DIRECT MARKETING: THE CASE OF PHARMACEUTICAL INDUSTRY IN NAIROBI.

BY

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A Management Research Project submitted in partial fulfillment for the requirements of the Degree of masters of Business and Administration, Faculty of Commerce, University of Nairobi.
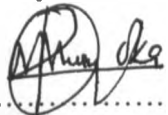
2nd of October 2002

DECLARATION

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

Signed. ~~.............~~ ......   Date......4/10/2002

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

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ABBREVIATIONS AND DEFINITIONS.

A formulary is a healthcare organization list of allowed medication and usually includes a limited number of drugs among any given therapeutic class.

Anti retroviral drugs – These are drugs used in the management of HIV/AIDS disease. It acts by inhibiting/interfering with the replication process of the virus, hence reducing the viral load of the body

C.I.F – Cost of Infreight Insurance

CME – Continuing Medical Education

Consultant- It is used in this context to refer to Practicing Specialist doctor

E-detailing – is an Internet based system for pharmaceutical marketing, it is a dynamic, graphical and educative drug presentations, that lasts a few minutes and requires no scheduling

FDA – Food and Drug Administration, it is the Drug Regulatory arm of the government of United States

General Practitioner –A Practicing Medical doctor with a first degree in medicine.

HIV/AIDS - Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome

HMOs – Health Management Organizations

MEDS – Mission for Essential Drugs and Supplies

Merck is a leading pharmaceutical company with a global presence it is well known in the industry through its innovative products

Steroid Nasal Sprays – This is a steroid based drug formulations that are indicated for treating chronic nasal allergies and mode of delivery is through the nose

Zestril is a brand of lisinopril manufactured by merck and is used in the management of hypertension

ABSTRACT.

This study was conducted with the objective of determining the level of awareness of direct marketing practices in the Kenyan pharmaceutical industry. The study also set out to determine the current direct marketing practices in the pharmaceutical industry in Kenya and the importance of personal selling in this industry.

To achieve the above objectives primary data was collected from 50 respondents from pharmaceutical firms and a similar number of prescribers. All the respondents were located within Nairobi due to the limited budget and time available. The data was collected through use of questionnaires.

The study led to the following conclusions;

I)   It emerged that majority of the Marketing Managers are unable to distinguish which marketing tools are direct marketing techniques and which are not as a result 93% and 43% of the respondents picked sales promotion and advertising respectively as direct marketing techniques.

II)   Ranked with other promotional elements direct marketing emerged as the second most important promotional tool after sales promotion. Among the direct marketing techniques use of samples was the most important followed by telemarketing, sales presentation and mail in that order.

III)   Among the prescribers medical representative presentation was ranked fourth after medical literature, medication inserts and CMES in that order as source of

prescribing information. Also among the respondents it emerged that the medical representative presentation was most important in prescribing decisions involving new products while it was least useful in existing products.

CHAPTER 1

1.0 INTRODUCTION

1.1 Background

Kenya's health infrastructure has 4294 facilities that deliver health services. Hospitals constitute 5% of the infrastructure. Dispensaries form the largest category accounting for 60% of total facilities. The government of Kenya operates 53% of the health facilities; half of the hospitals, 80% of the health centres. Rift Valley has nearly 29% of the health facilities, Eastern and Nyanza provinces follow with about 20% and 13% respectively. Nationally there are 15 health facilities per 100,000 people on average (Ministry of Health Management Information Systems Report, 2001).

In 1999 there were 4411 doctors of which less than 20% were in the public sector. This translates to 15 doctors per a 100,000 people. Similarly there were 734 dentists, 1,650 pharmacists and 8,871 registered nurses translating to 3 dentists, 6 pharmacists and 30 registered nurses per population of 100,000. In total there were 53, 612 health personnel at various cadres in 1999 (The Kenya Medical Directory, 2001).

The Ministry of Health has ultimate control over health services throughout the country, including those provided by local, district, Church and private institutions. The Private sector makes a substantial contribution to the provision of healthcare in Kenya. It owns

and runs about 49% of the country's health facilities and employs some 30% of all medical personnel. Private healthcare has become increasingly popular due to the problems in the Public health institutions. Private facilities dominate certain types of medical institutions 94% of clinics, maternity and Nursing homes and 86% of medical centers are private (www.worldmarketsanalysis.com).

The Kenyan pharmaceutical market has expanded steadily over the past few years. This is largely due to the ever-increasing demand for medicines to prevent and treat tropical diseases as well as the spread of HIV/AIDS. Kenya commands the most dynamic Pharmaceutical manufacturing industry in East Africa. Local productions meet much of local demand and provide a small surplus for export. The Industry is, though, largely import based. Traditionally Kenya has imported most of its Pharmaceuticals from the European Union, although the relative strength of European currency and the Euro have forced importers to look more towards Asia and Latin America; China and India are significant exporters of Pharmaceutical products to Kenya. The value of imported finished drugs in 1999 was about US$ 51m at C.I.F value while that of imported raw materials was US$11m C.I.F value, of the finished Pharmaceutical products 24 multinational companies imported products worth US$ 35m at C.I.F value (Image dynamics 1999).

The pharmaceutical industry in Kenya is made up of the manufacturers, distributors and retailers. The manufacturers are either local or multinational firms. Some multinational firms have manufacturing units locally but most have only scientific and marketing

offices. The multinational firms appoint distributors of their products who in turn sell these products to wholesalers and retailers countrywide. The multinationals deal mainly with branded products and compete in the market though innovation and quality claims. The local manufacturers do not have appointed distributors but rather they sell their products direct to retailers, they compete by selling low priced generics.

The industry was liberalized in 1991 and the period after saw an influx of many pharmaceuticals companies in to the market either directly investing or through franchise holders. Currently there are over 452 firms within the Kenyan market with over 600 registered medical representatives (Druggists, 2001). There are over 7000 registered pharmaceutical and surgical products (Drugs and Chemists, 2001) presented in various formulations in the Kenyan market.

Current trends in the health care system are changing the way prescription drugs are chosen. The growth of managed care has had a profound effect on drug prescribing, mostly through the growing role of formularies. A formulary is a health care organization's list of allowed medication and usually includes a limited number of drugs among any given therapeutic class.

In the US, managed care organization accounted for one-third of drug sales in 1993 (Tully, 1993). The managers of both private and public health plans are now through formulary decisions, in a position to control drug purchases. One unique aspect of this change is the opportunity it presents for drug companies to obtain a market for otherwise

uncompetitive drugs. It is becoming common for drug companies to offer managed care organizations steep discounts in their established drugs in exchange for inclusion of the company's less popular or new drugs on the formulary. In Kenya a similar scenario is developing as both local and multinational managed care organizations set up shop in the country. They are increasingly establishing themselves as major players of healthcare delivery in this country (Naikuni, 2001).

Another trend is the greater role being played by the public itself in choosing prescription drugs. The FDA lifted the ban on direct marketing of prescription to consumers in 1985 spending on direct-to-consumer advertising of prescription drugs totaled $91 million in 1991, rising to $200m in 1992 (Freeman 1993). In the late 1980's, one third of new prescription were written at the patient's specific request (Pappas 1992). In Kenya though direct marketing to patients is illegal, the patients are increasingly asserting their preferences on the medications the doctor/pharmacist recommends for them. A patient will convince the prescriber to issue a prescription of a brand that had been used previously by the patient or a close associate with good results. This is common in the private healthcare setup where the patient pays directly for the service.

Another growing target for drug company marketing is the pharmacist, who is becoming increasingly induced to convince both doctors and patients to change medications (Podolski and Newman 1993). Merck was criticized in recent years after offering cash payments to pharmacists for each patient whom they managed to switch to *Zestril*, a

brand of lisinopril manufactured by Merck but marketed by Zeneca Pharmaceuticals to *prinivil*, Merck's own more expensive brand of lisinopril (Eric Rose, 1997)

Today in Kenya pharmaceutical managers are faced with severe recession, reduced purchasing power, entry of HMO'S in the market, reduced growth rate, increased competition and consumer awareness, pressure on pricing and reduced government expenditure on direct purchases. Under these conditions marketers are faced with challenges of coming up with effective and unique marketing techniques in an industry that is highly regulated (Naikuni, 2001).

The Marketing of pharmaceutical products in Kenya is highly regulated. The use of the marketing mix variables must fall within the confines of the law. The packaging and labeling of the products must be in compliance with the pharmacy and poisons board. The distribution of pharmaceuticals is such that distribution, wholesaling, retailing must be done by a registered pharmacist in a registered premise. Advertising of prescription products can only be on printed professional journals (Cap 244 of the laws of Kenya).

As a result of strict regulatory controls and pharmaceuticals being specialized products direct marketing is the most important marketing tool in this industry. Direct Marketing as defined by Direct Marketing Association is an interactive marketing system that uses one or more advertising media to effect a measurable response or transaction at any location. Direct marketers can use a number of channels for reaching prospects and customers. These include face to face selling, direct mail, catalog marketing,

telemarketing, TV and other direct response media, kiosk marketing and on-line channels.

In the pharmaceutical industry the Medical representatives call on the doctors to explain to them the drug composition, their modes of action, the recommended dosages, the interactions, precautions and the benefits of prescribing that particular brand over other competing brands. In Kenya studies done by Rakesh(2001) and Ndiho(2001) both found that personal selling in that industry was the most important promotional technique.

The effectiveness of personal selling is increasingly being questioned in this industry. The prescribers are busy attending to an ever-increasing number of patients and they hardly have time for medical representative presentations. In a market research study done by Medmonitor (2001) among the UK doctors in 2001, 44.9% of the respondents said medical representatives' visits were only useful for new products while 42.7 % were of the opinion that they are never useful since there is no new information on the product.

1.2 Statement of the Problem

Among all the pharmaceutical marketing techniques used by drug companies the most important is direct marketing this is so because other marketing practices such as advertising and promotions are restricted in scope by regulatory requirements unlike in other industries. The current advances in technology have provided other channels of direct marketing such as e-mails, e-detailing among others. These new ways provide

faster, personalized and cheaper means of communicating with the target clients. In view of the significance of direct marketing in this industry the question to ask then is: What are the current direct marketing practices in the Kenyan pharmaceutical industry?

The pharmaceutical companies rely on their medical representatives to convey to the prescribers the necessary pharmaceutical information about a particular product for prescription purposes. The prescribers are hard pressed for time they have large numbers of patients to attend to and a large number of medical representatives who want to do detailing to them. In view of the little time of interaction between the medical representative and the prescriber and the high cost of facilitating the same the question then arises on whether this encounters influence prescribing decisions by doctors.

