STRATEGIES ADOPTED BY MULTINATIONAL PHARMACEUTICAL FIRMS IN KENYA TO RESPOND TO COMPETITIVE RIVALRY IN THE PHARMACEUTICAL INDUSTRY

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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

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

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DEDICATION

I dedicate this work to my loving husband David, and my sons Chris, Carlton and Collins for their morals support and patients, my mother Ndela and late father Kalachu for being the pillars of my life and my father in law Christopher for his motivation. To all I say, thank you!

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I would like to give thanks to God for giving me the strength, grace and the resources to complete this study.

I would like to acknowledge my supervisor Prof Peter K'Obonyo for his dedication, patience and invaluable sense of duty through this proposal. Special thanks to you Professor, may God bless you.

Thanks to my sons Chris, Carlton and Collins who endured my long absence at home for the period that I did this study. God bless you for patience and understanding.

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ABSTRACT

Today's business environment requires firms to embed in relationships with other actors in order to gain access to resources needed. In order to be successful, organizations must be strategically aware. They must understand how changes in their competitive environment are unfolding. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes. Organizations must be able to act quickly in response to opportunities and barriers. Organizations have to be able to respond effectively to challenges, both problems and opportunities as they arise. In response, organizations should work towards an outward-focused view of the way services should be provided, a fundamental shift from the traditional focus on internal concerns. At the same time, major opportunities for improvement may arise from developments such as competitive environment, the changing taste of consumers and the availability of additional financial resources. The objective of the study was to determine the strategies adopted by multinational pharmaceutical firms in Kenya to respond to competitive rivalry in the pharmaceutical industry. The research design adopted was cross sectional survey. The population of the study comprised of all the 25 multinational pharmaceutical firms operating in Kenya and thus the study was census. The study used primary data which was collected using a questionnaire. The data was analyzed using descriptive statistics. The study found that the firms responded to competitive rivalry in the industry by adopting niche marketing, low cost and differentiation strategies. Adoption of these strategies was based on identification of customer needs in order to create customer loyalty, offer differentiated products that suit customer needs, undertake aggressive advertisement and promotion, undertake market research, analyze competitors' costs, before fixing prices and establishing relationship marketing. Other strategies used include ensuring resources match growth in the need for products, offering affordable and competitive products in all regions in the country, development of diversified products so as to realize brand loyalty, offering low cost products in comparison to competitors thus leading to improvement in market share, possession of detailed knowledge and customer needs, continuous product improvement and innovation, partnering with customers to produce highly customized products, increasing advertising funds from one year to another than competitor and unique characteristics that differentiates the company from competitors. The study concluded that the competition in the pharmaceutical industry has resulted in the multinational companies adopting different strategies that include differentiation, niche marketing, and low cost strategy in order to compete effectively. The study recommends that the multinational firm should inculcate a practice of continuous review of the state of competition in the industry, implement processes to identify customer needs, produce innovative products, have a good marketing budget, consider product pricing and adopt strategies that will ensure achieving competitive advantage.

CHAPTER ONE: INTRODUCTION

1.1Background of the Study

Every company's goal is to be the market leader and show superiority in the industry in which they are operating in. The aim of most companies quite simply, is to do a significantly better job than rivals of providing what buyers are looking for and thereby secure an upper hand in the marketplace, (Porter, 1990). A company achieves competitive advantage whenever it has some type of edge over rivals in attracting buyers and coping with competitive forces.

A company's competitive strategy therefore deals exclusively with the specifics of management's game plan for competing successfully-its specific efforts to please customers, its offensive and defensive moves to counter the maneuvers of rivals, its responses to whatever market conditions prevail at the moment, its initiatives to strengthen its market position, and its approach to securing a competitive advantage . (Hamel and Prahalad,1994). There are many routes to competitive advantage, but they all involve giving buyers what they perceive as superior value compared to the offerings of rival sellers. Superior value can mean a good product at a lower price; a superior product that is worth paying more for, or best-value offering that represents an attractive combination.

Multinational pharmaceutical firms are in constant rivalry and competition to show the superiority of their products in the disease area they have invested in so that they get an edge over rivals and secure their position in the market place. Therefore managers of these companies have to be imaginative in conceiving competitive strategies to win customer favor. By doing so they will build brand loyalties and get approvals & recommendations by the global healthcare bodies and this will eventually see their products sales and profits grow.

