers and resulting lower sensitivity to price.

Broad differentiation strategy

Thompson and Strickland (1993) give this strategy as seeking to differentiate the company's product offerings from rivals in ways that will appeal to a broad range of buyers. The value of differentiation commands a premium price. In differentiation there is perceived quality and signals of value, whether real or not. The advantage of differentiation strategy is that the perceived quality insulates a company from threats from many of the five forces that determine the state of competition in an industry.

Narrow differentiation strategy

This strategy is about identification of a particular customer segment or geographical market and coming up with products suitable for that segment. It is build around serving a particular target very well and once the segment is identified, then the firm may pursue either cost or differentiation strategies (Porter, 1980). Target segment may be defined by geographical uniqueness, specialized requirements in using the product or by special product attributes that appeal only to segment members. It seeks a cost advantage in its target segment (Porter, 1980).

Differentiation-focus strategy concentrates on a particular buyer group, product line segment while seeking differentiation in its target segment. It seeks to offer segment members something they perceive is better. According to Porter (1985), the target market segments must either have buyers with unusual needs or else the production and delivery systems that best serve the market segment must differ from that of other industry segments. Focusing in attractive where the segment has good growth potential and the focusing firm has the capabilities and resources to serve the targeted niche effectively. For most firms, the ultimate aim is to make profit and to develop a distinctive competence greater than its competitors. The profit potential in an industry depends on the collective strength of the five competitive forces that determine industry attractiveness (Porter, 1980).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research used a descriptive survey method to assist the researcher to identify the competitive strategies adopted by Health Maintenance Organizations. Mugenda and Mugenda (1999) notes that a descriptive research attempts to collect data from members of a population helps, the researcher to get the description of the existing phenomena by asking individuals about their perceptions, attitudes, behaviour or values.

3.2 Population

The population of interest consisted of all Health Maintenance Organizations in Nairobi, which are fourteen (14) according to the Kenya Medical Directory (2007).

The companies will therefore be surveyed as a census.

3.3 Data Collection

This study used primary data. The data was collected using a questionnaire containing both structured and unstructured questions. The questionnaires were administered using the "drop and pick later" structured questionnaire (See Appendix 1). In the questionnaire, both open ended and closed questions were asked. Follow-ups were made to ensure collections of the questionnaires in time, as well as assist respondents in any difficulty encountered in completion of questionnaires. In each company, senior management staffs in HMOs such as the Planning and Operations Managers were required to fill the questionnaires.

3.4 Data Analysis

The data collected was analyzed using descriptive statistics. This involved the use of frequency tables, percentages, rank ordering, and means scores. Frequency tables were used for arraying data obtained to facilitate working out percentages in order to address Section A, i.e. Background of the respondents. Rank ordering were used to help the researcher to rank different attributes/variables in the order of their representation to address Section B, of the questionnaire and the Likert scale, were also used in this section.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter gives a detailed analysis of the data collected and presents the findings. The data has been analyzed and presented in form of frequency tables, percentages, means and standard deviations. The first section presents an analysis of the respondents profile in frequency tables, charts, graphs and percentages. The second part presents an analysis of the firms' extent of application of competitive strategies.

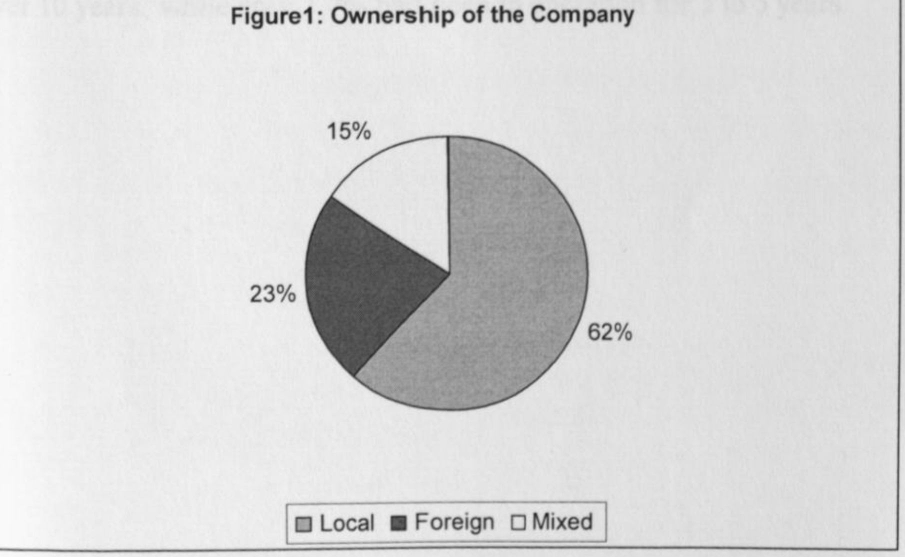
Mean scores were used to determine the extent of competitive strategies by internet service providers on a 5-point Likert scale ranging from "very large extent" (5) to "no extent" (1) questions. Standard deviations were used to determine the varying degree of the expanded definitions of the dimensions of competitive.