A few studies have been conducted in the Kenyan pharmaceutical industry. These are; Muiva(2001),Naikuni(2001), Ndiho(2001) and Rakesh(2001). All these studies have either focused on the general area of marketing practices or strategic management. Though they provide valuable insights on marketing and strategy none has been done specifically focusing on direct marketing the most important marketing mix variable in the industry. This study therefore seeks to fill this gap and in particular answer the questions raised in the preceding two paragraphs.

1.3 Objectives.

(i)   To determine the level of awareness of direct marketing practices in the Kenyan pharmaceutical industry.

(ii)   To determine the current direct marketing practices in the pharmaceutical industry in Kenya and the importance of personal selling in this industry.

1.4 Importance of study

In the developed countries a lot has been done with regards to direct marketing in the pharmaceutical and healthcare industries. However in Kenya little has been done in this respect .The current study therefore attempts to determine the level of awareness and use of direct marketing practices in the pharmaceutical industry. Further it will determine the importance of personal selling in the industry.

The study is important to the following;

(i)   To the pharmaceutical companies the outcome of the research will help in designing more effective direct marketing techniques targeted at existing and potential clients.

(ii)   To researchers who would like to conduct further research in direct marketing in the pharmaceutical industry.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others (Kotler, 2000).

The American Marketing Association offers the following definition: Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals.

According to Stanton (1996) marketing comprises "a system of business activities designed to plan, price, promote and distribute want satisfying products and services to present and potential consumer segments".

Drucker a leading management theorist argues that there will always, one can assume, be need for some selling. But the aim of Marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service

fits him and sells itself. Ideally marketing should result in a customer who is ready to buy. All that should be needed then is to make the product or service available.

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 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 its audience.

2.2 The Pharmaceutical Market.

Pharmaceutical firms in Kenya have adopted a marketing concept. The Marketing Concept according to Kotler (2000) hold the key to achieving organizational goals consists of the Company being more effective than the competitors in creating, delivering and communicating customer value to its chosen target markets. The marketing concept rests on four pillars; Target Market, Customer Needs, Integrated Marketing and Profitability. It starts with a well-defined market, focuses on customer needs and co-ordinates all the activities that will affect customers and produces profits by satisfying customers.
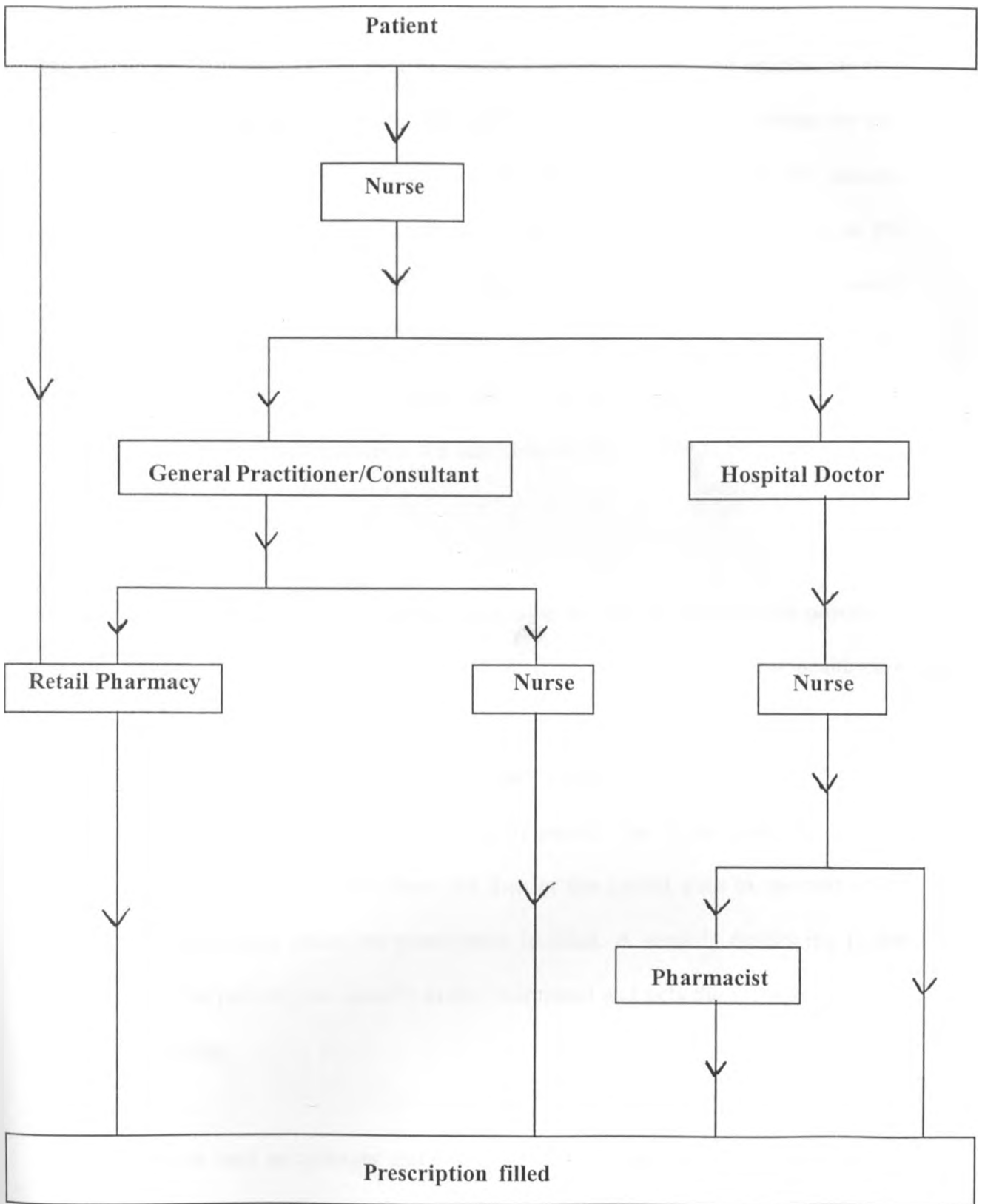
Figure 1. Prescription filling (buying) process in the pharmaceutical market

The characteristic feature of the pharmaceutical marketing is that one reaches the end consumer (patient) through an intermediate customer (the physician) who advises the end customer through a prescription. There are two potential target groups the patients (consumers) and doctors (customers) who have different needs. Segmentation is at the consumer level (the patient). The second logical step is at the customer level (doctor) where he is a general practitioner, consultant or a hospital doctor as influencer.Its important that the Pharmaceutical marketer understands this complex scenario in order to develop strategies that will influence the selection of their products over those of the competitor.

The patient has several options to obtain medication as seen in figure 1.The process is initiated by a visit to a healthcare provider. The nurse is normally the first health care professional the patient encounters in the chain. Depending on the healthcare setup the patient then sees a general practitioner or consultant or hospital doctor who then issues a prescription based on the disease condition of the patient. The nurse could then fill the prescription by issuing medication there and then or the patient goes to the next level, which is the pharmacist where the prescription is filled. A trend is developing in the market where the patient goes directly to the pharmacist and gets the medication this is counter prescribing.

For commodities such as cabbages and candies, producers, sellers and customers are all equally aware of the quality of the product and its value for money. In the pharmaceutical sector information about quality, safety, efficacy value for money and the specific

appropriateness of individual drugs often varies between the parties involved. The consumer often knows less than the prescriber or dispenser. However, there are also substantial informational differences between other actors in the sector.

Most actors will be less well informed than the manufacturers for information about the effects of the drug while patients tend to know less than the prescriber about the appropriateness to their needs of specific drugs.

Lack of knowledge about a particular product on the part of the prescriber may be reflected in irrational prescribing patterns. Some manufacturers may manipulate this lack of information by providing distorting information so as to enhance their own sales and profitability.

In study of the use of competitive intelligence systems in the Kenyan Pharmaceutical industry, Muiva(2001) reported that having an effective distribution network was considered most important to compete effectively in the local pharmaceutical industry,followed by a skilled marketing team and an effective product mix.

The presence of a good distribution network enables products to penetrate widely in to the market. The Pharmaceutical markets face well trained and well informed professional buyers; doctors and pharmacists, 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 goal i.e. managing the ailments/diseases in good time, effectively and efficiently. This requires a highly skilled marketing team. An effective product mix enables profitable operation in the market.

2.3 The Marketing Mix.

Marketers use numerous tools to elicit desired responses from their target market. These tools constitute the four P's of the marketing mix. Kotler (2000) defines Marketing Mix " as the set of marketing tools that the firm uses to achieve its marketing objectives in the target market". They include product planning, pricing, distribution (place or location), Promotion and market research". The fifth variable market research generates information, which the marketer can use to make decisions on the 4P's. Although all marketers can manipulate these variables the way they "Mix" them will determine the effectiveness of their marketing Programs.

These same tools are also applicable in the pharmaceutical industry. 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.

The manufacture of pharmaceuticals is an enormous and highly profitable industry. Sales of prescription drugs in 1995 topped $64 billion in the US (Meyers, 1996). Profits in 1990 averaged 16 percent of sales, an extraordinarily high figure (Pappas, 1992). Between 1988 and 1992, earnings per share of the ten largest US based drug companies grew an average of 18 percent per year compared to 7 percent for standard and poor top 500 (Tully, 1993).

Despite the huge profits to be made, the drug industry is highly risky and competitive. Research and development costs average 16.8 percent of sales, the highest share of any industry (Tully, 1993). The average cost of developing a new drug from discovery to approval was estimated at $ 230 million in 1990 double the cost in 1980 (United States Senate 1990). After approval, a new drug often faces stiff competition from numerous similar drugs already in the market. As a result, no single corporation holds more than 8.2 percent of the market share (US Senate, 1990).

The drug industry's response to these pressures has been to develop sophisticated, aggressive and hugely expensive marketing strategies. Over $10 billion per year was spent in pharmaceutical marketing in the early 1990's(US Senate, 1990). The proportion of pharmaceutical sales spent on marketing doubled from 12 percent in 1980 to 24 percent in 1990 (The Doctors' dilemma, 1990). Pharmaceutical companies depend on physicians, with their prescription writing privileges for their sales. Consequently, marketing of drugs is largely directed at physicians. In recent years, pharmaceutical market has come to pervade all aspects of medical practice.

2.3.1 Product.

A Product is anything that can be offered to a market to satisfy a want or need. (Kotler, 2000). Most of the Pharmaceutical products in the Kenyan Market are designed and developed elsewhere then brought here. However the Marketers in

Kenya are involved in designing strategies needed to change existing products, add new ones, branding and packaging.

The local manufacturing firms have only recently started packaging their products in attractive designs as competition in the market intensifies. In this industry delivery of the product according to clients needs and expectations is paramount. Some products have achieved success in the market because of their formulation such as *Augmeutin 650mg*, which had the advantage of twice daily dosage as opposed to thrice a day of the older version. Steroid Nasal sprays have become successful in the market over the oral formulations because of the minimized systemic side effects that their route of administration offers.

