THE EFFECT OF PRICING AS A COMPETITIVE STRATEGY ON SALES PERFORMANCE OF SELECTED PHARMACEUTICAL COMPANIES IN NAIROBI COUNTY.

BY

Maurice Odhiambo

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ABSTRACT

To investigate the effect of pricing as a competitive strategy among pharmaceutical companies in Nairobi, Kenya. This was necessitated by the fact that the pricing decision made by pharmacies to improve pharmaceutical products sales has so far been done without much thought to effective pricing strategies. The study therefore attempted to answer the following research question. What is the effect of pricing strategies on sales performance of pharmacies in Nairobi County? The study objectives were to establish pricing strategies and its effect on pharmacies’ sales performance in Nairobi, Kenya; determine the pricing strategies employed by pharmacies in Nairobi, Kenya; and explore the relationship between competitive pricing strategy and pharmacies’ sales performance in Nairobi, Kenya. The study adopted a cross-sectional survey design and targeted pharmacies in Nairobi Central Business District (CBD). The number of pharmacies in Nairobi County is 340. A sample size of 181 pharmacies and sales managers was used and then simple random sampling technique was used to select the pharmacies. Quantitative data was collected. Questionnaires in likert scale were used to collect the data and it was administered on pharmacists and sales managers. Quantitative and qualitative data analytical techniques were utilized; both descriptive and inferential analyses were employed in data analysis. Both correlation and Regression analyses were used. Data was then presented in tables, pie charts and bar graphs. The findings of the study were: Pricing decision and pricing strategies had a significant effect on sales performance of pharmaceutical products. The study therefore recommends: Pharmacies should perform a comprehensive market research to study the market for effective pricing decision and strategy to later improve medicine sales. Further, pharmacists and sales managers should get sufficient training in strategic management which will help them set effective prices that would increase their sales. Pharmacists and sales managers should employ well thought out strategies that would help them improve on sales and their competitiveness. The Ministry of Finance should review its competitive pricing policy to ensure a level playing field to safeguard the pharmacies sector from undue and unfair competition.