4.2 Profile of Companies Studied

4.2.1 Ownership of the Company

This part sought to find out the ownership of the HMO, the results are as indicated in the pie chart below.

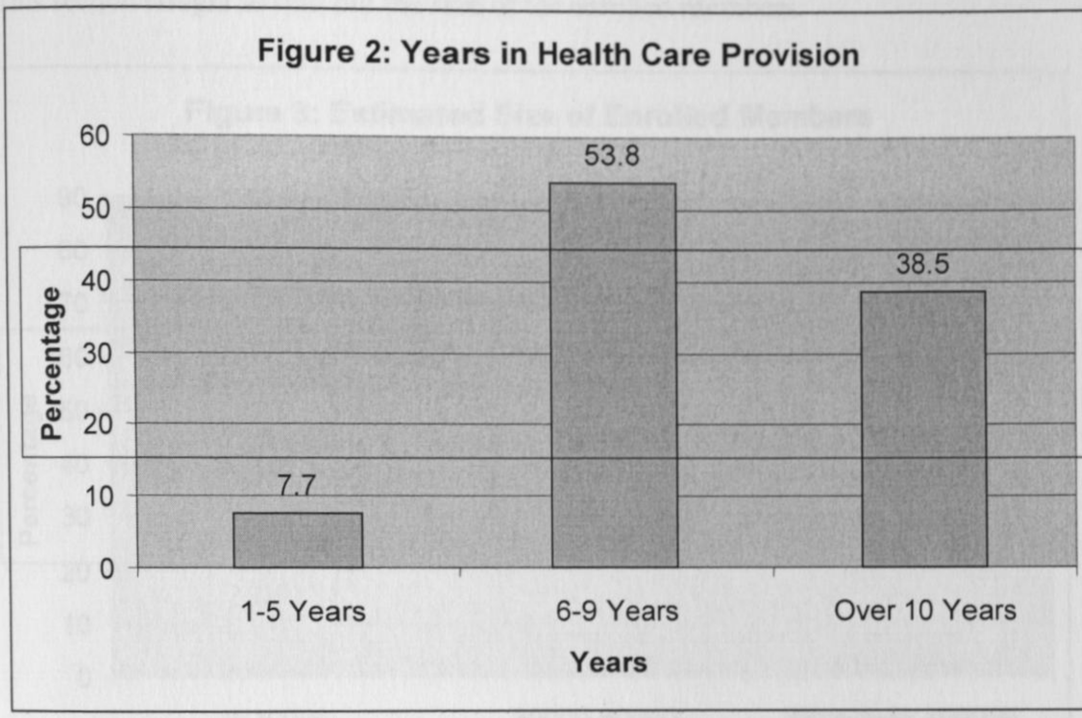
Figure1: Ownership of the Company



As can be seen from the above chart, 62% of the HMO's involved in the study were locally owned, 23% were foreign owned while only 15% were both locally and foreign owned.

4.2.2 Years in Health Care Provision in Kenya

This section was to find out the years of the HMO in health care provision in the country.