In this industry manipulating the product features such as formulations, can offer great competitive advantage. For example altering the chemical structure of antihistamines such that the drowsiness associated with them is done away with has ensured great success in the market of the newer version of antihistamines. The biopharmaceutical characteristics of a product can be altered such that it affords a once a day dosage this offers a great convenience to the consumer. In the Kenyan Market sadly the majority of the products have not been designed to meet client needs and expectations.

Rakesh (2001) reported that 72% of the Kenyan pharmaceutical firms under his study had a product range that covers more than seven therapeutic areas produced

in various formulations. In the same study majority of the respondents concurred that good packaging improved acceptability among the consumers.

Ndiho (2001) in his study reported that packaging of the product with due consideration to portability was very important to the success of pharmaceutical products in the market. These findings are similar to those prevailing in the oil industry after liberalization where good product packaging and branding has been used as product differentiating feature Samuel (2001).

2.3.2 Price

From a marketing point of view the price is the value placed on a good or service by customers at some point in time (Kibera, 1988). Price is the Marketing mix element that produces revenue; the others produce costs. Price is also one of the most flexible elements: it can be changed quickly, unlike product features and channel commitments. At the same time price competition is the number one problem facing companies.

In the pharmaceutical industry pricing is a very sensitive issue. When a company comes up with an innovative product and successfully patent they price this products in such a way that they will be able to recoup their investment in research and development in the period that the patent runs. This explains the high cost of patented products including anti retroviral drugs. The pricing of anti

retroviral drugs beyond the reach of majority of HIV/AIDS sufferers has put the pharmaceutical firms in collision course with governments of developing countries (Boseley .S. 2001).

When pricing a product the marketer looks at the environment, including competitor brands and substitutes, cost of importation, marketing and anticipated profits. Owing to the state of the Kenyan Economy and the large number of competitive brands in the market pricing is the main strategy for gaining market share. Large volume buyers such as health management organizations and Non Government organizations such as MEDS has made companies to review their pricing strategies such as discounts and credit terms.

Ndiho(2001) reported that competitor price analysis was considered most important in setting prices. He found that 65% of the respondents gave conditional credit while 35% sell on cash basis. Rakesh (2001) reported that 90% of firms under his study charged premium prices on their products because consumers associated high prices with higher quality. Similarly in the oil industry, bulk discounts and credit facilities are available to customers (Samuel, 2001).

2.3.3 Place

A Channel of distribution is defined as a chain of market intermediaries of middlemen used by a producer or marketer to make products and services available when and where consumers or users want them. It is thus a route

followed by a product as it moves from the producer to the user. Marketing channels are set of interdependent organizations involved in the process of making a product or service available for use or consumption (Kibera, 1988).

Marketing channel decisions are among the most critical decisions facing management. The channels chosen intimately affect all the other marketing decisions. Intermediaries smooth the flow of goods and services. This procedure is necessary in order to bridge the discrepancy between the assortment of goods and services generated by the producer and the assortment demanded by the consumer. The discrepancy results from the fact that manufacturers typically produce a large quantity of a limited variety of goods, whereas consumers usually desire only a limited quantity of a wide variety of goods (Stern and El –Ansary 1996).

Unlike other commodities the distribution of drugs is highly regulated by the government. The drugs have been categorized in to three;

(i)   Over the Counter Medicines (OTC) which are found in shops, supermarkets, pharmacies and kiosks.

(ii)   Pharmacy only Medicines – Found only in Pharmacies and dispensed with professional advice.

(iii)   Prescription only Medicines – Found only in pharmacies and can only be issued upon production of a dully doctor signed prescription.

Distributorship, wholesaling and retailing can only be done under a registered pharmacist in a Pharmacy and Poisons board registered premises. Hence the distribution of drugs is severely limited by these requirements.

Figure B; Distribution Chain in the Pharmaceutical industry

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│  Salesman/Manufacturer                          │
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        ▼                    │
┌───────────────────┐        │
│  Distributors     │        │
└───────────────────┘        │
        │        │           │
        │        ▼           │
        │  ┌──────────────────────────┐
        │  │  Wholesalers             │
        │  └──────────────────────────┘
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┌─────────────────────────────────────────────────┐
│  Retailers                                      │
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        ┌──────────────────────┐
        │  Consumers           │
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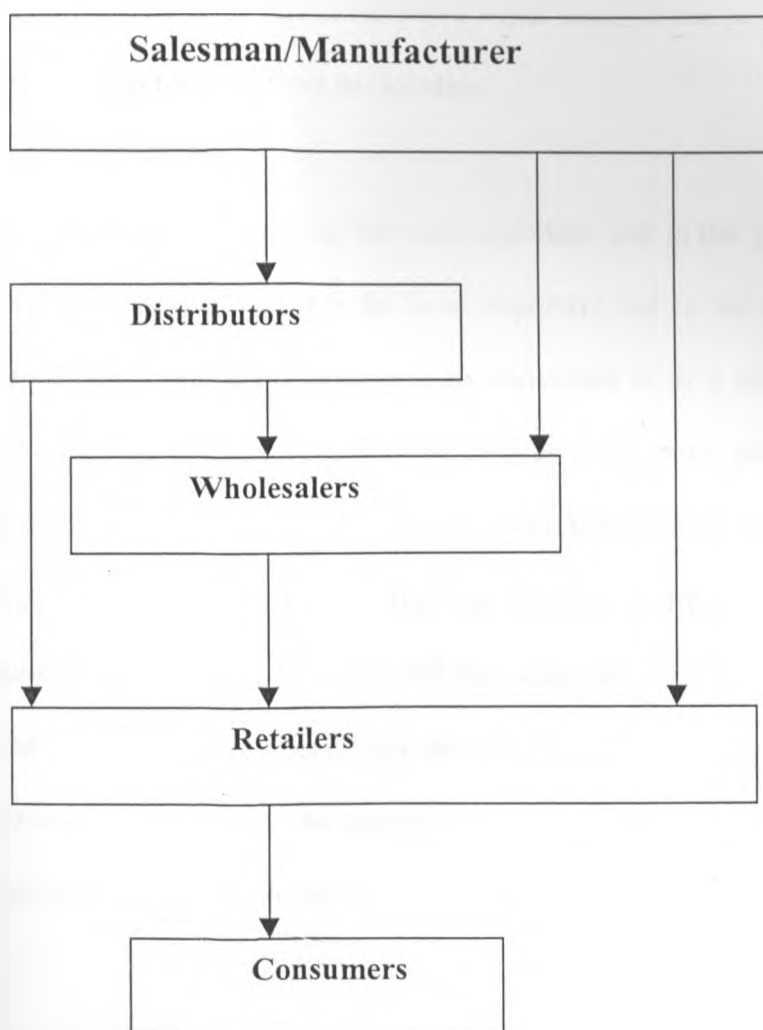
In pharmaceutical selling, the role of the consumer is somewhat passive except for the fact that he initiates the process by becoming sick and completes it by buying the medicine for his use. A single transaction in the pharmaceutical selling involving transfer of stock from the manufacturer to the consumer is a result of multifarious activities by a number of people located at various points in the influence and distribution chains; the doctor, the distributor, the wholesaler and the retailer. The final sale takes place when each person in the chain pushes the product a step forward from his location.

Like a prescription, which is the most important link in the whole pharmaceutical selling process, the retailer is the most important link in the distribution chain. It is at the point that a prescription gets converted in to a sale. By virtue of his location in the distribution chain the retailer is the most informed and the most qualified person to give information about the doctors whose prescription he serves. However much one influences doctors to prescribe a particular brand these efforts would not be translated into sales unless one ensures the availability of the brand at the retailers. On the other hand, efforts of the salesman at one company might benefit the competitor if the retailer manages to substitute the competitor's brand while servicing a prescription.

A retailer is also very influential with the doctor persuading him to change the prescription as suited to the retailer's stock. One can use the service of the retailer to update the coverage list of doctors. A retailer's feedback is also important for

drawing up a good doctor-brand mix. It is through the retailer's feedback that one comes to know the preferences of a doctor that is so important for deciding the brands to be targeted to that particular doctor.

The next link in the distribution chain is the wholesaler. The wholesaler is the link between the distributor and the retailer. However many distributors have direct link with the retailers. Wholesalers are the natural creation of the complex pharmaceutical distribution system. The huge proliferation of retail chemists as a natural consequence of the ever increasing population of patients and prescribers has made it virtually impossible for the authorized distributors of the manufacturers to provide effective service to all retail outlets. Moreover many of those small retailers situated in lanes and back streets in their business with so small a working capital that it becomes difficult for the distributors to cater to their needs and this has let to the appearance of freelance wholesalers and sub distribution.

Ndiho (2001) and Rakesh (2001) both found that proper market coverage and geographical market dispersion were most important in that order as selection criteria for pharmaceutical distributors in the industry. Samuel (2001) reported similar findings in the oil industry where location and spread of petroleum outlets were of paramount importance in their distribution strategies.

2.3.4 Promotion.

Modern marketing calls for more than developing a good product, pricing it attractively and making it accessible. Companies must also communicate with present and potential stakeholders and the general public. Every company is inevitably cast into the role of communicator and promoter. For most companies the question is not whether to communicate but rather what to say to whom and how often. The marketing communication mix according to Kotler (2000) consists of advertising, sales promotion, public relations and publicity, personal selling and direct marketing.

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.

In a study of promotional mix elements within the multinational pharmaceutical companies in Kenya, Naikuni (2001) reported that personal selling was ranked the most important promotional tool by 37.5% of the respondents, followed by sales

promotion with 21%, Publicity and Public relations 15%, Direct Marketing 14% and Advertising 12.5% in that order.

Advertising

The American Marketing Associations defines advertising as "Any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor". The words "paid for" distinguish advertising from publicity. 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. It acts as a contributor to sales, a communication tool, and establishment of customer preferences, reminder and reinforcer of loyalty and increasing market share against competitors.

In the local pharmaceutical industry the use of this promotional tool is limited due to regulation governing drug advertisement (CAP 244 of the Laws of Kenya). Prescription drug advertisement is limited to professional print journals.

Sales Promotions and Publicity

The American Marketing Association Committee on definitions defines Sales Promotion as "those marketing activities other than personal selling, advertising and publicity, that stimulate consumer purchasing and dealer effectiveness such as displays, shows and

exhibitions, demonstrations and various non-current selling efforts not in the ordinary routine. According to this definition any promotional activity that is not advertising or personal selling falls in to the category of sales promotion.

The pharmaceutical companies often sponsor the promotion of medical journals especially when the issue is covering the use of their therapeutic agents.

