

**MARKETING STRATEGIES ADOPTED BY PHARMACEUTICAL  
COMPANIES IN RESPONSE TO THE CHANGING CONSUMER BUYING  
BEHAVIOUR IN KENYA**

**ESTHER MUENI NYAMAI**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER  
OF BUSINESS ADMINISTRATION OF THE UNIVERSITY OF NAIROBI**

**NOVEMBER, 2014**

## DECLARATION

This research study is my original work and has not been presented for any award at the university.

Sign: \_\_\_\_\_

Date: \_\_\_\_\_

Esther Nyamai

D61/78792/2012

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

Sign: \_\_\_\_\_

Date: \_\_\_\_\_

Dr. Justus Munyoki

Senior Lecturer

School of Business

University of Nairobi

## **DEDICATION**

To my dear husband Rogers Okeri and my lovely son Darren Obwoni for your immeasurable support and encouragement throughout my studies.

## **ACKNOWLEDGEMENT**

I would like to acknowledge the Almighty God for his sustenance throughout my studies. Thanks to my family especially my spouse Rogers Okeri for encouragement and support.

My sincere gratitude goes to my supervisor Dr. Justus Munyoki for his support, encouragement and professional advice throughout this research study. My appreciation also goes to the management of all the pharmaceutical companies that I worked with for the invaluable information that has helped in accomplishing this study.

## **ABSTRACT**

This research was designed to investigate the marketing strategies adopted by pharmaceutical companies in response to the changing consumer buying behavior in Kenya. The studied two objectives were; to determine the marketing strategies adopted by pharmaceutical companies in response to the changing consumer buying behavior and to establish the challenges faced in implementing the marketing strategies. Data was collected from the country managers or the product managers or equivalent of 37 pharmaceutical companies. Data was analyzed using descriptive statistics such as mean and standard deviation. Percentages and tables were used for data presentation. The study found that different pharmaceutical companies adopt different marketing strategies in response to the changing consumer behavior. The findings of the study indicate that pharmaceutical companies have adopted strategies such as promotional, pricing, marketing segmentation, positioning, branding and distribution strategies. However, from the study the commonly adopted strategies were branding and pricing. The least adopted strategy was market segmentation. The finding also indicated that the pharmaceutical companies face challenges such as resistance to change, financial requirement, regulations imposed by the government, technological challenges, inefficient leadership, legal requirements and competition when implementing the marketing strategies. The study found that the common challenges among the pharmaceutical companies were resistance to change and competition. The least faced challenges were inefficient leadership and legal requirements.

## TABLE OF CONTENT

|   |           |
|---|-----------|
| DECLARATION.....  | i         |
| DEDICATION .....  | ii        |
| ACKNOWLEDGEMENT .....   | iii       |
| ABSTRACT.....   | iv        |
| LIST OF TABLES .....  | vii       |
| ACRONYMS AND ABBREVIATIONS.....                                 | viii      |
| <br>  |           |
| <b>CHAPTER ONE: INTRODUCTION.....</b>                           | <b>1</b>  |
| 1.1 Background of the Study.....                                | 1         |
| 1.1.1 Concept of Strategy .....                                 | 2         |
| 1.1.2 Marketing Strategies.....                                 | 4         |
| 1.1.3 Consumer Buying Behavior.....                             | 5         |
| 1.1.4 The Pharmaceutical Industry in Kenya .....                | 7         |
| 1.2 Research Problem .....                                      | 8         |
| 1.3 Research Objectives.....                                    | 10        |
| 1.4 Value of the Study .....                                    | 10        |
| <br>  |           |
| <b>CHAPTER TWO: LITERATURE REVIEW .....</b>                     | <b>12</b> |
| 2.1 Introduction .....  | 12        |
| 2.2 Theoretical Foundation of the Study .....                   | 12        |
| 2.3 Marketing Variables .....                                   | 14        |
| 2.4 Consumer Behavior .....                                     | 15        |
| 2.5 Marketing Strategies Adopted by Organizations .....         | 17        |
| 2.6 Challenges of Implementing Strategies by Organizations..... | 24        |
| <br>  |           |
| <b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>                | <b>26</b> |
| 3.1 Introduction .....  | 26        |
| 3.2 Research Design .....                                       | 26        |
| 3.3 Study Population.....                                       | 26        |
| 3.4 Data Collection.....  | 27        |
| 3.5 Data Analysis .....   | 27        |

|   |           |
|---|-----------|
| <b>CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION .....</b>   | <b>29</b> |
| 4.1 Introduction .....  | 29        |
| 4.2 General Information.....  | 29        |
| 4.3 Marketing Strategies Adopted by Pharmaceutical Companies in Response to the Changing Consumer Buying Behavior in Kenya..... | 30        |
| 4.4The Challenges of Implementation of the Marketing Strategies by the Pharmaceutical Companies in Kenya.....                   | 33        |
| <br>  |           |
| <b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS .....</b>  | <b>36</b> |
| 5.1 Introduction .....  | 36        |
| 5.2 Summary .....   | 36        |
| 5.3 Conclusion.....   | 37        |
| 5.4 Limitations of the study .....  | 37        |
| 5.5 Recommendations.....  | 38        |
| <br>  |           |
| <b>REFERENCES .....</b>   | <b>40</b> |
| <b>APPENDICES .....</b>   | <b>43</b> |
| Appendix I: Introduction Letter .....   | 43        |
| Appendix II: Questionnaire.....   | 44        |
| Appendix III: List of Pharmaceutical Companies Operating in Nairobi, Kenya.....   | 47        |

## LIST OF TABLES

|   |    |
|---|----|
| Table 4.1: Duration of service in the organization.....   | 30 |
| 4.3 Marketing strategies adopted by pharmaceutical companies in response to the changing consumer buying behavior in Kenya..... | 30 |
| Table 4.2: Marketing Strategies adopted by pharmaceutical companies in response to the changing consumer behavior.....          | 31 |
| Table 4.3: Challenges of marketing strategy implementation .....  | 34 |



## **ACRONYMS AND ABBREVIATIONS**

|        |   |   |
|--------|---|---|
| PPB    | - | Pharmacy and poisons board                    |
| GSK    | - | GlaxoSmithKline                               |
| KEMSA  | - | Kenya Medical Supplies Agency                 |
| COMESA | - | Common Market for Eastern and Southern Africa |
| OTC    | - | Over the Counter                              |
| KBS    | - | Kenya bureau of standards                     |
| PoS    | - | Point of Sale                                 |
| PR     |   | Public Relations                              |
| SPSS   |   | Statistical Package for Social Sciences       |

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Marketing strategy is a process that allows an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable competitive advantage. The success of strategy in an organization lies in the hands of management, which Ansoff (1990) looks at as a systematic approach to a major and increasingly important responsibility of general management to position and relate the firm to its environment in a way that will assure its continued success and make it secure from surprises, thrusts upon management the task of making decisions and taking actions geared towards development of strategies that will enable the organization to achieve its objectives. Shapiro (1989) posited that an organization can achieve increased profits by influencing the actions and behavior of its rivals and consequently manipulates the market environment.

Consumer behavior is the study of individuals, groups or organizations and the processes they use to select, secure and dispose products, services, experiences or ideas to satisfy needs and impacts that these processes have on the consumer and society. It blends psychology, sociology, social anthropology, marketing and economics. Customer behavior study is based on consumer buying behavior with the customer playing the three distinct roles of user, payer and buyer. The changing environment has also seen the patient who is the consumer, put a premium on convenience and freedom of choice as far as their own medical care is concerned (Wyke, 1997). The survivors in the pharmaceutical industry will be providers who constantly monitor the changing needs of increasingly demanding and well educated patients, and develop and commercialize their products accordingly. This could be

described as a shift from a doctor-centered, disease-oriented to patients oriented, problem-oriented approach (Proenca and Moutinho, 1997).