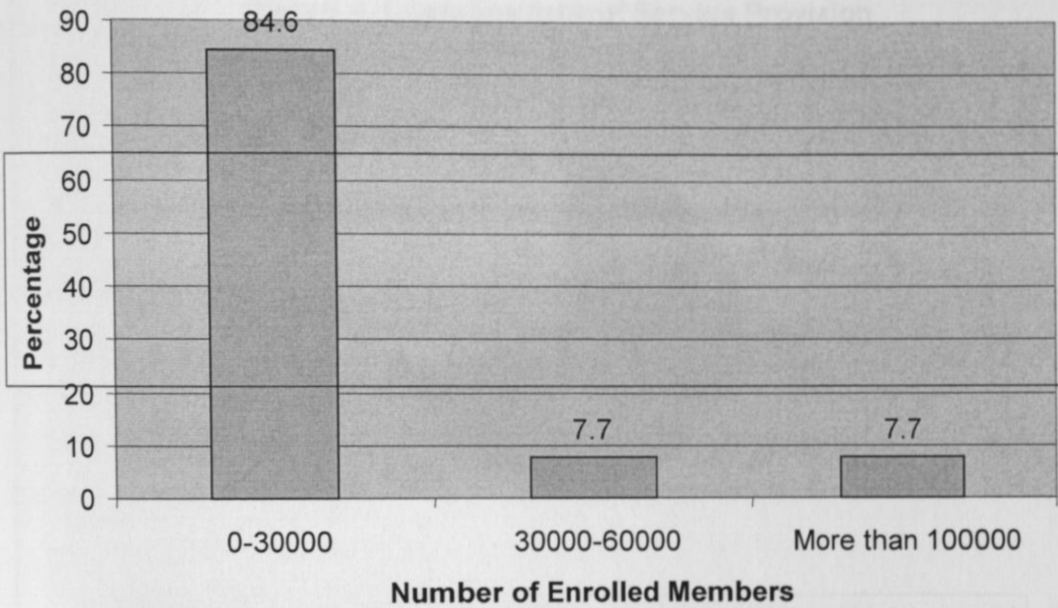


As can be seen from the above graph, majority of the HMOs had been in operation for 6-9 years comprising of 53.8% of the total population, 38.5% had been in operation for over 10 years, while only 7.7% had been in operation for 1 to 5 years.

4.2.3 Size of Enrolled Members

This section sought to find out the size of the enrolled members.

Figure 3: Estimated Size of Enrolled Members

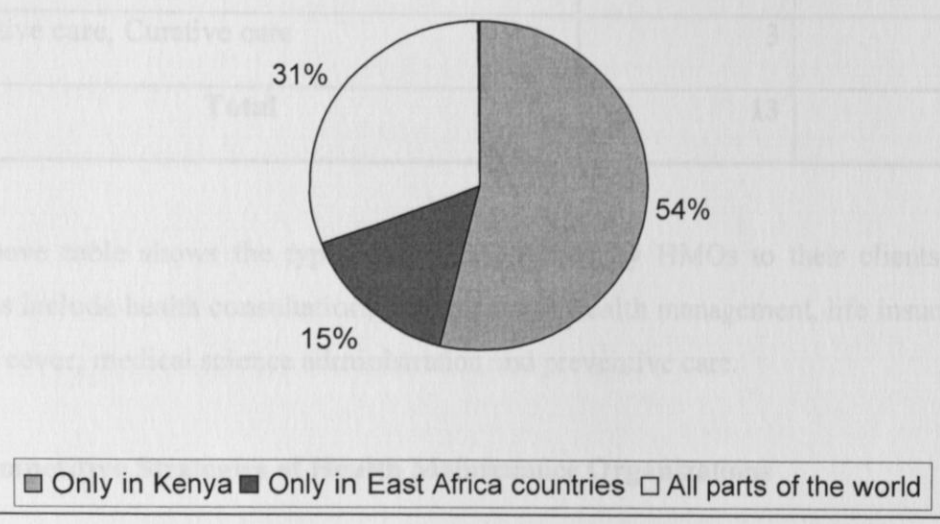


The above graph shows that majority of the HMOs comprising of 84.6% had an estimated number of less than 30 thousand members, 7.7% had members between 30 thousand and 60 thousand while 7.7% had members in excess of 100 thousand.

4.2.4 Coverage Area of Service Provision

This part was to find out the HMOs are of service operation. This is shown in the pie chart below

Figure 4: Coverage Area of Service Provision



Majority of the HMOs comprising of 54% operated only Kenya, 31% operated in all parts of the world while 15% operated only in East Africa.

4.2.5 Type of Health Services Provided

This section was to find out the types of health services that HMOs provided to their clients.

Table 1: Type of health services provided

Type of health services	Frequency	Percent
Health consultation, medical cover	2	15.4
Health management	3	23.1
Life Insurance, In patient cover, Out patent	3	23.1
Medical brokerage, Medical science administration	2	15.4
Preventive care, Curative care	3	23.1
Total	**13**	**100.0**

The above table shows the type of services offered by HMOs to their clients. These services include health consultation, medical cover, health management, life insurance, in patient cover, medical science administration and preventive care.

4.3 Competitive Strategies of Health Maintenance Organizations

The objective of this study was to find out the competitive strategies of Health Maintenance Organizations in Nairobi. Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure, improve its market position and respond to the environment. This is because organizations are in a constant two-way interaction with the environment. They receive inputs from the environment, transform or add value to them, and return the outputs in form of goods and services back to the environment. In order to determine the extent of application of competitive strategies by Health Maintenance Organizations the following dimension of the strategy were considered; quality indicators, consumer benefits and services offered. A 5-point Likert scale was used to determine the extent of application of each dimensions of the strategies mentioned. Data was analyzed using mean scores and standard deviations.