As the volume of published medical information has mushroomed, drug companies have been eager to provide doctors with alternatives to tedious forays in the medical literature. By acting as intermediary in providing information to doctors, drug companies save time and expense for doctors while maintaining some control over what they see and hear.

Continuing medical education is one area of medical communication that is massively subsidized by the drug industry. In exchange for the financial support of CME meetings, drug companies are often given the privilege of selecting speakers and sending representatives to the meeting to promote their products. In the US Corporate Sponsorship of CME activities rose from $6.5 million in 1974 to $85.9 million in 1988 and continue to grow (Kessler 1991; Meyers 1996). A majority of CME courses now have industry support (Pappas 1992). In Kenya pharmaceutical companies sponsor scientific symposia of various medical associations in form of tickets, dinners and accomodation.

Gifts to physicians have been for many years been a cornerstone of pharmaceutical marketing. The most abundant category of gifts dispensed by drug companies is undoubtedly that of so-called "reminder items", objects of minimum value such as pens or pads of paper which permanently display the name of a drug. These items tend to accumulate in the doctors' offices. Gifts are offered to physicians in exchange of giving

attention to promotional material or presentations. The ubiquitous "drug lunches" in large hospitals and clinics are an example of this, the Medical students and junior physicians enjoy the meal as they hear a sales presentation from pharmaceutical company representatives. For more senior physicians, the venues are more dignified and the gifts more valuable.

2.3.5 Direct Marketing.

The Direct Marketing Association (DMA) defines Direct Marketing as follows: Direct Marketing is an interactive marketing system that uses one or more advertising media to effect a measurable response or transaction at any location. Today direct marketers see it as playing a broader role of building a long-term relationship with the customer.

Many direct marketers see direct marketing as playing a broader role, that of building a long-term relationship with the customer. Airlines, hotels and other businesses build strong customer relationship through frequency award programs and club programs.

The extraordinary growth of direct marketing is the result of many factors. Market "demassification" has resulted in an ever-increasing number of market niches with distinct preferences. A higher cost of driving, traffic congestion, parking problems, lack of time, a shortage of retail sales help and queues at check out counters all encourage at home shopping.

The growth of affordable computer power and customer database has enabled direct marketers to single out the best prospects for any product they wish to sell. Increasingly,

business marketers have turned to direct mail and telemarketing in response to the high and increasing costs of reaching business markets through the sales force (Kotler,2000).

Direct marketing benefits customers in many ways. Home shopping is convenient and hassle- free. It saves time and introduces consumers to a large selection of merchandise. Business customers benefit by learning about available products and services without tying up time in meeting sales people.

Direct marketing can be timed to reach prospects at the right moment and direct material receives higher readership because it is sent to more interested prospects. It makes direct marketer's offer and strategy less visible to competitors.

According to Scott Pizzia President and CEO of Pharmaceutical Direct Inc, Direct Marketing is the most cost effective advertising vehicle available to markets with narrowly defined target audience and is especially effective for the pharmaceutical industry because it can reach specific individuals by name, disease state and product usage (wwwmedadnews.com).

Today, the explosion of media enables many companies to sell their products and services directly to customers without intermediaries. The existing media – print and broadcast, catalogs, fax machines, e-mail, the Internet and on-line services, have complemented direct mail and telephone marketing. Companies are increasingly using all these media to make direct offers to existing customers and to identify new prospects.

Direct Marketing enables companies to target their offers and measure their results more accurately (Kotler,2000).

Direct to Customer (DTC) advertising for prescription medication has rapidly become one of the most contentious issues facing the medical profession in the United States. Prior to the early 1980's Pharmaceutical companies promoted their prescriptions products exclusively to physicians who were expected to act as "learned Intermediaries" interpreting drug information for the general public. During the past decades however changes in the political and regulatory climate, cultural shifts emphasizing the patient's role in making medical decisions and expanding profits from drug sales have encouraged the industry to pursue more direct marketing strategies. Currently pharmaceutical companies spend more that a billion dollars marketing their drug products directly to consumers compared to only $55 million in 1991(Alison J.H, 2000)

Direct Marketers can use a number of channels for reaching prospects and customers. These include face to face selling, direct mail, catalog marketing, telemarketing, TV and other direct response media, kiosk marketing and on-line channels.

Direct Mail.

Direct-mail marketing involves sending an offer, announcement, reminder or other item to a person at a particular address. It is popular because it permits target market selectivity, can be personalized, is flexible and allow early testing and response measurement. Although the cost per thousand people reached is higher than with mass media the people reached are much better prospects. Over 45% of Americans purchased

something through direct mail in 1993(Kotler, 2000).Until recently mail was paper – based however three new forms of mail delivery have appeared this include; Fax mail, E-mail, and Voice mail.

In constructing an effective direct-mail campaign, direct marketers must decide on their objectives, target markets and prospects, offer elements, means of testing the campaign and measures of campaign success.

Catalog Marketing.

Catalog marketing occurs when companies mail one or more product catalogs to selected addressees. They may send full-time merchandise catalogs, specialty consumer catalogs and business catalogs usually in print form but also sometimes as videos or on-line.

The success of a catalog business depends on the company's ability to manage its customer lists so carefully that there is little duplication or bad debts, to control its inventory carefully, to offer quality merchandise and to project a distinctive image.
By putting entire catalog on-line and on the Internet, catalog companies have better access to global consumers than ever before. They also save considerable printing and mailing costs.

Telemarketing

Telemarketing describes the use of telephone operators to attract new customers, to contact existing customers to ascertain satisfaction levels or to take orders. Many customers routinely order goods and services by telephone. Effective telemarketing depends on choosing the right Telemarketers, training them well and providing performance incentives. Telemarketers should have pleasant voices and project enthusiasm.

Personal Selling

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 processing orders. Thus personal selling is a form of communication that takes place on a face to face basis.

Personal selling has three distinctive qualities: It involves an immediate and interactive relationship between two or more persons. Each party is able to observe the other's reactions at close hand. Personal selling permits all kinds of relationship to spring up ranging from a matter of fact selling relationship to a deep personal friendship. Sales reps will normally have customers' best interests at heart. It makes the buyer feel under some obligation for having listened to the sales talk.

One of the most expensive marketing communication tools is the Company's sales force, especially when out in the field, travelling a lot and spending considerable time hunting for prospects and keeping customers satisfied. When one considers that the average sales person is with customers only 30% of the time and spends the remainder learning about products and selling techniques, filling out reports, attending sales meetings handling and so on, clearly this resource requires the utmost skill in managing it carefully (Kotler, 2000).

In the Pharmaceutical industry personal selling is the most important promotional tool. The medical representatives call on the doctors to explain to them the drug composition, their modes of action, the recommended dosages, the interactions precautions and the benefits of presenting that particular brand over other competing brands. In the US, over thirty thousand company representatives or "detailers" one for every 15 American doctors made over 30million office visits to doctors in 1989 (McKinney et al 1990). Drug companies spend more on their field representatives alone than on raw materials for drugs (Luke and Rich).

One goal of these interactions is to make it more pleasant and effortless for the physician to obtain his or her information from the drug company than from other sources. Drug representatives dispense promotional brochures, medical literature and verbal information about their products as well as free samples.

In Kenya studies done by Rakesh (2001 and Ndiho (2001) both found that personal selling in the industry was the most important promotional technique. This was followed by sales promotion in form of bonus offer, quantity discount and sales force incentives.

The findings of these studies seem to corroborate with those of Naikuni (2001) mentioned earlier in this chapter.

The effectiveness of personal selling is increasingly being questioned in this industry. The prescribers are busy attending to an ever-increasing number of patients and they hardly have time for medical representative presentations. In a Market research study done by MEDeMONITOR (2001) among the UK doctors in 2001 44.9% of the respondents said Medical rep visits were only useful for new products, while 42.7% were of the opinion that they are never useful since there is no new information on the product. Only 0.6% found them very useful and 11.8% said they are rarely useful.

In Kenya the current study aims to find out the opinion of the prescribers on medical representatives.

Online Marketing

Advances in technology are providing newer and more effective channels of reaching consumers. The Internet capabilities provide companies to build e-mail databases from which they can target particular clients with their offerings. Faced with spiraling marketing costs, reduced product lifecycles and an increasing reliance on blockbuster druglaunches, pharmaceutical companies are turning to internet technologies to help them more effectively market and sell their products and develop new channels to an increasing complex customer base (www.inpharm.com).

In the pharmaceutical industry the emergence of the Internet has led to the development of e –detailing. E-detailing is an internet based system for pharmaceutical marketing that increases the frequency, quality and duration of sales calls by providing an innovative and cost-effective communication channel linking pharmaceutical companies with high prescribing physicians. It's a dynamic, graphical and educative drug presentation that lasts a few minutes and requires no scheduling. With the spiraling costs associated with pharmaceutical sales force maintenance, increasing demands for physician time and escalating numbers of sales reps competing for the physician's attention e-detailing provides fresh convenient and unique access to physicians (Inpharm.com).

CHAPTER 3

3.0 RESEARCH METHODOLOGY

This chapter presents the research design that will be used in order to meet the objectives of the study as set out in chapter one. Included in the design is the research setting, population, sample and sampling design, data collection instrument and data analysis techniques.

3.1 The Research Setting.

The study will be carried out within Nairobi. The reason being that most pharmaceutical firms operating in the Kenyan market are located in Nairobi. The pharmaceutical industry is divided into the following categories;

(i) Multinational companies such as Aventis, Bayer, GlaxoSmithkline

(ii) Generic importers such as Lords Healthcare, Harley's ltd

(iii) Local manufacturers such as Regal, Elys, Cosmos

(iv) Distributors such as Omaera, Surgipharm, Tealands,

(v) Wholesalers and Retailers

The first four categories are mainly located within Nairobi and are the focus of this study. The prescribers are spread out all over the country with higher concentration in urban

areas. The highest numbers of prescribers are however to be found in Nairobi and it's this that the study will target.

3.2 Population.

The population of study will consist of multinationals, generic importers local manufacturers and distributors. According to the Kenya Medical directory (2000) there are 138 such companies operating in Kenya.The Manufacturers both local and multinational number 53 as indicated in the list of Pharmaceutical Manufacturers in Appendix II. The distributors, which include generic importers, comprise 85 companies as indicated in the list of pharmaceutical distributors in Appendix II.

The prescribers in Kenya include specialist doctors, general practitioners, clinical officers and nurses. For the purpose of this study focus will only be on specialist doctors and general practitioners. This is because they are the category that generate the highest number of prescriptions and therefore the most targeted by the pharmaceutical marketers.