In the pharmaceutical industry in Kenya consumers have changed a lot in recent years. Initially, consumer used to rely on the doctors prescriptions before making any purchase. However, due to the cultural, social and economic changes, customers are now more into over the counter (OTC) medication on personal, psychological, social factors. Consumer behavior is the knowledge of a process that an individual or a group go through to satisfy a need by choosing and buying as well as using and disposing products (Solomon et al. 1999 pg 8-9). Pharmaceutical companies are affected by the actions of pharmaceutical industry regulators, government institutions, financiers, insurance companies, healthcare organizations, licencees, clinical service organizations, physicians, hospitals, end- users, patent authorities, registration officials and competitors. Strategically, one of the most important issue is to provide vital information and create a perceived value to the gate keepers of the system- pharmaceutical regulators, marketing authorization officials and medical doctors-and consequently, to influence the changing environment and consumer purchasing behavior in a more favorable direction (Chaundry and Dacin, 1997).

### **1.1.1 Concept of Strategy**

The concept of strategy has been borrowed from the military and adopted for use in business. In military, strategy often refers to maneuvering troops into position before the enemy is actually engaged. In this sense, strategy refers to the deployment of troops, once the enemy has been engaged, attention shifts to tactics. In business as in military, strategy bridges the gap between the policy and tactics. Together, strategy

and tactics bridge the gap between the end and means. Johnson, Scholes and Whittington (2008) view strategy as the direction and scope of an organisation over the long term which achieves advantage for the organisation through its configuration of resources within a challenging environment to meet the needs of markets and fulfill stakeholder's expectations.

Strategy gives advantage to the organisation through its configuration of resources within a challenging environment, to meet the needs of markets to fulfill owner's expectation (Biggadike, 1976). According to Tan and Titschert (1994) strategy refers to the competitive methods used by firms to establish their position in a particular market. It reflects the firm's short term and long term responses to challenges and opportunities posed by the business environment. Strategy is evaluated on its performance and effectiveness to meet the overall vision, mission and objectives. A company's strategy consists of the business approaches and initiates it to attract customers and fulfill their expectations to withstand competitive pressures and to strengthen its market position. Firms also develop strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 1985).

Schools (2000) define strategy as "the direction and scope of an organisation over long term which achieves advantage for the organisation through its configuration of resources within a changing environment and fulfill stakeholder's expectation. They argue that strategy can be seen as the matching of the resources and activities of an organisation to the environment in which it operates. Effective strategy is formulated around four factors; These are, the goals and objectives are simple, consistent and relate to the long term there is profound understanding of the competitive

environment, there is objective appraisal of the resources available and that there is effective implementation. According to Johnson and Scholes (1993) management's concern would be on deciding on the strategy and planning how that strategy is to be put in effect via strategy analysis, choice and implementation. Mintberg (1987) posited that political and behavioral considerations were too important if strategy was to succeed.

### **1.1.2 Marketing Strategies**

In order to keep up with the competition and changing consumer needs and the competitive business environment, companies use effective marketing strategies in marketing for them to survive. Marketing mix refers to a set of marketing variables that a firm uses to pursue its marketing objectives in a target market (Kotler, 2005). The marketing tools used are product, price, place (distribution) and promotion also known as the four P's. Promotion is basically the communication component of marketing and marketers to communicate about themselves and about their products. Management needs to decide on the appropriate promotional tools to use which include advertising, sales promotions, public relations and publicity, personal selling and direct marketing. The company needs to assess the effectiveness and requirements of each promotional tool and allocate funds proportionally according to the relative importance of each tool (Munyoki, 2011).

Advertising is a paid, non- personal presentation and promotion of ideas, goods and services by an identified sponsor. The firm pays for the advert which is conveyed to the entire audience through the mass media. The name of the sponsor is clearly presented and the company controls the message. This tool is most appropriate when

products are of low price, appeal to a large target market, have easily communicatable features and are standardized. Publicity and public relations is also another tool that can be used. Publicity is the non-personal stimulation of demand for good or service by placing commercially significant news about it in a published medium or by making a presentation or television but it's not paid for by a specified sponsor. Its benefits are that there are no costs for message time or space and it reaches a mass audience within a short time and new products and company policies are widely known. Public relations are not concerned with marketing but it's actually inherent in marketing. It deals with relations with the public.

Personal selling is an oral presentation in a conversation between one or more prospective buyers and involves communicating directly with an audience through paid personnel of the organization or its agents (sales people). It may include door to door selling where sales people move from door to door selling goods. It is common when larger volumes of customers require special attention and handling and for customers made expensive and complex goods or services that require demonstration and follow up calls. Personal selling is useful for new products and for organizational customers.

### **1.1.3 Consumer Buying Behavior**

Due to the current economic difficulties consumers have changed their buying behavior from being fully depended on the doctor's prescription to self medication. Fuentes and Villa, (2008) define self-medication as use of drugs which have not been prescribed, recommended or controlled by a licensed health care specialist. It is believed that 60% of Kenyans are known to practice self-medication without

consulting doctors (Euro monitor, 2007), making self-medication a very important factor in the formulation of marketing strategies in the Kenyan pharmaceutical industry.

In order to satisfy a consumer (which is the principle objective of a marketer), it is important to first to understand the consumer. The marketer needs to understand the consumer behavior (how individuals, groups and organizations select, buy, use or dispose of goods and satisfy their needs and wants. Marketers must study their target customer needs, wants, perceptions, preferences and shopping and buying behavior (Munyoki, 2011). According to Joyce (2004), a powerful determinant of consumer choice is habit inertia. It suits the consumer to treat much of her activity as a matter of routine. To indulge in a process of conscious deliberation at every purchase would take an enormous amount of time and mental effort, which not unnaturally there is a strong drive to avoid. Any satisfactory model of consumer choice is bound to give a large weight to the brand previously purchased. Communications support the diffusion process, time can vary between different products and Rogers refers to those who adopt early as innovators (Rogers, 2002). Rogers' model of innovation diffusion illustrates how consumers respond to the adoption process. Rogers classifies consumers into five categories: innovators, early adopters, early majority, late majority and laggards. Earlier knowers' of an innovation, when compared to late knowers' have shorter innovation decision period than late adopters; are characterized by more formal education, higher social status, greater exposure to mass media channels of communication, greater exposure to interpersonal channels of communication, greater change agent contact, greater social participation and more cosmopolitanism (Rogers,2002).

Dubois (2000) defines the brand image as, “made up of all the precepts that a consumer holds in relation to a product, company, person, idea”. The brand determines how the consumer perceives a certain product. The brand also adds value to the product by use of the name and packaging and through promotion of the brand it is positioned in the mind of the consumer (Blythe, 2001). For consumers who either don’t want to spend time on an extended information search or who don’t have the expertise to do so can use the brand as an implicit guarantee of quality (Png and Reitman, 2001). This can therefore be related to an earlier quote by Joyce (2004) where he claims the routine purchase processes limits consumer effort in the information search, differentiation of the product then has a major significance in the buying decision.