4.3.1 Quality Indicators

This section sought to find out the extent of application of quality factors as a competitive strategy by the HMOs. The results are as shown in the table 2 below:

Table 2: Quality indicators (N=13)

Strategy related to Quality	Mean Score	Std. Deviation
Response to customers	5.00	.000
Competent to workers	4.77	.439
Provision of variety to clients	4.77	.439
Privacy and confidentiality of clients	4.77	.439
Simple enrollment procedures	4.62	.506
Using efficient process	4.54	.519
Quality assurance to clients	4.38	.506
Empathy to clients	4.38	.870
Efficient management of claims	4.23	.725
Reliability from credible workers	3.92	.954
Customer education	3.62	1.387

It can be seen from the table above that the strategy of response to customers and Competent workers were greatly applicable by the HMOs, with mean scores of 5.00 and 4.77, respectively. On the other hand reliability from credible workers and customer education were the least applied by the HMOs, with mean scores of 3.92 and 3.62, respectively.

4.3.2 Consumer Benefits

This section sought to find out how the HMOs involved in the survey considered the following consumer benefits in packaging their services.

Table 3: Extent of application of consumer benefits (N=13)

Strategy related to consumer benefits	Mean	Std. Deviation
Customers visit facilities accessible	4.62	.506
Confident customer care	4.62	.506
Accurate responses to clients	4.54	.877
Convenient mode of payment	4.38	.506
Offer premium quality	4.38	.506
Assurance communication	4.31	1.109
Competent error handling services	4.23	1.013
Availability when needed	4.08	1.038
Affordable mode of payment	4.00	.913

It can be seen from the above table that, making Customers' visit facilities more accessible and confidence in customer care were the leading factors applied by the HMOs, with a mean score of 4.62, while availability when needed and affordable mode of payment were the least applied by HMOs, with mean scores of 4.08 and 4.00, respectively.

4.3.3 Services Offered

This part sought to find out the services offered by HMOs to their clients and to what extent each service was applicable as a competitive strategy.

Table 4: Extent of services offered.

Strategy related to Products offered	Mean	Std. Deviation
Direct health care provider only	4.69	.751
Providing emergency health care	4.38	1.502
Insurance service	4.31	1.316
Health service broker	4.15	1.463
Provide selected care	3.92	1.382
Health financing only	3.38	1.325
Health care financing	2.15	1.144

This table shows that health service brokerage, direct health care provision and provision of emergency health care were greatly provided by the HMOs, with mean scores of 4.69 and 4.38, respectively. Health financing only and health care financing were least provide by the HMOs, with mean scores of 3.38 and 2.15, respectively.

4.3.4 Service Market as a Positioning Strategy

Service marketing is important to ensure that a company targets a niche market to ensure success in provision of its products and have a competitive edge against its competition. This section sought to find out from the respondents the extent of the following user categories as constituting their market.

Table 5: Extent of user categories as a service market (N=13)

User category	Mean	Std. Deviation
Family households	4.15	.801
Non Governmental organizations	3.77	.832
Business individual	3.54	1.266
Private companies	3.38	.961
Government institutions	3.31	1.932

It can be seen from the above table that family households and NGOs comprised most of the HMOs service markets, with mean scores of 4.15 and 3.77, respectively. On the other hand government institutions and private companies formed the least service market among the HMOs, with mean scores of 3.38 and 3.31, respectively.

4.3.5 Response to Competition

The purpose of competitive strategy is to establish a profitable and sustainable position against the forces that determine industry competition.

This section sought to find out the factors that the companies involved in the survey had taken to respond to competition in the industry.

Table 6: Response to competition (N=13)

Strategy in Response to Competition	Mean	Std. Deviation
Better facilities	4.85	.376
Price compare to competitor	4.62	.506
Have wider network	4.31	1.109
Our services are superior	3.92	1.188
We are cost efficient	3.85	.899
We are well advertised	2.92	1.441

It can be seen from the above table that the strategy of better facilities and price compared to competitor were the most applied strategies by the HMOs with mean scores of 4.85 and 4.62, respectively, while cost efficiency and advertising were least applied with mean scores of 3.85 and 2.92, respectively.

4.3.6 Nature of subscription Fee

Subscription fee is the primary pricing tool used by HMOs. This determines how competitive an HMO is over the other. This part was to find out the nature of subscription fee of the HMOs involved in the survey.