3.3 The Sample and Sampling Design.

Considering the diverse distribution of the pharmaceutical firms and prescribers in Nairobi and the limited budget and time available a sample of 50 firms and a similar number of prescribers are considered appropriate. For the pharmaceutical firms selection

will be done from two broad categories of manufacturers and distributors as shown in Appendix II. There are 85 distributors to 53 manufacturers in the population of study therefore 20 manufacturers and 30 distributors will be picked through judgmental sampling in proportion to their population size. This number is considered large enough to provide a general view of direct marketing techniques in the pharmaceutical industry and hence provide a basis for valid and reliable conclusions.

3.4 Data Collection.

This study will use primary data to be collected using a questionnaire. The respondents to the study will be persons vested with responsibility of marketing the firms' products such as the marketing managers in their absence their deputies will suffice. This category of respondents is preferred because they are the ones most familiar with marketing issues.

The prescribers targeted will be specialist doctors and general practitioners because between them they generate the highest number of prescriptions and they are the most knowledgeable, and most targeted by the medical representatives. As a result they are likely to give an informed opinion on personal selling in the pharmaceutical industry.

The questionnaires will be administered on a 'drop and pick-up later' basis. In some cases this will be supplemented by a discussion with the respondent to clarify any issues and gain further insight.

The questionnaire will have both open and closed questions. Ordinal scale will be used to rate the different variables in the study. The questionnaire is divided into three sections.

(i) Part A seeks bio-data on both the respondents and the firm under study.

(ii) Part B addresses the issues of marketing mix with specific focus on direct marketing in the pharmaceutical industry.

(iii) Part C is concerned with detailing, finding out the importance of medical representative visits on prescribing decisions among doctors.

A letter of introduction will be given to each respondent prior to the research.

3.5 Data Analysis.

The data analysis will seek to establish the level of awareness and use of direct marketing in the Kenyan pharmaceutical firms in Nairobi. It will further seek to establish the importance of personal selling in influencing prescribing decisions among specialist doctors and general practitioners.

The completed questionnaires will be edited for completeness and consistency. The data will then be coded to enable the responses to be grouped into categories.

Descriptive statistics will be used to summarize the data. These include frequencies and percentages or proportions, which will be used to establish the number of firms using

each of the direct marketing techniques. Mean scores will be calculated from the responses, which will be rated as a 5-point likert scale. The scale had 1 as the lowest level of adjustment and 5 taken as the highest level of adjustment. The SPSS package will be used to summarize, cross tabulate and sort out the data to give appropriate rankings and strengths of the of the various factors.

CHAPTER 4

DATA ANALYSIS AND FINDINGS

4.0 Introduction.

This chapter highlights how the responses were scored and subsequent data analysis. The data gathered in the study were analyzed using descriptive and inferential statistics. The statistics include frequencies, percentages, cross tabulation and graphs.

4.1 Level of Awareness of Direct Marketing tools.

To determine the level of awareness of direct marketing techniques the respondents were given a list of promotional tools and were required to pick those that they considered as direct marketing techniques .The response so obtained were presented in tubular and graphical form shown below;

Table 1: Table to show the level of awareness of direct marketing techniques.

Marketing tools	Number of responses n=30	% Response
Telemarketing	22	73
Advertising	13	43
Direct Mail	15	50
Publicity and Public Relations	1	3
Personal Selling	25	83
Catalog Marketing	1	3
E-mail	1	3
Sales Promotion	28	93

Figure 1: Graph to show the level of awareness of direct marketing practices
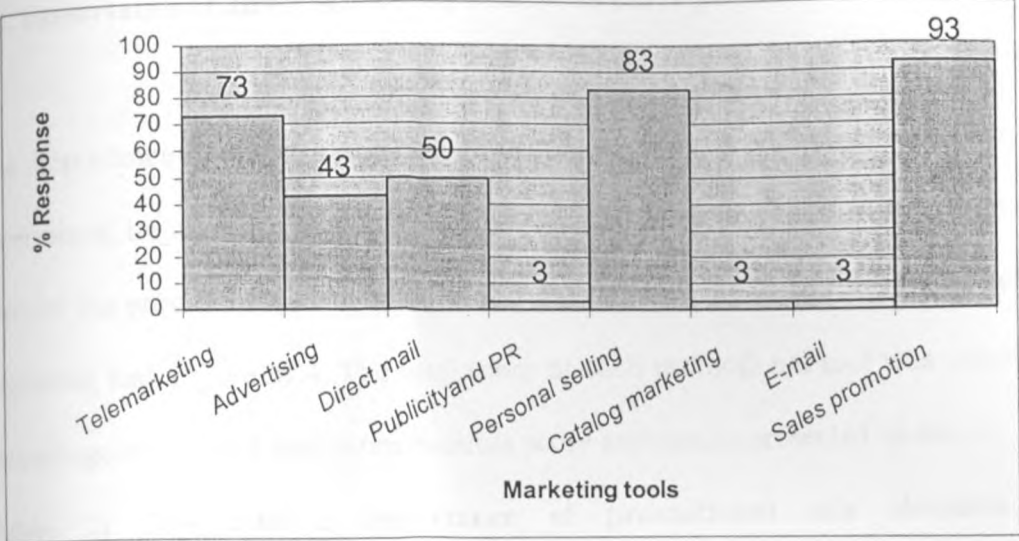
93% and 43% of the respondents considered sales promotion and advertising respectively as direct marketing techniques. Only 3% of the respondents thought that e-mail and Catalog Marketing were direct marketing techniques.

The fact that 93% and 43% of the respondents thought that sales promotion and advertising respectively were direct marketing techniques shows that most marketing managers in the industry are not fully conversant with marketing mix elements. The main reason to this is that most marketing managers are not marketing graduates but rather science or pharmacy graduates who have risen through the ranks to head marketing departments (Muiva, 2001). This means that they are not highly knowledgeable on marketing mix elements as they lack formal marketing training. The low responses to e-

mail and catalog marketing could be due to fact that these are fairly new concepts in this industry locally.

4.2. Importance of direct marketing relative to other promotional mix elements

The importance of direct marketing compared to other promotional mix elements was determined through use of questionnaires where the respondents were required to rate each of the promotional elements. Least important had the lowest score of 1 while most important had a score of 4. The total score of each promotional tool was calculated as a percentage of the total maximum possible score and results presented as below;

Table 2: The relative importance of promotional mix elements in the pharmaceutical industry.

Promotional element	% Score
Advertising	73
Sales Promotion	94
Publicity and Public Relations	38
Direct Marketing	88

Figure 2: Graph to show the relative importance of promotional mix elements in the pharmaceutical industry

Promotional mix elements
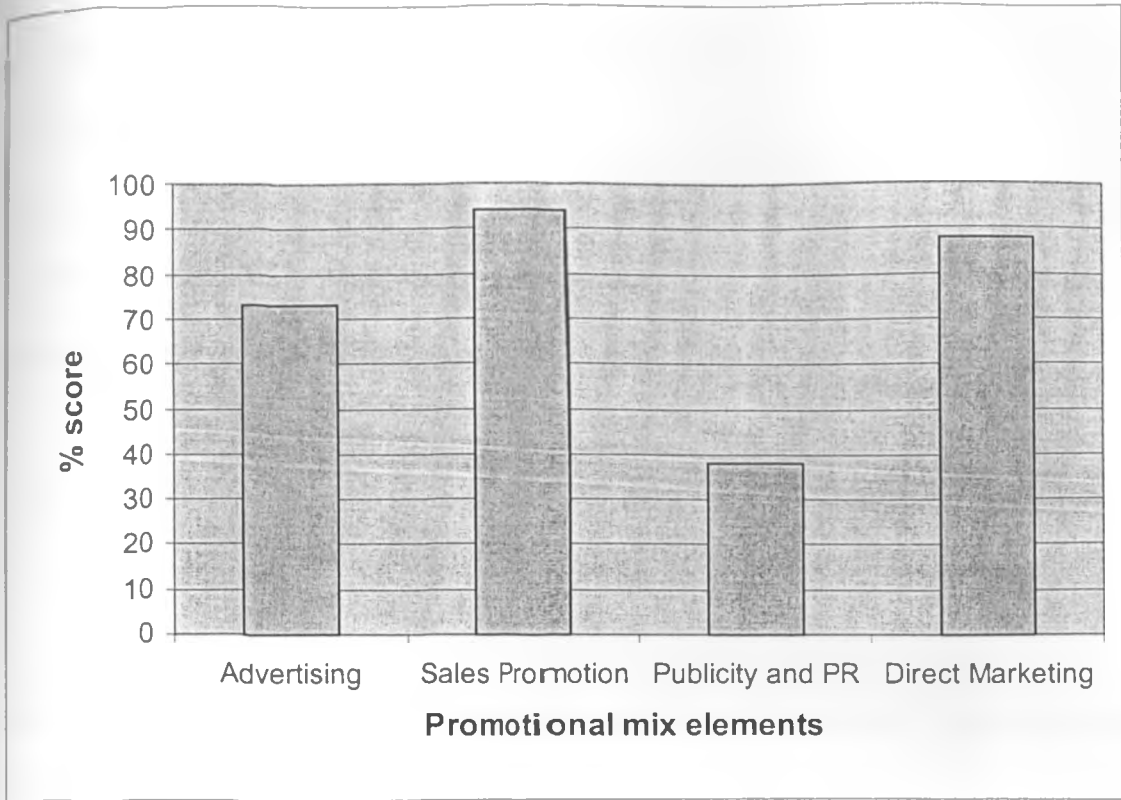
Sales promotions received the highest score among the respondents as the most important promotional mix element in this industry (94%) followed by direct marketing (88%) then advertising (73 %) and Publicity and Public Relations came last with 38 % score.

Among the respondents direct marketing is the second most important marketing mix element in the industry and advertising came third mainly because of the regulatory restrictions on advertising in the industry. In this industry to convince the buyers and prescribers of medicines a lot of incentives such as discounts, credit facilities, conference sponsorship has to be used hence the emergence of sales promotion as the most important

promotional mix element. These findings is corroborates those of, Naikuni 2001, who also reported in his findings that sales promotions was the most important promotional tool in this industry.

The pharmacy and poisons act restricts the advertising of prescription drugs in print and electronic media to professional journals only hence advertising is of diminished importance in this industry compared to other promotional tools.

4.3 Proportion of marketing budget used in the Medical representative maintenance.

The respondents were required to state percentage of their marketing budget allocated to medical representative maintenance and the results presented as below;

Table 3: The proportion of marketing budget allocated to medical representative maintenance in the pharmaceutical industry.