#### **1.1.4 The Pharmaceutical Industry in Kenya**

The pharmaceutical industry consists of three segments namely the manufacturers, distributors and retailers. They all play a role in supporting the country’s health sector, which is estimated to have about 4,557 health facilities countrywide. Kenya is currently the largest producer of pharmaceutical products in the common market for Eastern and Southern Africa (COMESA) region, supplying about 50% of the regions’ market. According to Pharmacy and Poisons Board, there are 42 companies listed as local pharmaceutical manufactures in Kenya amongst these, there’s is only one multinational GlaxoSmithKline (GSK). Together, these local companies are characterized by common product lines, low capacity utilization, need for greater production efficiencies and shortage of qualified personnel. Local pharmaceutical companies in Kenya face competition on two fronts which include competing with each other collectively and facing stiff competition from imports (UNIDO, 2010). The



pharmacy and poisons board is the drug regulatory authority established under the pharmacy and poisons act, chapter 244 of the laws of Kenya. The pharmaceutical industry consist of three segments namely manufactures, distributors and retailers. All these play a major role in supporting the countries health sectors, which is estimated to have about 4557 health facilities countrywide.

The market for pharmaceutical products in Kenya is estimated at 8 billion per annum. The government is the largest purchaser of drugs manufactured both locally and imported through Kenya Medical Supplies Agency (KEMSA). It buys about 30% of the drugs in Kenyan market through an open tender system and distribute to the government medical institutions. (Noah, 2005).It is approximated that about 9000 pharmaceutical products have been registered for sale in Kenya. These are categorized according to particular levels of outlet as free sales or over the counter (OTC), pharmacy technologist dispensable or pharmacist dispensable or prescription only (Noah, 2005). The number of companies engaged in manufacturing and distribution of pharmaceutical products in Kenya continue to expand, driven by government's efforts to promote local and foreign direct investments in sector.

## **1.2 Research Problem**

Over the past decade, the Pharmaceutical sector in Kenya has continued to grow by opening branches in various parts of the city. This is attributed to the increased level of competition in the sector coupled with enlightened customers on their rights and more stringent measures from regulatory bodies like the Kenya bureau of standards (KEBS) and the pharmacy and poisons board (PPB). As such the pharmaceutical

companies can use the globalized practices to reduce their cost and improve their performance and efficiency in their operation to remain competitive.

Several studies have been done on the changing consumer behavior and the strategic response. For instance, Gichuki (2013) studied the strategic response to environmental challenges adopted by multinational companies in the cosmetic industry. It was established that companies should assess the environment carefully and anticipate likely changes so as to develop studies that would enable them deal with the changes in a cost effective way. However, this study did not consider the pharmaceutical industry. In another study, Howe (2012) studied the impact of green marketing on consumer buying behavior in major supermarkets in Nairobi County. The findings indicated that supermarkets endeavor to achieve some competitive advantage over their business environment by using different marketing strategies that influence consumers to purchase green products and services. However, this study did not put the pharmaceutical industry. Kithinji (2012) studied the effects of pricing strategies on customers buying behavior. He established that quality of a product as well lifestyle affect buying behavior compared to friends and family utilization of the product. However, this study was very specific focusing on the pricing strategy only. Murule, (2010) studied the strategic responses by local manufacturing pharmaceutical firms to changes in the pharmaceutical industry. The findings indicate that local manufacturing firms have adopted strategies such as strategic alliances and information, communication and technology as response strategies. However, he narrowed his study to the local manufacturing companies. As much as studies have been done on the changing consumer behavior in different fields of the economy, there was need to research on the changing consumer behavior in the pharmaceutical

industry in Kenya which is also an important field of study. This study therefore answers the question; which marketing strategies have been adopted by pharmaceutical companies in response to the changing consumer buying behavior in Kenya?

### **1.3 Research Objectives**

The objectives of this study were to:-

- (i) To determine the marketing strategies adopted by pharmaceutical companies in response to the changing the consumer buying behavior.
- (ii) Establish the challenges in implementing the strategies

### **1.4 Value of the Study**

This study will help marketing strategists in making decisions that will address the changing consumer buying behaviour. The study can also be used as a stepping stone in the study of value proposition in other industries or product categories, in order to establish any differences if any so that marketers will not make blanked assumptions as to the potential of its use across industries.

The government and corporate policy makers interested to know the impact of a dynamic environment in respect to the competitiveness of manufacturing pharmaceutical companies will also find this study useful in that respect.

Future scholars may use the results of this study as a reference. The finding of this study can be compared with comparative strategies in other sectors to draw conclusions and various ways an institution can respond to changes in the consumer

buying behaviour. It will also benefit consultants who endeavor to provide assistance to successful running of an organisation in developing and sustaining a competitive edge.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter provides information from publications on the topics related. It examined findings from various scholars and authors about the changing consumer behavior. This chapter also sought to identify the research gap that exists between what other researchers had done and what this study sought to tackle as well as capture the relationship of the research variables. The study was specifically anchored on the concept of marketing strategic change by the pharmaceutical companies in order to deal with the change in the consumer buying behavior.

### **2.2 Theoretical Foundation of the Study**

This study was guided by the buyer behavior theory from which the major theories of consumer behaviour can be grouped into economic theories, psychological theories, psycho-analytical theories and socio cultural theories ([www.wikipedia.org](http://www.wikipedia.org)). All the consumer behavioural theories are based on the basic law of consumption i.e. when aggregate income increases, consumption also increases by some smaller amount and is based on the assumptions like spending habits remain the same, political conditions, remaining normal and economy is free and perfect. The economic theories on consumer behaviour focus on how consumers allocate their income and how this determines the demands of various goods and services. The traditional theory of demand starts with the examination of the behaviour of the consumer, since the market demand is assumed to be the summation of the demand of individual consumers. In the traditional theory it is assumed that the consumer has full knowledge about all available commodities their prices and income. In order to attain

the objective the consumer must be able to compare the utility of various baskets of goods, which he can buy with his income.

The essence of psychological theories (learning theories) lies in the fact that people learn from experience and the results of experience will modify their actions on future occasions. The importance of brand loyalty and repeat purchase makes learning theory more relevant in the field of marketing.

Psycho-analytic theories were developed from the thoughts of Sigmund Freud. He postulates that personality has three basic dimensions, the identity, the ego and the super ego. It follows that consumer behaviour is a function of the interaction of these three systems. Here the identity urges an enjoyable act, the super ego presents the moral issues involved and the ego acts as the arbitration in determining whether to proceed or not. This has led to motivational research and has proved useful in analyzing buyer's behaviour. This in turn has contributed some useful insights in the advertising and packaging field. Social cultural theories formulation credit goes to Thorstein Veblen (1899) and is known as Veblenian model. He asserted that a man is primarily a social animal and his wants and behaviour are largely influenced by the group of which he is a member. He argued that people have a tendency to fit in a society in spite of their personal likes and dislikes.

Culture, sub culture, social classes reference groups, family are the different factor groups that influence buyer behaviour. Due to the scarcity of resources, the strategy chosen should be one that optimizes these resources in pursuit of the organizational goals and objectives. Aosa (1992) asserts that modern approach to strategic planning

has developed as a response to increasing challenges caused by high levels of environmental turbulence. According to Ansoff and McDonnell (1990), when firms are faced with unfamiliar changes, they should revise their strategies to match level of turbulence.

Consumer behavior is the study of individuals, groups or organizations and the processes they use to select, secure and dispose products, services, experiences or ideas to satisfy needs and impacts that these processes have on the consumer and society. It blends psychology, sociology, social anthropology and economics. Customer behavior study is based on consumer buying behavior with the customer playing three distinct roles of user, payer and buyer. Consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items that includes what they buy, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after purchase and the impact of such evaluations on future purchases and how they dispose of it. Consumer behavior is influenced by a number of things; Consumer perceptions and attitudes, culture, socio-economic status.

### **2.3 Marketing variables**

Marketing mix variables consist of what are called the 'Four Ps' — product, price, promotion, and place. Each one of these can be tailored to meet the needs of the intended consumers also known as the target market. The product is the physical product or service offered to the consumer. For the product, the factors considered include quality, design, features, packaging, services, sizes and warranty. Price is closely tied to the needs of the product's target market. Pricing decisions should take

into account profit margins and the probable pricing response of competitors. Pricing also includes the discounts, list price, financing and other options such as leasing.