Table 7: Nature of subscription fee

Nature of fee	Mean	Std. Deviation
Client Category	4.62	.506
Service brand and service package	4.31	1.109
Our fee is similar for better value	3.92	.954
Flexible fee	3.77	.725
Different regions	3.69	1.251
Our fees are low	3.31	1.032

It can be seen from the above table that subscription fees based on client category were mostly applicable to the HMOs, with a mean score of 4.62 while Fees being low was least applicable at a mean score of 3.31.

4.3.7 Strategies in Use

The aim of this section was to determine the competitive strategies used by the HMOs to build/promote their image. Results on which strategies are used by the participants are shown in the table 8 below.

Table 8: Strategies in use

Strategies	Mean	Std. Deviation
Involves other employees	4.46	.776
Allow media to tell about us	4.38	1.502
Supervise our sales force	4.38	.870
Give Special offers	4.31	.855
participate in exhibitions	4.31	.855
Give variety of gift	4.15	.801
Organize health camps	4.08	1.038
Use item with product names	4.00	.577
Sponsor various sports events	3.92	1.382
Educate the community on health	3.85	1.144
Provide news item to media	3.85	1.144
Give variety of gift	3.62	1.193
Observes good work ethics	3.62	1.325
Train sales force well	3.54	1.050
Have committed sales force	2.69	1.437

It can be seen from the above table that the strategy of involving employees and allowing the media to publicise the HMOs, were mostly used by the HMOs, by the mean scores of 4.46 and 4.38 respectively. On the other hand the training of sales force and having a committed sales force was the least applicable by the HMOs with mean scores of 3.54 and 2.69 respectively.

4.3.8 Quality of Service Delivery

This part sought to examine the extent to which the following competitive strategies were applied in delivering quality services to clients.

Table 9: Quality in service delivery

Service delivery as a competitive strategy	Mean	Std. Deviation
Our health polices are customer centered	4.54	.519
Procedures are accurate	4.46	.776
Our service are flexible to suit needs	4.38	.506
We allow customers participation	4.38	.506
flow our service activities is fast	4.00	.913
We serve to satisfy customers	3.85	.899
We use modern machines	3.85	1.144
our service are well coordinated activities	3.85	1.144
Our Employee can make decisions	3.77	1.739
Our process are simple to follow	3.69	.751

It can be seen from the above table that health policies were customer centered and accurate procedures were the most applied strategies by the HMOs with mean scores of 4.54 and 4.46, respectively, while employees being encouraged to make decisions and processes being simple to follow were least applicable by the HMOs, with mean scores of 3.77 and 3.69, respectively.

4.3.9 Promotional Media

Promotional strategy, as a competitive strategy, helps create widespread awareness about services on offer and to enhance the image of the service form. This section sought to find out the extent of use of the following media for promotion of companies activities.

Table 10: Extent of promotional media

Strategy related to Promotional media	Mean	Std. Deviation
Newsletters	4.1538	1.46322
Magazines	3.62	1.387
Use our network clinics	3.38	1.850
word of mouth	3.23	1.423
sales people	3.08	1.754
Newspapers	2.85	1.908
Television	2.54	1.613
Outdoor poster	2.46	1.613
Radio	2.31	1.601

It can be seen from the above table that newsletters and magazines were greatly used by the HMOs, as seen with the mean scores of 4.15 and 3.62, respectively. Outdoor posters and Radio were the least used strategies by the HMOs, with mean scores of 2.46 and 2.31, respectively.

4.3.10: Selection of Outlets

This part sought to examine the extent to which the following factors were considered in the selection of outlets to reach customers.

Table 11: Selection of Outlets

Selection procedure	Mean	Std. Deviation
Less congested location	4.54	1.127
Ample	4.46	.776
Near the users	4.31	.855
Easily locatable	3.92	1.188
Provide mobile clinics	3.69	1.251
Contact reputable providers	3.46	2.025
Facilitating choice of other providers	3.15	1.519
Use private hospitals	3.00	1.826
Provide home care	3.00	1.528
Use any health facilities nearby	2.54	1.613

The above table shows that, the use of less congested location, and ample parking were largely in use by HMOs in selecting the number of outlets, with mean scores of 4.54 and 4.46, respectively. On the other hand provision of home care and use of health facilities nearby were least applicable, with mean scores of 3.00 and 2.54, respectively.

4.3.11 Quality of Personnel

In this category, the interest of the researcher was to determine from the participants the qualities of their personnel, as a competing strategy.