% of the marketing budget used in medical representative maintenance	Responses N=30	% Response
0-30	7	23
30-50	6	20
50-70	15	50
Over 70	2	7

Figure 3: Pie chart to show the proportion of marketing budget used for medical representative maintenance.
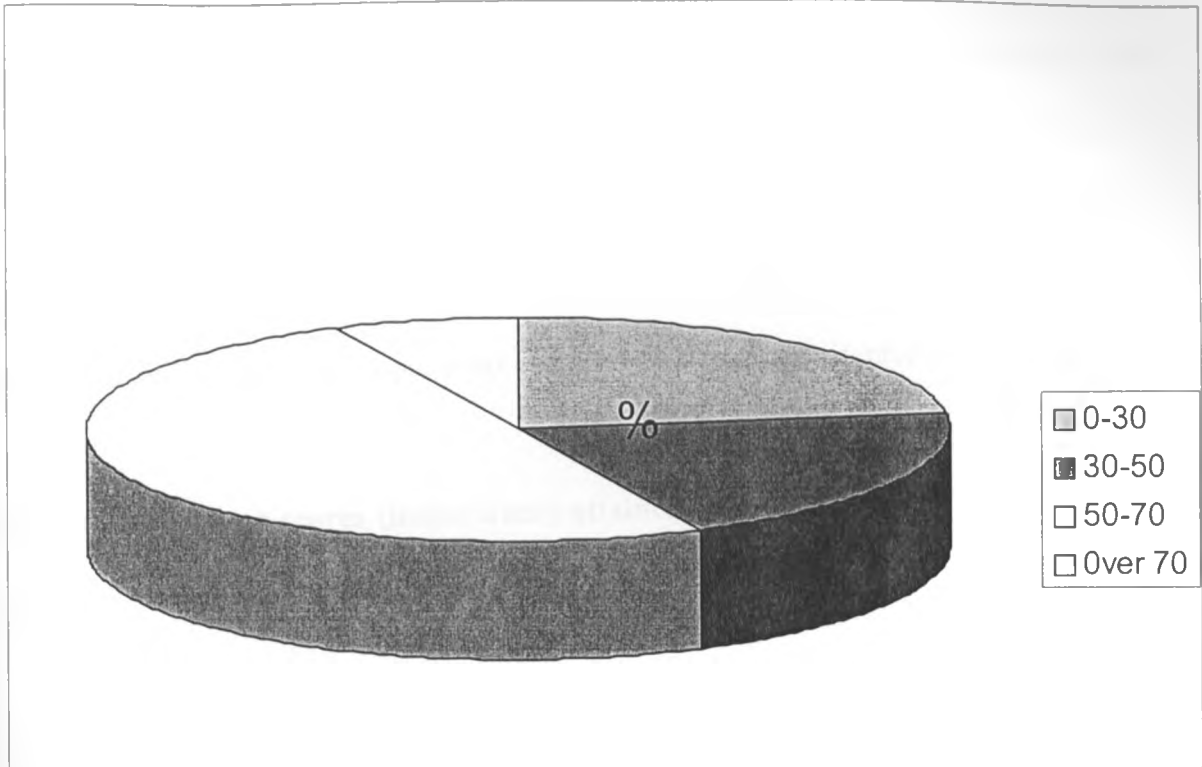
50% of the respondents spent 50-70% on medical representative maintenance while 7% spent over 70%. This shows the importance the pharmaceutical industry attaches to personal selling as a means to achieving their marketing objectives since the other marketing mix elements are severely limited by the regulatory constraints.

## 4.4 Relative importance of direct marketing techniques.

To determine the relative importance of each of the direct marketing techniques the respondents were required to rate them on a scale of 1-5 where 5 was most important and a score of 1 least important. The total score was computed as a percentage of the highest possible score. The higher the percentage score the greater the importance attached by the respondent to the direct marketing technique. The results were presented as follows;

Table 4: Percentage scores (importance) attained by each of the direct marketing technique among the respondents.

Direct Marketing technique	% Score
Mail	47
Telemarketing	56
Fax	33
E-mail	24
Sales presentation	53
E- detailing	22
Samples	71

Figure 4: Graph to show the relative importance of direct marketing techniques in the pharmaceutical industry
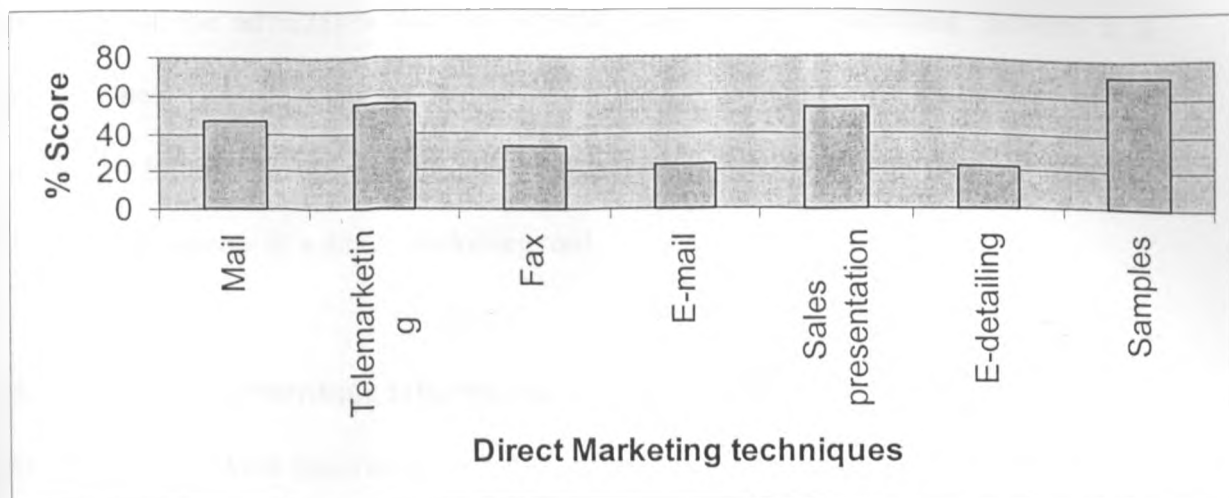
Use of Samples scored the highest (71%) as the most important direct marketing technique in the industry followed by Telemarketing (56%), Sales presentation (53%) and Mail (47%) respectively. E-mail and E- detailing received the lowest scores with 24% and 22 % respectively.

The use of samples scored the highest because prescribers normally prefer to use the samples to determine the efficacy of a product. Once they are convinced of the efficacy through positive results by the samples the product will be prescribed to subsequent patients with similar disease condition.

Telemarketing is mainly used to convince prospective buyers to make purchases after being informed of existing incentives such as discounts and credit facilities hence its

from the respondents it becomes the second most important direct marketing technique. Sales presentation to prescribers is very important because its then that they can be convinced of the advantages that the product has over its competitors. Internet is a relatively new concept in Kenya and is hardly used as a marketing tool because of the current low Internet coverage among the population hence the low importance attached to it by the respondents as a direct marketing tool.
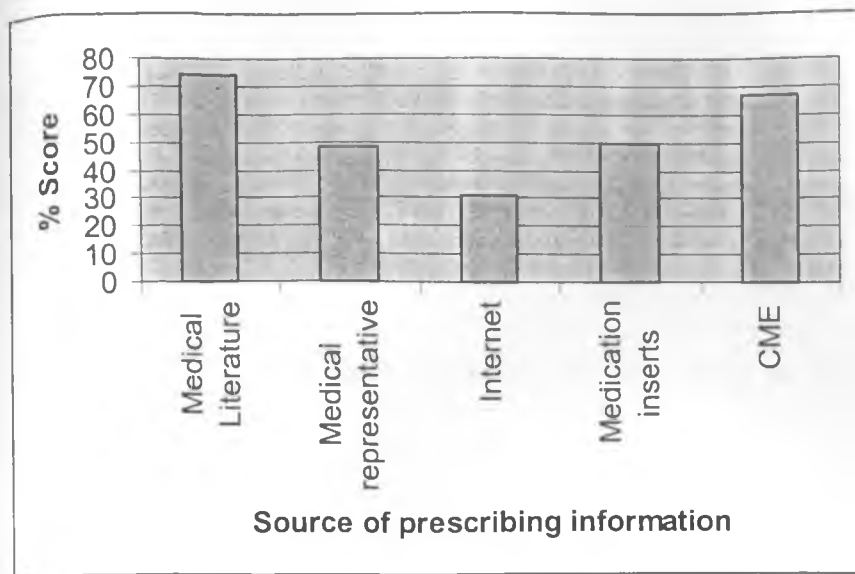
4.5. Source of prescribing information among Prescribers

The respondents were required to rate the importance of various sources of prescribing information where 5 was most important and 1 least important. The score was presented as a percentage of the total possible score.

Table 5: Various sources of prescribing information and the importance (% score) attached to them by the respondents.

Source of Prescribing information	% Score
Medical Literature	74
Medical representative	48
Internet	31
Medication Inserts	50
CME	67

Figure 5: Graph to show the relative importance of the various sources of prescribing information

Medical literature emerged as the most important source of prescribing information (74%) followed by CME (67%), Medication inserts (50%) and Medical representative with a score of 48%. Internet was the least important source of prescribing information with a score of 31%.

Its important to note that among the respondents, medical representative did not feature prominently as the most important source of prescribing information. It came fourth after Medical literature, CME, Medication inserts in that order. This is despite the fact that the pharmaceutical industry views medical representative presentations as their most important direct marketing technique.

4.6.   **Length of time spent with a medical representative**.

The respondents were required to state the average length of time spent with a medical representative and the results presented as follows;

Table 6: The average length of time spent by respondents with medical representative.

Time (min)	No of respondents	% response
Less than 10	10	33
10-20	17	57
20-30	3	10
More than 30	0	0

Figure 6: Pie chart to show the length of time spent by prescribers with medical representatives.
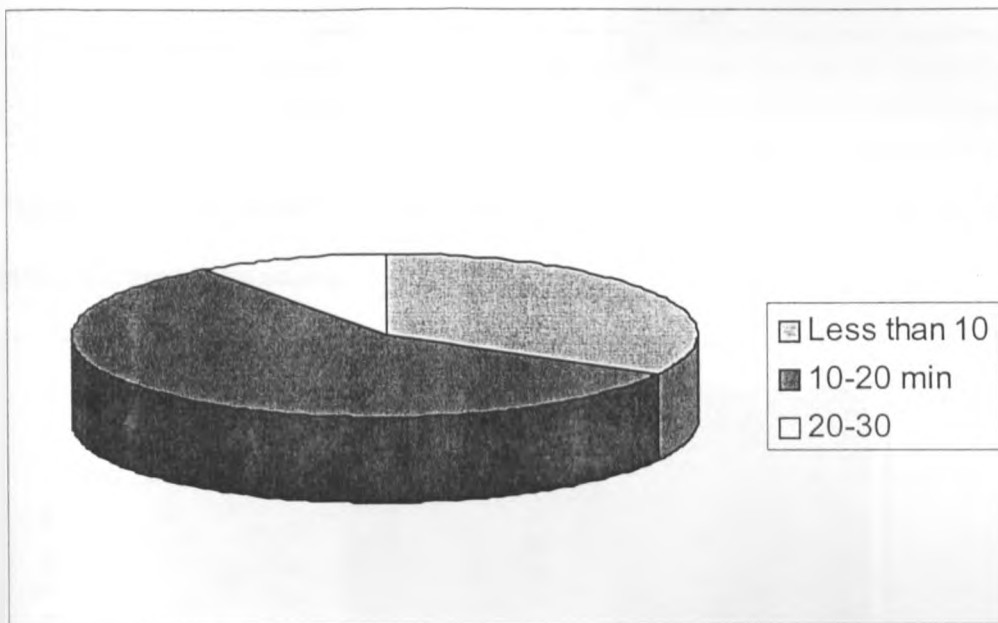
Only 33% of the respondents said they spent less than 10 minutes with a medical representative while 57% spent between 10 to 20 minutes. 10 % of the respondents spent more than 20 minutes with the medical representatives.