The place is where the customer goes to buy the product and how the product gets from the manufacturer to the customer. Place decisions are those associated with channels of distribution that serve as the means for getting the product to the target customers. The distribution system performs transactional, logistical, and facilitating functions. Distribution decisions include market coverage, channel member selection, logistics, and levels of service. Promotion is about communicating and selling to potential consumers. Promotion encompasses the marketing mix variables associated with advertising and communicating product value to target market members. This includes advertisements on television, radio, magazines, and online. Communicating product value also involves sales promotions, public relations, and direct marketing. Sales force members, such as customer service representatives and sales associates, are responsible for personally communicating product value to potential customers. Since these costs can be large in proportion to the product price, a break-even analysis should be performed when making promotion decisions.

## **2.4 Consumer Behavior**

According to Pearce and Robinson (1991) social culture variables which affect an organization involve belief, values, attitudes, opinion, activities and lifestyle of persons in the organizations external environment as developed from cultural ecological, demographic and ethical conditions. These factors tend to change and dictate individual wants and need. Changes in these variables shape the way people live work and consume commodities and therefore an organization must aim at



providing services or products that will meet these needs. The social cultural environment encapsulates demand and tastes, which vary with fashion, disposable income and the changes, can provide both opportunities and threats for particular companies (Thompson, 2002; Pearce Robinson, 2005). Over time, most products change from being a novelty to a situation of market saturation and as this happens pricing and promotion strategies have to change. Demographic variables are human attributes of a given community. This may include one's age, gender, family life, life cycle experience, income, education, occupation, religion, ethnic groups and nationality (Sababu, 2007). These factors guide organizations in selecting the kind of products or services that should be offered to a particular population at a given time.

Several theories have been developed to explain the consumer and buyer behavior. For instance the Pavlovian model holds that learning is an associative process and that a large component of the behavior is conditional i.e. stimuli- response. This implies that man behaves in a habitual manner rather than in a thoughtful way. The Pavlovian model is based on four central concepts namely drives, cue, response and reinforcement (Munyoki, 2011).

Drives (needs and motives) refer to strong stimuli internal to the consumer which implies action. The needs may be either primary (physiological, biogenic) needs such as hunger, thirst and shelter or secondary (learned) needs which are derived from the society such as co-operation, prestige and need for recognition. Cue is also a stimuli in the environment and or the individual which determines when, where, how the consumer responds. Response is the third concept which refers to the organism's reaction to the configuration of cues. Whether the consumer responds immediately or

not will depend on the degree to which the experience is rewarding i.e. drive-reducing. Finally is reinforcement which is the strengthening of a response. For instance, when an experience (gained through consuming a product) is rewarding, a particular response is reinforced i.e. it is strengthened, and there is a tendency for it to be repeated when the same configuration of cues appears again (Munyoki, 2011). Thus, is a consumer's need is satisfied by a particular experience or a particular product, the consumer has come to associate it with satisfaction (i.e. it rewards him).

### **2.5 Marketing strategies adopted by organizations**

The choice of strategy is influenced heavily by stakeholders' views, the competitive forces in the market and the context within which the company considers itself in the market (Johnson and Scholes, 1993). Organisations face a number of operating decisions pertaining to the mix elements namely; promotion, products, prices and distribution. Each of these is analysed in detail below.

Firms use various elements to achieve their promotional objectives. A company's promotional strategy comprise basically of message and media strategy, consisting of the appropriate use of branding, logo and slogan. Promotion is one of the classic 4Ps marketing mix elements. Designing effective promotional strategies is basically a communication problem (Nahmias, 2008). In fact, at its most fundamental level, marketing is communication. Marketers communicate information about their products through various forms of promotion (e.g. advertising, sales promotion, personal selling, publicity and public relations). The goals of marketing communication are to stimulate interest in the brand, create positive brand attitude, show how a product can satisfy consumers' wants, needs and desires better than

competing products and persuade consumers to behave in desired ways (e.g. try a new product, make a purchase, visit a retail store, tell a friend about a positive product/purchase experience).

Promotional strategies should have a sound understanding of consumers' perceptions of and preferences for particular products and how they differ across cultures/countries. This understanding can be helpful in targeting countries/cultures to promote a product and improving or amending their business perceptions so that customer demand can be increased.

If countries/cultures differ widely in their perceptions of and preferences for a product, promotional campaigns tailored to individual countries/cultures may be called for. Cantor and Macdonald, (2009), notes that no matter how successful developed a product may be, it is worthless except when its benefits are made clear and appreciated by the target customer. Promotional strategies are communication strategies through which a company passes across the benefits of its product and services to its target customers. The promotional mix makes the potential consumer aware of the products available. Blythe (2001) says, "... the promotional mix is like a recipe, in which the ingredients must be added at the right times and in the right quantities for the promotion to be effective".

Advertising informs the consumer about the products through a range of advertising methods; the media, television, radio, newspapers and magazines. Outdoor advertising methods may be used such as billboards, buses, or advertising screens. The choice of medium depends upon the budget and target audience. While

advertising informs the general public about products available, sales promotions are focused on the specific product and targeted at the potential consumer. Blythe (2000) sees the purpose of sales promotions as tactical, creating urgency to the decision making process. Sales promotion is used for low-value items and as part of an overall promotion campaign. Advertising and PR build sales on the long term, whereas sales promotion and personal selling are tactical and short term (Blythe,2000).

Sales promotions are both strategic and tactical. Wilson et al. (2002) identify promotional tactics that raise awareness of the brand through packaging impact at the point of sale (POS), other POS display materials, by obtaining prime positions in retail outlets, through the use of in-store merchandising activities, such as free sampling, special offers, competitions, exhibitions and sponsorship, and by the use of sales literatures and other selling aids. Sales promotions help to keep the customer. Examples of promotional tactics employed to attract the consumer include price markdowns, premium offers, self liquidating premium offers, banded packs, stamp-collecting schemes, free samples or tasting offers, prize competition, personality promotions, in-store demonstrations and special displays (Wilson et al., 2002).

Sales promotions accounts for a smaller proportion expenditure and is used as tactical tool to induce sales from both traders and consumers. In the former case, sales promotions are mainly in the form of cash discounts, free goods, push money and specialty advertising. Trade- promotions tools usually differ by type of intermediary and product line. For instance, wholesalers of foodstuffs are attracted more by free gods, while footwear retailers prefer cash discounts. In the case of consumer – promotion tools, the most popular are premiums, samples and price packs.

Interestingly, the fragmented retail system is responsible for making the use of certain types of sales promotion, such as coupons, impractical and ineffective.

Public relations (PR) are about creating favorable images of the organization in the consumers's mind (Blythe 2001). Establishing effective PR between the supermarket and the customer is essential and can be seen in the provision of services for customers and in their support for the community. Public relations/ Sponsorships are the most neglected element of promotional mix, despite the fact that they provide a cost- effective tool in creating favorable public awareness of the company and its products (Leonidou, 2001). The limited public relations activity usually concerns major branded goods and takes the form of news releases, grand openings, guest tours and sales meetings. In light of the country's increasing concern with consumerism and environmental issues, public relations/ sponsorships is expected to gain momentum in future.

Merchandising is any activity related to buying and selling of goods and in prompting purchase at the POS. Visual stimulation and communications are important aspects retailing. Blythe (2000) supports the notion of merchandising tactics; he thinks, it facilitates retailers in the efficient use of floor space by creating visibility for customers, encouraging traffic flows around the shop and interrupts such as display materials and stands from the manufacturers. The initiation of relationships in the distribution system usually comes from the manufacturer, either foreign or indigenous. The former seeks collaboration with prominent distributors/ agent in the country, while the latter is more interested in establishing relationships with the wholesalers and large retailers. Such an effort is quite difficult today, since most trade

buyers are already handling brands with a long presence in the market, thus leaving little room for new entrants.