Table 12: Quality of personnel

Quality of Personnel	**Mean**	**Std. Deviation**
Highly competent	4.62	.506
Smartly dressed	4.62	.506
Highly motivated	4.62	.506
Pleasant towards clients	4.3846	.86972
Positive to colleagues	4.38	.506
Positive towards clients	4.31	.855
Interact with clients well	4.30	.823
Answer clients request promptly	4.15	.801
Use good language to clients	4.08	1.038
Always alert	4.00	.913
Positive to organization	4.00	.913
Courteous to clients	4.00	.913
Highly qualified	3.92	.954
Knowledgeable	3.92	.954
Very committed	3.85	1.345

It can be seen from the above table that employees being highly competent, smartly dressed and being highly motivated were greatly applicable to the HMOs, with all having a mean score of 4.62, while employees being very committed was least applicable, with a mean score of 3.85.

4.4 Challenges in Positioning Services

This section sought to find out the challenges that were experienced in positioning services.

Table 13: Challenges in positioning services

	Frequency	Percent
Competition ,suspicious customers	3	23.1
Constant customer change	4	30.8
Lack of awareness by the clients on the existence of the service	2	15.4
Price, Logistics and ignorance in regards to medical products	4	30.8
Total	13	100.0

It can be seen from the above table that the challenges in positioning the services were many ranging from competition, constant change of customers, lack of awareness by clients on the existence of the service, price, logistics and ignorance in regards to medical products.

CHAPTER FIVE: CONCLUSION

5.1 Summary, Discussions and Conclusions

The objective of the study was to establish the competitive strategies of Health Maintenance Organizations in Nairobi. To respond to the competition in the industry, HMOs had considered certain features to be included in their services and these includes; price, increase their network, and improved facilities. In addition, the subscription fees were based on client category and were discounted largely. The strategies that were in place to combat competition and increase market share include allowing publicity from the media, giving special offers, participation in exhibitions and supervising sales. To ensure quality in the provision of services, HMOs had applied customer centered health policies to a very large extent as well as putting in place procedures that are accurate in addition to allowing employees to make decisions. These finding are in agreement with that of Abeka (1999) who found out that it is important for a company to focus on the needs of the customer in order to survive in a competitive environment.

To ensure that their services are well known, majority of the HMOs had resorted to use of promotional media to promote their activities. The media that were used the most includes newsletters, newspapers and magazines. The selection of the number of outlets were based on network clinics, contact with reputable providers, less congested location, easily locatable and amble parking space. To ensure good impression on their clients the HMOs staff were smartly dressed, very committed, were pleasant towards clients, were positive towards clients, were highly motivated, and interacted with clients as well as using good language to clients. These findings show that the HMOs involved in the survey were reacting to their environment as indicated by Miller (1998).

There are a number of factors that affect the survival of companies in an industry. In a sector such as the health maintenance organizations effective strategies must be implemented to ensure that one makes it in the industry. One of the challenges is to bring on board as many people as possible. This means that the HMOs need to promote their activities in the media that can reach as many people as possible. These media include the radio, television and daily newspapers. Information would be critical especially if the HMOs want to increase their market share, (Thompson and Strickland, 1993).

Survival in a competitive industry requires that a company recognizes its factors that would ensure that it is a market leader. The one thing to consider is the acquisition of new markets. A good example here is like the banking sector where when competition became intense until some commercial banks chose to concentrate their efforts on the un-banked population. The same would apply here, depending on the nature of competition. The aim would be having a wider network to reach as many individuals as possible (Ansoff, 1988). Another strategy would be offer products according to the status of the individual. This would mean developing products for different segments of the market.

The nature of competition in an industry determines the strategy that each player in the industry would take. Competition among HMOs is not as fierce as in other segments. This would explain why the players in the industry are not very active. With the intensity of competition rising, this necessarily leads to decline in profits as a result of loss of market share. In this case strategic responses to combat this become very important, (Harvey, 1988). Generally, for HMOs the first strategy would be to develop new products, differentiate its products as well as expanding their network to cover as many individuals as possible.

5.2 Limitations of the Study

There are various limitations to this study that does not make it conclusive on its own. One of the major limitations is that not all the stakeholders in the industry were involved. There are other stakeholders such as government departments as well as the clients of HMOs. These groups of people play a crucial role and their say is needed in order to come up with effective recommendations for the industry.

5.3 Recommendations for Further Research

The current research was consensus in nature, with the primary object of identification of the Competitive Strategies of by health maintenance organizations in Nairobi. This study did not take into account the view of other stakeholders in the industry. In this case further studies should look into the satisfaction of customers on the services offered by HMOs.