Most prescribers cannot spare more than 20 minutes to medical representative presentation because they usually have long queues of patients waiting to be attended.
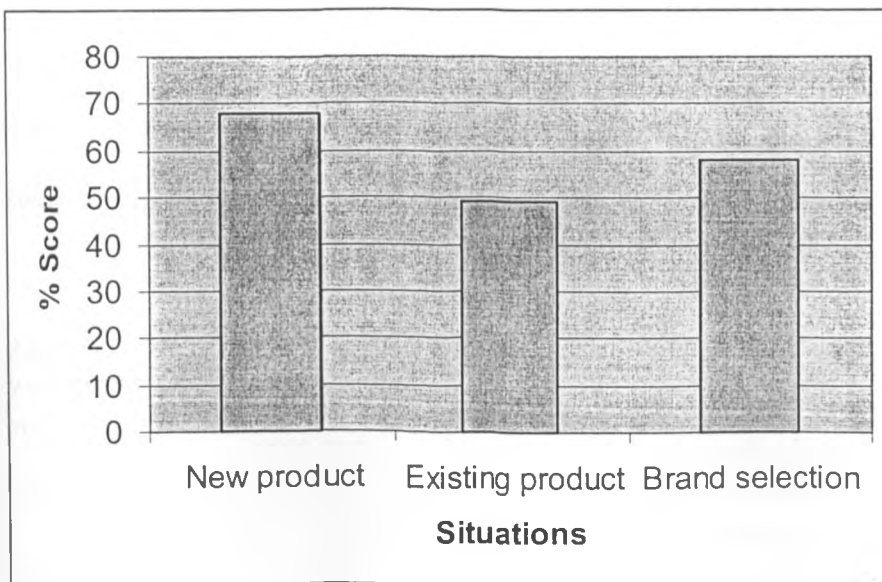
4.7. Relative importance of medical representative presentation on prescribing decisions under different situations.

The respondents were required to state the importance of medical representative presentation on prescribing decisions where a new or existing product is involved and also during brand selection.

Table7: Table to show the importance (% score) of medical representative presentation on prescribing decisions among respondents in varying situations

Situation	% score
New product	68
Existing product	49
Brand selection	58

Figure 7: Graph to show the relative importance of medical representative doctors under different situations.

Among the respondents it emerged that the medical representative presentation was most important in making prescribing decisions when its involving a new product while its least useful in existing products. The source of information for new products is usually the manufacturer as its not usually available in medical journals and books. The manufacturer usually passes this information to the prescribers through medical representatives hence their importance in prescribing decisions involving new products. However in existing products there are several sources for their prescribing information hence the relatively low importance attached by prescribers to medical representative presentation in prescribing decisions involving existing products.
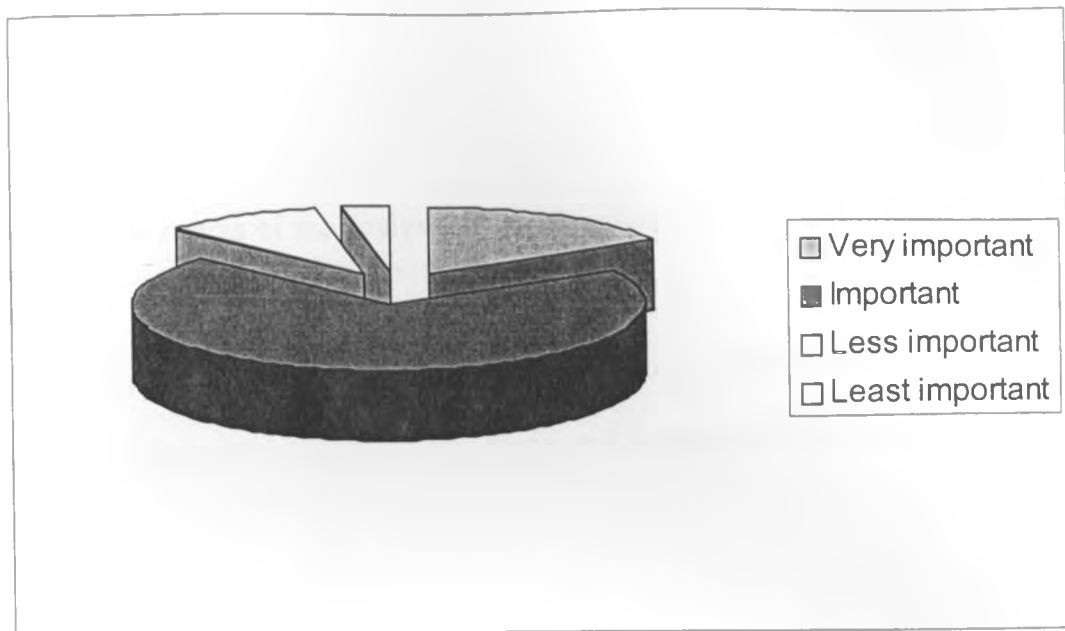
4.8. Rating of medical representative as a source of prescribing information.

The respondents were required to rate medical representative as a source of prescribing information ranging from least important to very important.

Table 8: Table to show the rating (% score) of the medical representative as a source of prescribing information among the respondents.

Rating	Frequency n=30	% Response
Very important	5	17
Important	21	70
Less important	3	10
Least important	1	3

Figure 8: Pie Chart to show the rating of Medical representative as a source of prescribing information among doctors

Only 17 % of the respondents rated the medical representative as a very important source of prescribing information while the majority (70%) rated the medical representative as important.

The majority of prescribers rated medical representatives as important because they are a very crucial source of prescribing information especially involving new products as seen earlier. Though other sources of prescribing information exist such as medical journals and books they are not readily available to prescribers.

CHAPTER 5

SUMMARY DISCUSSIONS AND CONCLUSIONS.

5.0 Introduction.

In this concluding chapter the results of the analysis are summarized findings discussed and conclusions drawn.

The order of the presentation is in terms of the objectives that were addressed in the study. The chapter also contains limitations of the study and suggestions for future research on the subject.

5.1 Summary, Discussions and Conclusions

The first objective of the study was to determine the level of awareness of direct marketing techniques among the marketing managers in the Pharmaceutical Industry. This was done by presenting them with a list of marketing tools and asked to pick out those which they think are direct marketing techniques. 93% and 43% of the respondents picked sales promotion and advertising respectively as direct marketing techniques. This shows that majority of the marketing managers are unable to distinguish which marketing tools are direct marketing techniques and which are not. E-mail is a relatively new direct marketing technique locally hence the low level of awareness among the respondents.

The second objective was to determine the current direct marketing practices in the pharmaceutical industry in Kenya and the importance of personal selling in this Industry. This was done through use of questionnaires. Part B of the questionnaires was directed at the Marketing managers in the pharmaceutical Industry. First they were expected to rate direct marketing along with other promotional tools to gauge its importance in the Industry. They were then asked to rate the importance of each of the direct marketing techniques in their organizations.

Part C of the questionnaire was directed at prescribers and it was meant to find out whether medical representative presentation was important in influencing their prescribing decisions viz a viz other sources of prescribing information.

Ranked with other promotional elements direct marketing emerged as the second most important promotional tool after sales promotion. Among the direct marketing techniques use of samples was the most important followed by telemarketing, salespresentation and mail in that order. Sales presentation came third as the most important direct marketing technique yet it consumes 50 – 70% of the marketing budget in half of the organizations under study. E-mail and E-detailing are relatively new concepts locally hence the relatively low importance attached to them by the respondents.

Among the prescribers medical representative presentation was ranked fourth after medical literature, medication inserts, and CMES in that order as sources of prescribing information. Among the respondents it emerged that the medical representative

presentation was most important in prescribing decisions involving new products while it was least useful in existing products .On the whole majority of the respondents (70%) rated the medical representative as an important source of prescribing information.

5.2 Limitations of the Study.

There are over a thousand prescribers in Nairobi yet the study took only fifty as sample size. The study was limited to Nairobi with a sample size of fifty for both prescribers and the pharmaceutical companies because of the time and financial limitations.

5.3 Recommendations.

- Marketing managers in the pharmaceutical industry need to be fully conversant with all the direct marketing promotional tools so that they can optimize on opportunities each of these tools offers in reaching and convincing prospective clients. This can be done through training and recruiting qualified marketing graduates.

- In the study direct marketing emerged as an important promotional tool in this industry. The maintenance of medical representative took 50-70 % of the marketing budget in over half of the organizations under study yet it emerged from the study that though prescribers view medical representative presentations as important it was ranked fourth as a source of prescribing information after medical literature, medication inserts and CME in that order. These findings suggest that marketing managers need to explore and exploit other direct marketing techniques such as e-mail and e detailing to supplement medical representative presentation.

- Further research needs to be to find out why prescribers do not consider medical representative presentation as their most important source of prescribing information.

- There is also need to carry out a study that quantifies the prescription generation arising from medical representative presentations and the accompanying costs.

APPENDIX I

QUESTIONNARE

Please answer the questions as per the requested format

PART A

1. Please categorize your organization in to the following

   Multinational   ( )

   Local manufacturer   ( )

   Distributor   ( )

   Clinical service provider ( )

2. Designation of the respondent   _____

3. How many employees does your organization have

   Less than 50 ( )

   50 to 100   ( )

   100 to 200   ( )

   Over 200   ( )

4. Do you have a sales /marketing department

   Yes ( )   No ( )

5. What type of products do you market in Kenya

   Prescription only medicines (POM) ( ) Pharmacy only ( ) Both ( )

PART B

1. On whom are most of your promotional activities targeted.

   Rank in order of importance

	Very important	Important	Less important	Least important
Specialist doctors	( )	( )	( )	( )
General practitioners	( )	( )	( )	( )
Clinical officers	( )	( )	( )	( )
Pharmacists	( )	( )	( )	( )
Other paramedics	( )	( )	( )	( )

2. Which of the following Marketing tools do you consider as direct marketing

techniques

          (Tick as appropriate)

Telemarketing   ( )
Advertising   ( )
Direct Mail   ( )

Publicity and
Public relations   ( )
Personal selling   ( )

Catalog Marketing   ( )

E-mail   ( )

Sales promotions ( )

3. Please rank the following marketing mix elements in order of importance in your organization

	Very Important	Important	less Important	Least Important
Advertising	( )	( )	( )	( )
Sales promotion	( )	( )	( )	( )
Publicity and public Relations.	( )	( )	( )	( )
Direct marketing	( )	( )	( )	( )

4. On a scale of 1-5 how would you rank the relative importance of the following direct marketing techniques to your company. 5 represent most important and 1 least important.