Most distribution activities in the pharmaceutical companies in Kenya is undertaken by the organization. According to Leonidou (2001), the criteria for selecting channel partners depend largely on whether the channel intermediary has a role of seller or buyer. Those acting as sellers place greater emphasis on securing good prices and reasonable profits from their trade partners, while at the same time enjoying a long-term, reliable and trustworthy relationship. In the case of buyers, however, the major criterion for choosing suppliers is their ability to deliver products on time, consistent quality and with favorable payment terms; moreover, these goods should be offered at the fair prices enabling the buyer to make a reasonable profit. Surprisingly, the reliability and trustworthiness of the supplier does not constitute a major selection criterion, reflecting a tendency on the part of buyers to be flexible regarding their source of supply.

Company manipulates its pricings to affect its market. The focuser's basis for competitive advantage is either lower costs than competitors serving that market segment or an ability to offer niche members something different from competitors. Focusing is based on a market niche where buyers have distinctive preferences. For instance, a company may use a loss leader; this is a product sold at a low price (i.e. at cost or below cost) to stimulate other profitable sales. This would help the companies to expand its market share as a whole. Further, a company may set a price based upon analysis and research from the target market. This means that marketers will set prices depending on the results from the research. For instance if the competitors are pricing

at a lower price, then it's up to them to either price their goods at an above price or below, depending on the niche market. Della Bitta, Monroe and McGinnis, (2002) marketers promoting lower prices must therefore decide how much to reduce the price as well as how to communicate the price reduction to their customers.

New entrants in the market may use penetration pricing; this involves setting the price low in order to attract customers and gain market share. The price will be raised later once the market share is gained. The practice of promoting products "on sale" can accomplish both short and long- run performance objectives (Fraccastoro, Burton and Biswas, 1993). Short run objectives include creating product awareness and interest, increasing store traffic and sales, reducing inventory and enhancing perception of saving and value. Long- run objectives include establishing a specific price image for the advertiser to achieve a competitive positioning and customer loyalty.

Biswas and Blair, (1991) have shown that the plausibility of a price reduction claim influences consumer perception of the advertised offer. However, firms may also use price discrimination, which infers setting a different price for the same product in different segments to the market. For example, this can be for different ages, such as classes, or for different opening times. This pricing strategy works best where a firm works in different market segments. Some of the pricing strategies employed by firms are illegal in some countries as they indicate unfair competition. A good example is price undercutting, (predatory pricing), aggressive pricing methods intended to drive out competitors from a market.

Davidow and Uttal, (1989) defined differentiation strategy as positioning a brand in such a way to differentiate it from the competition and establish an image that is unique. According to Ogbonna and Harris, (2003), differentiation reduces competitiveness and fight for scarce resources, thereby improving performance; but on the other hand, conformity makes all organizations similar and, therefore, the competitive pressures are stronger. Differentiation will create benefits and dominant positions that will last until competitors imitate a firm's key resources, and will be restored through creation of new opportunities that result in new entry barriers. Differentiation strategies are marketing techniques used by a firm to establish strong identity in a specific market; also called market segmentation. Differentiation strategy aims to build up competitive advantage by offering unique products which are characterized by valuable features, such as quality, innovation and customer service. A differentiation strategy calls for development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different products of the competition. As Baum Oliver, (1992) notes, to maintain this strategy, the firm should have: strong research and development skills, strong product engineering skills, good cooperation with distribution channels, strong marketing skills and incentive based largely on subjective measures, be able to communicate the importance of the differentiating product characteristics, stress continuous improvement and innovation as well as attract highly skilled and creative people. Successful differentiation is based on a study of buyers' needs and behavior in order to learn what they consider important and valuable. A product can be differentiated in various ways. Unusual features, responsive customer service, rapid product innovations and technological leadership, perceived prestige and status,



different tastes, engineering design and performance are examples of approaches to differentiation (Porter, 1980).

## **2.6 Challenges of implementing strategies by organizations**

Following the continuum model of innovations, new products are perceived as either congruent or incongruent with an existing product category depending on how continuous or discontinuous the innovation is. The level of congruence determines customers' cognitive elaboration and their evaluation of a new product (Campbell and Goodstein, 2001). Literature on innovation resistance is compatible with these findings. An innovation may conflict with prior structures and impose change (Ram 2002; Ram and Sheth 2001). "Resistance to change is a normal consumer response" (Ram 2002), as it is a consequence of attitude and strength. Resistance is as a result of attitude formation and subsequently tends to inhibit change (Ram and Sheth 2001). The construct depends on perceived innovation characteristics, customer characteristics and characteristics of propagation mechanisms (Ram 2002).

To provide understanding an understanding of this change and the disruptions innovations cause, Ram and Sheth (2001) have identified certain challenges which are categorized as either functional or psychological. Functional barriers concern usage patterns, economic value and risk associated with innovation. Usage barriers are triggered when the innovation is not compatible with existing habits. Value barriers are erected when customers do not perceive a relative advantage against existing alternatives and risk barriers are caused by uncertainties. Customers face psychological barriers if the innovation conflicts with social norms and values and thus causes dissonances or if the innovation is linked with negative associations due

to its product category, industry, affiliation or country of origin. The customers therefore tend to be endowed with their entrenched alternative (the old product) and consequently underestimate the value of the innovation (Gourville,2006).

Government policies and increased legal requirements is also be a major challenge in implementation of strategies by organizations. This limits the decisions on strategies that organizations make. The crucial role of risk and uncertainty within the innovation decision process requires the application of the subjective expected utility model of behavioral decision theory. As behavioral decision theory explains how individuals actually make decisions and takes to account limited information processing capacity and limits rationality; it's appropriate to explain the observed innovation bias (Gourville, 2006). The innovation bias refers to the fact that customers overvalue the old product and stick to it, even when the new product is objectively superior.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The chapter describes the proposed research method. This included the research design, target population, sample design, data collection and techniques for data analysis.

### **3.2 Research Design**

In this research, a cross sectional survey approach was adopted since the study was aimed at investigating the marketing strategies adopted by pharmaceutical companies in response to change in consumer buying behavior in Kenya. A survey design is the most appropriate for investigating the behavior under study that is, a social unit, be it a person, family, institution or even an entire community (Mugenda and Mugenda, 1999). This type of research method is not simply amassing and tabulating facts but includes proper analysis, interpretation, comparisons, identification of trends and relationships (Knupfer, 1994). This design was deemed appropriate as it allowed the researcher to draw conclusion on the link between changing consumer behavior and the marketing strategies adopted by the Pharmaceutical companies.

### **3.3 Study population**

The study population was Pharmaceutical Companies Operating in Kenya (see appendix ii). These are the companies that import already manufactured pharmaceutical products and market them in Kenya. According to Export Processing Zone Annuity on Kenya's Pharmaceutical Industry, there are over 42 Pharmaceutical companies represented in Kenya.

### **3.4 Data Collection**

The study used primary data which was collected using a structured questionnaire. The use of the primary data was to establish the marketing strategies adopted by pharmaceutical companies in response to the changing buyer behavior and the challenges faced in implementation of the strategies in Kenya. The study respondents were the product managers or equivalent of the pharmaceutical companies represented in Nairobi, Kenya. Drop and pick method was used as a method of administering so that the respondent could fill the questions at their convenient time. The questionnaire contained 3 sections: Section A; was the pharmaceutical company profile; B highlighted the strategic responses adopted by pharmaceutical companies in Kenya; C covered the challenges faced by the companies in implementation of the proposed strategies.