5.4 Recommendations to the Managers and Owners of organization

It is also important to note that many of the issues highlighted can help ensure that HMOs improve their services as well reach out to a large market segment. On of the recommendation from this study is that the managers of the HMOs need to come up with products that are affordable and desirable to a large segment of the market. This would ensure that they increase their market share and hence be able to operate profitably.

Promotion of the services HMOs offer is very important. The promotional media to be chosen need to reach the target audience as well as impact them. In this case majority of these people read newspapers, watch television and listen to radio. These media are powerful and HMOs should consider using them even though they might be slightly more expensive. HMOs should also take advantage of technological advancement and develop products to reach their target market easily and more affordably.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

SECTION A- GENERAL BACKGROUND INFORMATION

1. What is the name of the HMO?______________________________

2. Title of the respondent______________________________________

3. What is the ownership of your Company

   - Local [] Foreign [] Mixed []

4. Years Your organization has been in the health care provision in Kenya

   - Less than one year [] 1-5 Years []
   - 6-9 Years [] Over 10 Years []

5. What is the estimated size of your enrolled members?

   - 0-30,000 [] 30,000-60,000 []
   - 60,000-90,000 [] More than 100,000

6. What is the coverage area of your service provision

   - Only in Kenya [] Only in east Africa countries []
   - All parts of the worlds []

7. List the type of health services you provide to your clients?

____

____

____

SECTION B: STRATEGIES ADOPTED

Service differentiation is the process of creating a distinct image of a service to give it a clear picture in the mind of customers in relation to alternative service offers by the competition. This is the essence of positioning. In answering the questions in this section you are given scale 1-5 to indicate to help you respond easily.

With 5 - a very large extent, 4 - large extent, 3 - some extent, 2 - small extent, 1 - no extent

8. To what extent does your organization use the following quality indicators to distinguish its services?

	5	4	3	2	1
Response to customers	[ ]	[ ]	[ ]	[ ]	[ ]
Competent to workers	[ ]	[ ]	[ ]	[ ]	[ ]
Using efficient processes	[ ]	[ ]	[ ]	[ ]	[ ]
Quality assurance to clients	[ ]	[ ]	[ ]	[ ]	[ ]
Simple enrolment procedures	[ ]	[ ]	[ ]	[ ]	[ ]
Provider variety for clients	[ ]	[ ]	[ ]	[ ]	[ ]
Empathy to clients	[ ]	[ ]	[ ]	[ ]	[ ]
Privacy and confidentiality of clients	[ ]	[ ]	[ ]	[ ]	[ ]
Efficient management of claims	[ ]	[ ]	[ ]	[ ]	[ ]
Customer education	[ ]	[ ]	[ ]	[ ]	[ ]
Reliability from credible workers	[ ]	[ ]	[ ]	[ ]	[ ]

11. To what extent do the following user categories constitute your service market?

	5	4	3	2	1
Private companies	[]	[]	[]	[]	[]
Non governmental organizations	[]	[]	[]	[]	[]
Business individual	[]	[]	[]	[]	[]
Family households	[]	[]	[]	[]	[]
Government institutions	[]	[]	[]	[]	[]
Any other specify ………..	[]	[]	[]	[]	[]

12. In relation to competition, to what extent does your firm use the following features to distinguish the service you provide?

	5	4	3	2	1
Price compare to competitor	[]	[]	[]	[]	[]
Have wider network	[]	[]	[]	[]	[]
Better facilities	[]	[]	[]	[]	[]
We are cost efficient	[]	[]	[]	[]	[]
Our services are superior	[]	[]	[]	[]	[]
We are well advertised	[]	[]	[]	[]	[]
Others specify…………………………..	[]	[]	[]	[]	[]

13. To what extent do the following statements apply to the nature of your subscription fee? Indicate on scale 1-5

	5	4	3	2	1
Our fees are low	[]	[]	[]	[]	[]

We vary our fees based on:					
Service brad & service package	[]	[]	[]	[]	[]
Different regions	[]	[]	[]	[]	[]
Client category	[]	[]	[]	[]	[]
Competition					
Flexible fee	[]	[]	[]	[]	[]
Our fee is similar for better value	[]	[]	[]	[]	[]
Our fee is discounted	[]	[]	[]	[]	[]