         1 2 3 4 5

Mailings   ( ) ( ) ( ) ( ) ( )

Telemarketing   ( ) ( ) ( ) ( ) ( )

Fax mail   ( ) ( ) ( ) ( ) ( )

E-mail   ( ) ( ) ( ) ( ) ( )

E-detailing   ( ) ( ) ( ) ( ) ( )

Sales presentation   ( ) ( ) ( ) ( ) ( )

Samples   ( ) ( ) ( ) ( ) ( )

Contact by other

Staff(a) Receptionist ( ) ( ) ( ) ( ) ( )

  (b) Customer care ( ) ( ) ( ) ( ) ( )

  (c)Top management ( ) ( ) ( ) ( ) ( )

Others (Specify)…   ( ) ( ) ( ) ( ) ( )

5. What percentage of your marketing budget goes to medical representative maintenance?

        0 to 30%   ( )

        30 to 50 % ( )

        50 to 70%   ( )

        Over 70%   ( )

6. How do you measure the effectiveness of your personal selling?

        Prescription audits ( )

        Sales turnover   ( )

        Others (specify)…

7. To what extent do the following factors determine the choice of direct marketing techniques.

	Very important	Important	Less important	Least important
Availability of funds	( )	( )	( )	( )
Market competition	( )	( )	( )	( )
Product lifecycle	( )	( )	( )	( )
Type of customers	( )	( )	( )	( )

Type of product	( )	( ) ( )	( )
Skill of staff	( )	( ) ( )	( )
Others (specify) …	( )	( ) ( )	( )

7. The recent advances in information communication and technology (ICT) has led to the development of new direct marketing techniques such as e-detailing, e-mail broadcasting, palmtop computing etc. What is the status of your organization on leveraging on these new technologies in its marketing techniques?

Already implemented   ( )

Planning to implement   ( )

No immediate plans to implement ( )

PART C

Detailing

1.Please rank the following in order of importance as a source of prescribing information

Where 5 is the most important and 1 least important.

	5	4	3	2	1
Medical literature and journals	( )	( )	( )	( )	( )
Medical representatives	( )	( )	( )	( )	( )
Internet	( )	( )	( )	( )	( )
Medication inserts	( )	( )	( )	( )	( )
CME	( )	( )	( )	( )	( )
Others (specify)…	( )	( )	( )	( )	( )

2. What is the average length of time you spend with a medical representative

    Less than 10 minutes ( )

    10 to 20 minutes   ( )

    20 to 30 minutes   ( )

    Over 30 minutes   ( )

3. How would you rate a medical representative presentation based on the following parameters? Where 5 is the highest possible score while 1 is the least.

	5	4	3	2	1
Relevance	( )	( )	( )	( )	( )
Completeness	( )	( )	( )	( )	( )
Clarity	( )	( )	( )	( )	( )

Accuracy   ( )   ( )   ( )   ( )   ( )

4. On a scale of 1-5 how would you rank the relative importance of a medical representative presentation on your prescribing decision under the following conditions.

Where 5 is most important and 1 least important.

	5	4	3	2	1
New products	( )	( )	( )	( )	( )
Existing products	( )	( )	( )	( )	( )
Brand selection	( )	( )	( )	( )	( )

5. How would you rate the medical representative as a credible source of prescribing information?

Very Important ( )   Important ( )   Less Important ( )   Least Important ( )

6. How often is your prescribing decision influenced by the patient brand/therapy preference?

    All the time   ( )

    Occasionally ( )

    Rarely   ( )

    Never   ( )

7. How often do you use the internet as a source of prescribing information

       Daily ( ) Occasionally ( ) Rarely ( ) Never ( )

8. Do you have an e-mail address

      Yes ( )   No ( )

9. (a) E- detailing is an individualized and interactive presentation of prescribing

      Information via the Internet. Are you aware of this new detailing technique?

         Yes ( )   No ( )

(b) If yes in (a) above how would you rate it as a source of prescribing information compared to other traditional methods

Very important   ( )

Important   ( )

Less Important   ( )

Least Important   ( )

THANK YOU VERY MUCH FOR YOUR COOPERATION.

List of Pharmaceutical Distributors in Nairobi.

1. Africon Sales Ltd
2. Alsafra Healthcare Ltd
3. Apomed Products Ltd
4. Apple Pharmaceuticals Ltd
5. Assia Pharmaceuticals Ltd
6. Bakpharm Ltd
7. Boma Drughouse Ltd
8. Bulk Medicals Ltd
9. C.Mehta & CO Ltd
10. Caroga Pharma (K) Ltd
11. Chem-Labs Services Ltd
12. Chemid (K) Ltd
13. Chemoquip Ltd
14. Choice Meds Ltd
15. Cosmos Ltd
16. Countrywide Pharmaceuticals Ltd
17. Crystal Chemical Co. Ltd
18. Curamed Pharmaceuticals Ltd
19. Denken Pharmaceuticals Ltd
20. E.T Monks Co. Ltd
21. Eros Chemist Ltd
22. Europa Healthcare Ltd
23. Fortepharma Ltd
24. Framin Kenya Ltd
25. Galaxy Pharmaceuticals Ltd
26. Goodman Agencies Ltd
27. Harley's Ltd
28. High Chem East Africa Ltd
29. Howse McGeorge Laborex Ltd

30. Intergen Healthcare Ltd

31. Jaskam & Co Ltd

32. Jos Hansen & Soehne EA Ltd

33. Kenruss Medics Ltd

34. Kulal International Ltd

35. Letap (K) Ltd

36. Lords Healthcare Ltd

37. Lords Pharmacy Ltd

38. Macmed Healthcare Kenya Ltd

39. MacNaughton (K) Ltd

40. Madawa Pharmaceuticals Africon Sales Ltd

41. Management Solutions (K) Ltd

42. Manhar Brothers (K) Ltd

43. Medispec (K) Ltd

44. Medox Pharmaceuticals Ltd

45. Medvet Supplies Ltd

46. Mesdical & Healthcare Industries

47. Metro Pharmaceuticals

48. Mombasa Medical Stores (K) Ltd

49. Nairobi Enterprises Ltd

50. Nairobi Pharmaceuticals (K) Ltd

51. National Pharmacy Ltd

52. Neema Pharmacy Ltd

53. Njimia Pharmacy

54. Njimia Pharmacy

55. Omaera Pharmaceuticals Ltd

56. Omaera Pharmaceutivals Ltd

57. Pan Pharmaceuticals Ltd

58. Pharma Share Kenya Ltd

59. Pharmadrug Ltd

60. Pharmalife Ltd

61. Pharmalife Ltd

62. Phillips Pharmaceuticals Ltd

63. Polymeric Pharmaceuticals

64. Ray Pharmaceuticals Ltd

65. Rhino (K) Ltd

66. Ron Pharmacy Ltd

67. Rup Pharm Ltd

68. Sai Pharmaceuticals Ltd

69. Sal Healthcare Ltd

70. Salama Pharmaceuticals Ltd

71. Scientis East Africa (K) Ltd

72. Serian Pharmaceuticals Ltd

73. Seropharma Ltd

74. Spectropharm Ltd

75. Statim Pharmaceuticals Ltd

76. Sunpar Pharmaceuticals Ltd

77. Surgilinks Ltd

78. Surgipharm Ltd

79. Syner-Med Pharmaceuticals (K) Ltd

80. Tealands Pharmaceuticals Ltd

81. Trinity Pharma Ltd

82. Twiga Pharmaceuticals Ltd (Div. of Twiga Chemicals)

83. Twokay Chemicals Ltd

84. Zadchem Pharmacy Ltd

85. Zeneth Pharmaceuticals Ltd

List of Pharmaceutical Manufacturers in Nairobi.

1. A.S. Lundbeck Overseas
2. Aesthetics Ltd
3. Alpha Medical Manufacturers Ltd
4. Amiken Ltd
5. Amoun Pharmceutical Ind. Co. Ltd
6. Amsco Industries
7. Angeliga Medical Supplies
8. Armicon Pharmaceuticals Ltd
9. Arnimont-Pharma GMBH
10. Aventis Pasteur SA (E.A.)
11. Aventis Pharma Ltd
12. Bayer E.A. Ltd
13. Bee Health Propolis (K) Ltd
14. Beta Healthcare International Ltd
15. Biodeal Laboratories Ltd
16. Cadila Healthcare
17. Cadila Pharmaceuticals (EA) Ltd
18. Coopers Pharmaceuticals Ltd
19. Cosmos Ltd
20. Cussons & Co. Pharmaceuticals Division
21. Dawa Pharmaceuticals Ltd
22. Donvet Pharmaceuticals Ltd
23. Eli Lilly & Co. (Suisse) SA-Kenya
24. Elys Chemicals Industries Ltd
25. Gesto Pharmaceuticals Ltd
26. Glaxo Wellcome (Egypt) Ltd
27. Glaxo Wellcome (K) Ltd
28. Globe Pharmacy Ltd
29. Hightech Pharmaceuticals & Research Ltd

30. Infusion (K) Ltd

31. KAM Industries

32. Laboratory & Allied Ltd

33. Mac's Pharmaceuticals Ltd

34. Medchem Hygiene (K) Ltd

35. Merrel Dow Pharmaceuticals Ltd

36. . Novartis E.A. Ltd

37. Pfizer Laboraties (K) Ltd

38. Pharmaceutical Manufacturing Co. (K) Ltd

39. Pharmaceutical Product Ltd

40. Procter & Gamble (EA) Ltd

41. Reckit Benckiser (EA) Ltd

42. Regal Pharmaceuticals Ltd

43. Roche Products Ltd

44. Schering A.G

45. Smithkline Beecham International

46. Sphinx Pharmaceuticals Ltd

47. Trauma surgicals &healthcare Ltd

48. UB-Pharma (K) Ltd

49. Universal Pharmacy Ltd

50. Warner-Lambert (E.A.) Ltd

51. Wockaine (Europe) Ltd

52. Wockhardt (Europe) Ltd, Centre for African Operations

53. Zeneca Pharmaceuticals Ltd

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