### **3.5 Data Analysis**

According to Marshall and Rossman (2002), data analysis is the process of bringing order, structure and interpretation to the mass of collected data. Statistical Package for Social Sciences (SPSS) was used as an aid in the analysis. SPSS was preferred because of its ability to cover a wide range of the most common statistical and graphical data analysis and is very systematic. The SPSS was used to generate percentages, frequencies, mean scores and standard deviations. The data was analyzed by use of descriptive data analysis. Descriptive statistics are ways of summarizing large sets of quantitative (numerical) information. The data was tabulated after which was coded to facilitate statistical analysis. Descriptive statistics such as mean and standard deviation were used to analyze the data. Percentages, tables, pie charts as well as bar graphs were used for data presentation. Qualitative

data was presented through narratives. The information was presented and discussed as per objectives and research questions of the study.

## **CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION**

### **4.1 Introduction**

This chapter presents analysis and findings of the study as set out in the research methodology. The data was gathered through interview guide as the research instrument. The data findings were on the marketing strategies adopted by pharmaceutical companies in response to the changing consumer buying behavior in Kenya.

The data collection targeted 44 firms. Therefore 44 questionnaires were distributed to different pharmaceutical companies. However only 37 were filled and returned representing 84% which is significant enough to provide basis for valid and reliable conclusion.

### **4.2 General Information**

The study established that majority of the respondents were male. 62.16% were male while 37.84%. The respondents were also requested to indicate the position held in the organization. From the study finding, 67.58% of the interviewees were product managers while 32.42% were country managers.

The study also sought to find out the number of years that the interviewees had worked for the organization. According to the response, majority of them had worked for the pharmaceutical firm for a period of between 6-10 years as shown in Table 4.1. This implied that they were confident enough to respond to broad issues on the firm's marketing strategies.

**Table 4.1: Duration of service in the organization**

|                | Frequency | Percentage |
|----------------|-----------|------------|
| 1-5 years      | 12        | 32.44      |
| 6-10 years     | 19        | 51.35      |
| 11-15 years    | 4         | 10.81      |
| Above 15 years | 2         | 5.4        |
| <b>Total</b>   | <b>37</b> | <b>100</b> |

**Source: Research Data, (2014)**

#### **4.3 Marketing strategies adopted by pharmaceutical companies in response to the changing consumer buying behavior in Kenya**

The study sought to establish the marketing strategies that different companies adopted in response to the changing consumer buying behavior. In order to assess the strategies adopted by different companies, the respondents were asked to indicate the extent to which their organizations had utilized each of the strategies. Responses are summarized and presented in Table 4.2.

**Table 4.2: Marketing Strategies adopted by pharmaceutical companies in response to the changing consumer behavior**

| Strategy                     |            | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | Mean | Std Deviation |
|------------------------------|------------|-------------------|----------|---------|-------|----------------|------|---------------|
| Promotional strategy         | Frequency  | 2                 | 3        | 6       | 13    | 13             | 3.86 | 1.85          |
|                              | Percentage | 5.4               | 8.1      | 16.2    | 35.1  | 35.1           |      |               |
| Pricing Strategy             | Freq.      | 3                 | 4        | 0       | 13    | 17             | 4.00 | 1.94          |
|                              | Perc.      | 8.1               | 10.8     | 0       | 35.1  | 45.9           |      |               |
| Market segmentation strategy | Freq.      | 8                 | 6        | 2       | 9     | 12             | 3.40 | 1.60          |
|                              | Percentage | 21.6              | 16.2     | 5.4     | 24.3  | 32.4           |      |               |
| Positioning strategy         | Freq.      | 5                 | 3        | 0       | 16    | 13             | 3.78 | 1.80          |
|                              | Percen.    | 13.5              | 8.1      | 0       | 43.2  | 35.1           |      |               |
| Branding strategy            | Freq.      | 2                 | 1        | 0       | 18    | 16             | 4.30 | 2.15          |
|                              | Percen.    | 5.4               | 2.7      | 0       | 48.6  | 43.2           |      |               |
| Distribution strategy        | Freq.      | 4                 | 5        | 5       | 13    | 10             | 3.54 | 1.69          |
|                              | Perce.     | 10.8              | 13.5     | 13.5    | 35.1  | 27             |      |               |

**Source: Research Data, (2014)**



As indicated in Table 4.2, at least 56.7% of the respondents indicated that promotion was one of the strategies they adopted in response to the changing consumer buying behavior. 13.5% of the respondents indicated that they had not adopted promotion as one of their marketing strategies. The mean score was 3.86 while the standard deviation was 1.85. With respect to pricing strategy, the findings show that at least 81% of the respondents indicated that pricing strategy was one of the strategies adopted by pharmaceutical companies in response to the change in consumer buying behaviour. 18.9% of the respondents had not adopted pricing as one of the marketing strategies. The mean score was 4.0 while the standard deviation was 1.94.

With respect to market segmentation, the findings show that at least 56.7% of the respondents indicated that marketing segmentation was one of the strategies adopted by pharmaceutical companies in response to the change in consumer buying behaviour. 37.8% of the respondents had not adopted market segmentation as one of their marketing strategies. The mean score was 3.40 and the standard deviation was 1.60. The findings also show that at least 78.3% of the respondents indicated that positioning was one strategies adopted by pharmaceutical companies in response to the changing consumer buying behaviour. 20.6% of the respondents had not adopted positioning as one of their marketing strategies. The mean score was 3.78 and the standard deviation was 1.80.

With respect to branding, the findings show that at least 91.8% of the respondents indicated that branding was one of the strategies adopted by pharmaceutical companies in response to the change in consumer buying behaviour. 8.1% of the respondents had not adopted branding as one of their marketing strategies. The mean

score was 4.30 and the standard deviation was 2.15. For distribution, the findings show that at least 62.1% of the respondents indicated that distribution was one of the strategies adopted by pharmaceutical companies in response to the change in consumer behaviour. 24.2% of the respondents had not adopted distribution as one of their marketing strategies. The mean score was 3.54 and the standard deviation was 1.69.

#### **4.4 The challenges of implementation of the marketing strategies by the pharmaceutical companies in Kenya**

In order to meet the second objective of the study “to determine the challenges of implementation of the marketing strategies by pharmaceutical companies in Kenya,” the respondents were asked to indicate to what extent the listed factors influenced the new strategies. The responses are summarized in Table 4.3.

**Table 4.3: Challenges of marketing strategy implementation**

|                                      |            | <b>Neutral</b> | <b>Somehow</b> | <b>Much</b> | <b>Very Much</b> | <b>Not at all</b> | <b>Mean</b> | <b>Std Deviation</b> |
|--------------------------------------|------------|----------------|----------------|-------------|------------------|-------------------|-------------|----------------------|
| Resistance to change                 | Frequency  | 4              | 6              | 12          | 15               | 0                 | 3.02        | 1.58                 |
|                                      | Percentage | 10.8           | 16.2           | 32.4        | 40.5             | 0                 |             |                      |
| Financial requirement                | Freq.      | 8              | 7              | 13          | 7                | 2                 | 2.70        | 1.60                 |
|                                      | Perc.      | 21.6           | 18.9           | 35.1        | 18.9             | 5.4               |             |                      |
| Regulation imposed by the government | Freq.      | 7              | 6              | 12          | 9                | 3                 | 2.86        | 1.59                 |
|                                      | Percentage | 18.9           | 16.2           | 32.4        | 24.3             | 8.1               |             |                      |
| Technological changes                | Freq.      | 11             | 9              | 7           | 6                | 4                 | 2.54        | 1.66                 |
|                                      | Percen.    | 29.7           | 24.3           | 18.9        | 16.2             | 10.8              |             |                      |
| Inefficient leadership               | Freq.      | 12             | 9              | 6           | 3                | 7                 | 2.57        | 1.65                 |
|                                      | Percen.    | 32.4           | 24.3           | 16.2        | 8.1              | 18.9              |             |                      |
| Legal requirements                   | Freq.      | 6              | 7              | 12          | 10               | 2                 | 2.86        | 1.59                 |
|                                      | Perce.     | 16.2           | 18.9           | 32.4        | 27               | 5.4               |             |                      |
| Competition                          | Freq.      | 13.5           | 6              | 12          | 14               | 0                 | 2.95        | 1.58                 |
|                                      | Perc.      | 10.8           | 16.2           | 32.4        | 37.8             | 0                 |             |                      |