14. In the image building of your firm indicate the extent which the following strategies are used by your firm

	5	**4**	**3**	**2**	**1**
Organizes health camps	[]	[]	[]	[]	[]
Donate to charity work	[]	[]	[]	[]	[]
Educate the community on health	[]	[]	[]	[]	[]
Sponsor various sports events	[]	[]	[]	[]	[]
Allow media to tell about us	[]	[]	[]	[]	[]
Provide news item to media	[]	[]	[]	[]	[]
Give items with corporate symbols	[]	[]	[]	[]	[]
Use item with product names	[]	[]	[]	[]	[]
Give special offers	[]	[]	[]	[]	[]
Participate in exhibitions	[]	[]	[]	[]	[]
Give variety of gift	[]	[]	[]	[]	[]

Have large sales force	[ ]	[ ]	[ ]	[ ]	[ ]
Train sales force well	[ ]	[ ]	[ ]	[ ]	[ ]
Have committed sales force	[ ]	[ ]	[ ]	[ ]	[ ]
Supervisor our sales force	[ ]	[ ]	[ ]	[ ]	[ ]
Involves other employees	[ ]	[ ]	[ ]	[ ]	[ ]
Observe good work ethics	[ ]	[ ]	[ ]	[ ]	[ ]

15. Indicate the extent to which the following statements describe the quality of your service delivery processes on scale of 1-5

	5	**4**	**3**	**2**	**1**
Our health polices are customer centered	[ ]	[ ]	[ ]	[ ]	[ ]
We serve to satisfy customers	[ ]	[ ]	[ ]	[ ]	[ ]
Procedures are accurate	[ ]	[ ]	[ ]	[ ]	[ ]
Our processes are simple to follow	[ ]	[ ]	[ ]	[ ]	[ ]
Our services are flexible to suit needs	[ ]	[ ]	[ ]	[ ]	[ ]
We use modern machines	[ ]	[ ]	[ ]	[ ]	[ ]
Our services are well coordinated activities	[ ]	[ ]	[ ]	[ ]	[ ]
We allow customers participation	[ ]	[ ]	[ ]	[ ]	[ ]
Flow our service activities is a fast	[ ]	[ ]	[ ]	[ ]	[ ]
Our employee can make decisions	[ ]	[ ]	[ ]	[ ]	[ ]

16. In making your services known in the market, indicate the extent to which the following promotion media strategies are used by your organization rating on scale of 1-5

We advertise through

	5	**4**	**3**	**2**	**1**

1 Radio	[ ]	[ ]	[ ]	[ ]	[ ]
1 Television	[ ]	[ ]	[ ]	[ ]	[ ]
2 Newspapers	[ ]	[ ]	[ ]	[ ]	[ ]
3 Newsletters	[ ]	[ ]	[ ]	[ ]	[ ]
4 Magazines	[ ]	[ ]	[ ]	[ ]	[ ]
5 Word of mouth	[ ]	[ ]	[ ]	[ ]	[ ]
6 Sales people	[ ]	[ ]	[ ]	[ ]	[ ]
7 Outdoor posters	[ ]	[ ]	[ ]	[ ]	[ ]

17. In selecting the number of outlets to reach your customers, indicate the extent to which the following aspects are considered

	5	**4**	**3**	**2**	**1**
Distribution					
Use our network clinics	[ ]	[ ]	[ ]	[ ]	[ ]
We franchise our services	[ ]	[ ]	[ ]	[ ]	[ ]
Use any health facility nearby	[ ]	[ ]	[ ]	[ ]	[ ]
Use private hospitals	[ ]	[ ]	[ ]	[ ]	[ ]
Contact reputable providers	[ ]	[ ]	[ ]	[ ]	[ ]
Accessibility					
Less congested location	[ ]	[ ]	[ ]	[ ]	[ ]
Easily locatable by clients	[ ]	[ ]	[ ]	[ ]	[ ]
Amble parking space	[ ]	[ ]	[ ]	[ ]	[ ]
Near the users	[ ]	[ ]	[ ]	[ ]	[ ]

18. List the challenges that you face when positioning your service

……………………………………………………………………………………………………

……………………………………………………………………………………………………

……………………………………………………………………………………………………

APPENDIX 2: LIST OF HEALTH MAINTENANCE ORGANIZATION

1. AAR Health services
2. Alexander Forbes brokers ltd
3. Avenue Health care
4. Bupa International
5. Clarkson Notcott
6. Health Access ltd
7. Health First international
8. Health management agencies
9. Health management solutions
10. Kenya alliance health care
11. Maximed
12. Medi plan
13. Managed health group (K) Ltd
14. Resolution Health east Africa

Source Kenya Medical Directory (2007)