Source: Research Data, (2014)

As indicated in Table 4.3, the findings show that at least 89.1% of the respondents indicated that resistance to change was a challenge in implementation of the marketing strategies. The mean score was 3.02 and the standard deviation 1.58. With respect to financial requirement, the findings show that at least 72.9% of the respondents indicated that financial requirement was a challenge in implementation of the marketing strategies. The mean score was 2.7 and the standard deviation 1.60. In relation to regulations imposed by the government, the findings show that at least 72.9% of the respondents indicated that regulations imposed by government are a challenge in implementation of the marketing strategies. The mean was 2.86 and the standard deviation 1.59.

The findings also show that at least 48.6% of the respondents indicated that technological changes was a challenge in implementation of the marketing strategies. The mean score was 2.54 and the standard deviation was 1.66. With respect to inefficient leadership, the findings show that 48.6% of the respondents indicated that inefficient leadership was a challenge in implementation of marketing strategies. The mean score was 2.57 and the standard deviation was 1.65. For the legal requirements, the findings show that at least 78.3% of the respondents indicated that legal requirements were a challenge in implementation of marketing strategies. The mean was 2.86 and the standard deviation was 1.59. The findings show that at least 86.4% of the respondents indicated that competition was a challenge in implementation of marketing strategies. The mean was 2.95 and the standard deviation was 1.58.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1: Introduction**

This chapter presents the summary, conclusions and recommendations from the findings. The overall purpose of the study was to identify the marketing strategies adopted by pharmaceutical companies in Kenya in response to the change in consumer buying behavior. From the findings, it was observed that different pharmaceutical companies have adopted different strategies in response to the changing consumer buying behavior.

### **5.2 Summary**

The first objective of the research project was to determine the marketing strategies adopted by pharmaceutical companies in response to the changes in consumer buying behavior. The study found that branding was the highly used strategy with 91.8%. It was highly rated by most of the pharmaceutical companies as the most used strategy in response to the changing consumer behavior. Pricing is also commonly used with a rating of 81%. Some companies capitalize on prices to match the changing consumer buying behavior. Positioning, distribution, promotional strategies are also moderately used. From the study it was also noted that most companies use more than one strategy in response to the changing consumer buying behavior.

The second objective of the study was to determine the challenges that the pharmaceutical companies face in implementation of the marketing strategies. The study found that, pharmaceutical companies face a number of challenges during implementation of the marketing strategies. The major objective from the study was resistance to change which was at 89%. People take time to adjust to new ways of

doing things and this has been a major challenge in implementation of the marketing strategies in many pharmaceutical companies. It was also found that competition is also a challenge in implementation of strategies by pharmaceutical companies as it was rated at 86.4%. The competition is very stiff amongst the pharmaceutical companies. Other challenges also found to be affecting the pharmaceutical companies during implementation of the marketing strategies include financial requirements, technological challenges, legal requirements, regulation by the government and inefficient leadership.

### **5.3 Conclusion**

From the study, it was clear that different companies adopt different strategies in response to the changing consumer buying behavior. The commonly used strategies according to the rating was branding and pricing. However, other strategies like positioning, distribution, market segmentation, promotional were also moderately used. It was also noted that most companies use more than one marketing strategy. From the study it was also noted that, the pharmaceutical companies undergo many challenges during implementation of the marketing strategies which include resistance to change, financial requirements, regulations imposed by the government, technological changes, inefficient leadership, legal requirements and competition. The most commonly encountered challenges are resistance to change and competition.

### **5.4 Limitations of the study**

The scope of the study could be a limiting factor in that the study relied on only the 44 pharmaceutical companies registered with pharmacy and poisons board. The findings may thus not be a representative of the whole population of the pharmaceutical

companies. However, the cross sectional survey approach used ensured that each of the pharmaceutical companies had a non-zero chance of participating in the study.

Various constraints were also encountered. Time allocated for data collection may not have been sufficient to enable the respondents complete the questionnaires as accurately as possible, considering that they were at the same time carrying out their daily duties and priority is of essence. The competitive nature of the pharmaceutical sector in Kenya also meant that some of the information sought was of confidential nature and could not be divulged for fear of giving competitor an upper hand. Respondents were however re-assured that all information would be treated with confidentiality.

## **5.5 Recommendations**

This section presents the recommendations for policy and practice and recommended areas of further research based on findings of the study.

### **5.5.1 Recommendations for policy and practice**

Based on the findings, it is expected that the stakeholders who include the management of the pharmaceutical companies as well as the government will gain a better understanding of the issues to be addressed in implementation of marketing strategies in response to the changing buyer behavior. The following are the key recommendations of the study:

Foremost, the study found that the commonly used marketing strategies in response to the changing consumer behavior by the pharmaceutical companies were pricing and branding. The study therefore recommends that the pharmaceutical companies should

adopt pricing and branding as marketing strategies for them to be a par with the changing consumer buying behavior.

Secondly, the study also found that resistance to change and competition were the common challenges in implementation of the marketing strategies. It therefore recommends that adequate information should be given to the employees of the pharmaceutical companies on the importance of any new strategy to minimize resistance. It also recommends that there is need to get good competitor information before implementing a change of strategy.

#### **5.5.2 Recommendations for further Research**

Foremost, the study found that the commonly adopted marketing strategies by pharmaceutical companies were pricing and branding in response to the changing consumer behavior. Secondly, the study focused on challenges encountered by pharmaceutical companies in implementation of the marketing strategies. It therefore recommends further research to be done on factors that pharmaceutical companies consider when adopting a marketing strategy. It also recommends that further research should be done on industries facing similar challenges such as the local sugar manufacturers.



## REFERENCES

- Ansoff, H & McDonnell E. (1990). *Implanting strategic management*. Prentice Hall Cambridge, UK ,2<sup>nd</sup> Edition
- Ansoff, H.I ( 1993). *Optimizing Profitability in Turbulent Environments: A formula for Strategic Success, Long Range Planning Volume 26*
- Aosa, E. (1992). “An empherical Investigation of aspects of strategy Formulation and Implementation within Large Private Manufacturing Companies in Kenya”, PHD thesis, unpublished.
- Blythe, J (2000), *Marketing Communications*, Prentice Hall, London.
- Blythe, J. (2001), *Essentials of Marketing*, 2<sup>nd</sup> ed., Prentice Hall, London.
- Campbell, M.C and Goodstein, R.C (2001), ‘The moderating effect of perceived risk on consumers’ evaluations of product incongruity: preference for the norm,’ *Journal of consumer Research*, Vol. 28, no.3, pp.439-449.
- Cantor, D.E & Macdonald, J. R (2009). *Decision making in the supply chain: Examining Problem Solving Approaches and Information Availability*, *Journal of Operations Management*, 27(3),220-232.
- Chaundry, Peggy & Dacin, Peter (1997): “Strategic Planning in a Regulated Trade Bloc: The Pharmaceutical industry in the European Union.”, *European Management Journal*, 15(6) pp 686-697
- Della, P., Bitta, A.J., Monroe, K.B, & McGinnis, J. M. (2002). *Consumer perceptions of comparative price advertisements*, *Journal of Marketing Research*, Vol.18, pp 416-27.
- Drucker P.F ( 1954). *The practice of management*; New York: Harper & Brothers.

Gourvilee, J.T (2006), 'Eager sellers and stony buyers', Harvard Business Review, Vol. 84, no.6, pp. 98-106.

[http://en.wikipedia.org/wiki/Consumer\\_behaviour](http://en.wikipedia.org/wiki/Consumer_behaviour)

[http://shodhganga.inflibnet.ac.in/bitstream/10603/7102/12/12\\_chapter%202.pdf](http://shodhganga.inflibnet.ac.in/bitstream/10603/7102/12/12_chapter%202.pdf)

Johnson G., Scholes K. &Whittington R(2008). Exploring Corporate Strategy, Prentice-Hall 8<sup>th</sup> Edition

Johnson G., Scholes K. (2002). Exploring Corporate Strategy, Text and cases, Prentice Hall of India, 6<sup>th</sup> Edition

Joyce, T. (2004), in Spence, W.R (Eds), 'What do you know about advertising works?' Thompson, London

Kotler, P. ( 1998), Marketing Management- Analysis, planning, Implementation and control, 9<sup>th</sup> Edition, Englewood Cliffs: Prentice- Hall

Leonidou, L.C. (2001), "Marketing in the Gulf States", Management Decision, Vol. 29, No. 8, pp38-45.

Mintberg (1987) Crafting Strategy; Harvard Business Review, July-August, 1987 Pp. 65-75.

Mugenda, O. and Mugenda, A. (2003). Research Methods: Quantitative and Qualitative Approaches: Nairobi: Acts Press.

Munyoki. J.M (2011),Marketing Management, Downtown Printing works Ltd.

Myerson, R.B (1991). Game theory analysis of conflict, Harvard University Press, MA

Noah, E (2005). Kenya Pharmaceutical Industry. Unpublished MBA project

Nzioka C.M (2010). Adoption of new pharmaceutical products by wholesalers in Kenya. Unpublished University of Nairobi Thesis.

Ogbonna, E, & Harris, L. (2003). Innovative organizational structures and performance: a case study of structural transformation to groovy community centres, *Journal of Organisational Change Management*, Vol. 16 No.5, pp512-34.

Perace, J.A and Robinson R. B (2003), *Strategic Management: Strategy Formulation, Implementation and Control*, 3<sup>rd</sup> Edition AITBS, India

Png, J.P and Reitman, D. (2001), 'Why are some products branded and others are not' in Blythe, J. (Eds), *Journal of Law and Economics*, Prentice Hall, London, Vol. 38 pp207-24.

Porter M.E (1985). *Competitive advantage ;Creating and sustaining superior performance*, New York: Free Press

Rogers, E.M (2002), *Diffusion of Innovations*, 4<sup>th</sup> ed., The Free Press, New York

Schiffman, L. G., et al., 2007. *Consumer Behavior*. 9th ed. New Jersey: Prentice Hall

Shapiro C. ( 1989). The theory of business strategy. *The Rand Journal of economics*, Vol. 20 No.i pages 125-137.

Wilson, R.M.S., Gilligan, C and Pearson, D. (2002), *Strategic Marketing Management*, Butterworth-Heinemann, Oxford.

[www.epzakenya.com/UserFiles/.../Pharmaceutical%20Sector%20profile](http://www.epzakenya.com/UserFiles/.../Pharmaceutical%20Sector%20profile), 2013

[www.ppb.org](http://www.ppb.org)

## APPENDICES

### Appendix I: Introduction Letter



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE 13/08/2014

#### **TO WHOM IT MAY CONCERN**

The bearer of this letter Esther Mueni Nyamai


Registration No. DG.1/78792/2012

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

  
**PATRICK NYABUTO**  
**MBA ADMINISTRATOR**  
**SCHOOL OF BUSINESS**



**Appendix II: Questionnaire**

This questionnaire seeks to collect data on the marketing strategies that the Pharmaceutical companies have adopted in response to the changing consumer behavior. The data collected will be used for academic purpose only. All responses are strictly confidential and no information which could reveal your firm's or your identity will be used in any data reporting, nor will be shared in its individual form with any outside party without your expressed permission to do so. Thank you.

**Section A: General Information**

1. What is the name of your company? .....
2. What is your position? .....
3. How long have you worked for your firm? .....

**Section B: Strategic Responses**

4. To what extent do you agree/disagree with the following statements? The scale below will be applicable:

**1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. strongly agree**

| <b>Statement</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|--|----------|----------|----------|----------|----------|
| The firm uses the Promotional strategy in response to the consumer behaviour.            |          |          |          |          |          |
| The firm uses the Pricing strategy in response to the consumer behaviour.                |          |          |          |          |          |
| The firm uses Market segmentation strategy in response to the consumer behaviour change. |          |          |          |          |          |
| The firm uses Positioning strategy in response to changing consumer behaviour.           |          |          |          |          |          |
| The firm uses Branding strategy in response to changing consumer behaviour.              |          |          |          |          |          |
| The firm uses Distribution strategy in response to the changing consumer behaviour       |          |          |          |          |          |

5. State any other marketing strategy that your company uses other than the above

.....  
.....

**PART C: Challenges of implementation.**

6. To what extent does your company face the following challenges when implementing the marketing strategies.

**1. Small extent 2. Medium extent 3. Large extent 4. Very large extent 5. Not at all**

| <b>Statement</b>                     | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|--------------------------------------|----------|----------|----------|----------|----------|
| Resistance to change                 |          |          |          |          |          |
| Financial requirement                |          |          |          |          |          |
| Regulation imposed by the government |          |          |          |          |          |
| Technological challenges             |          |          |          |          |          |
| Inefficient leadership               |          |          |          |          |          |
| Legal requirements                   |          |          |          |          |          |
| Competition                          |          |          |          |          |          |

7. Please list any other challenges faced by your organisation.

.....  
.....

**Thank you for time and cooperation in responding to the above questions.**

### **Appendix III: List of Pharmaceutical Companies Operating in Nairobi, Kenya**

1. Adcock Ingram
2. Astrazeneca Pharmaceutical
3. Aurobindo
4. Bayer East Africa
5. Boringer Ingnhem
6. Eli Lilly
7. Europa Pharmaceutical
8. Eurox Pharma
9. Galaxy Limited
10. Getz Pharma
11. GlaxoSmithkline Kenya
12. Glenmark Pharmaceuticals Ltd
13. Harleys Kenya Limited
14. Highchem Limited
15. IPCA
16. Jansen Silag
17. Kulal Pharmaceutical
18. Laborex Pharma Limited
19. Lords Pharmaceutical
20. Mac Naughton Kenya
21. Medigel
22. Medox Pharmaceutical
23. Mepha Limited
24. MSD Schering Plough



25. Neopharma
26. Novartis Kenya
27. Novo Nordisk
28. Pan Pharmaceutical
29. Pfizer Limited
30. Pharmaco Kenya Limited
31. Pharmedlinks Pharmaceuticals
32. Phillips Pharmaceuticals.
33. PSI Kenya
34. PSM Kenya Limited
35. Hoffman LaRoche
36. Sai Pharmaceuticals Limited
37. Simba pharmaceuticals
38. Sanofi Aventis
39. Sanofi Pasteur
40. Sun Pharmaceutical Limited
41. Surgilinks Kenya
42. Surgipharm Limited
43. Synermed Pharmaceuticals
44. Unisel Limited Pharmaceuticals

Source: [www.ppb.org](http://www.ppb.org)