1.1.1 The Concept of Strategy

A strategy is a plan for interacting with the competitive environment to achieve organizational goals. Generally, organizational science researchers do not consider goals and strategies to be interchangeable. Instead, a goal defines where the organization wants to go, and strategy defines how the organization will get there (Mintzberg, 1978). Strategy, the core concept of strategic management, is fundamental in the planning process since strategic decisions influence the way organization respond to their environment. Strategy is also the unified comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization, (Juach and Gluek, 1984).

Strategy is large scale, future-oriented plans for interacting with the competitive environment to optimize achievement of organizational objectives (Pearce and Robinson, 2002). Strategy also attempts to achieve a long term sustainable advantage in each of the organization’s business, by responding properly to the opportunities and threats in the organization’s environment, and strengths and weaknesses of the organization. Strategy helps to provide the basic long-term direction for the organization, enabling it to set up a clear direction so that the managers are able to focus on the future while still ensuring the urgent functions are undertaken (Grant, 1998). It helps the organization cope with change (Pearce and Robinson, 2003).

1.1.2 Generic Strategies

Porter (1980) conceptualized that organizations cope with competitive forces by using certain generic strategic approaches to outperform other firms. Porter (1980) designated these strategic approaches as three generic competitive strategies. The first generic strategy is Cost Leadership where the organization offers the lowest costs products to the entire market. The second generic strategy is Differentiation by offering highly unique products (as perceived by the customer) to the entire market, and the third strategy is Focusing on offering products which serve the needs of a niche segment of the market

No organization can successfully perform at above-average by trying to be all things to all people. Porter (1980) proposes that management must select a strategy that will allow their organization to attain a competitive advantage. The strategy that management chooses depends on the organization's strengths and its competitor's weaknesses. When an organization sets out to be the low-cost producer in its industry, it is following a cost-leadership strategy. Success with this strategy requires that the organization be the cost leader and not merely one of the contenders for that position. Organizations can achieve a cost advantage by efficiency in operations, economies of scale, technological innovation, low-cost labor, or preferential access to raw materials. An organization that seeks to be unique in its industry in ways that are widely valued by buyers is following a differentiation strategy. It might emphasize high quality, extraordinary service, innovative design, technological capability, or an unusually positive brand image. The key is that the attribute chosen must be different from those offered by rivals and significant enough to justify a price premium that exceeds the cost of differentiating.

Porter’s (1980) claim is that for a company to be successful in the industry in which it operates it must choose between one of the three generic strategies: cost leadership, differentiated, and focus. If one uses the personal computer industry in the US during the 1990’s as an example, then the competitive strategies of the major players was as follows: Dell was the low-cost leader; HP had a differentiated strategy with high-quality products; Apple had a focus strategy, targeting a narrow market segment of users who whom the user-experience (look, feel, and graphical user interfaces) were extremely important; and IBM had a mixed strategy (Zahra, 1993). Porter’s (1980) first two generic strategies (overall cost leadership and differentiation) seek to achieve a competitive advantage in a broad range of industry segments. The focus strategy aims at either a cost advantage (cost focus) or differentiation advantage (differentiation focus) in a narrow segment. Thus, management will select a segment or group or segments in an industry (such as product variety, type of end buyer, distribution channel, or geographical location of buyers) and tailor a strategy to serve them at the exclusion of others. The goal is to exploit a narrow segment of a market. Research suggests that a focus strategy may be the most potent for a small business firm. This is because a small business does not have the economies of scale or internal resources to successfully pursue one of the other two strategies (Zahra, 1993).

1.1.3 Competitive Rivalry

Rivalry occurs among competitors because one or more of them either feels the pressure or sees the opportunity to improve their position in the market place (Porter, 1998). This rivalry among firms usually takes the form of jockeying for position using tactics like price competition, advertising battles and product introductions. It is brought about if there are many companies scrambling for market share. Other factors that can intensify rivalry is when there is little differentiation among the products and customers are powerful and with low brand loyalty. In addition when there is high fixed costs and high exit barriers, companies will stay on to compete so as to be able to cover their cost. But if the overall market is in growth or the position of the company is protected through patents, then the rivalry is likely to be less intense.

Intense rivalry encourages business to engage in price wars, invest in innovation and new products and also spend more on promotion and advertising. These factors are likely to increase the costs of running the business and lower profits (Porter, 1998). Globally rivalry in the Multinational Pharmaceutical firms is intense. This is because the investment in developing products involves millions of dollars. There is pressure for the new compounds to perform well when introduced in the market and recover the investment (Davidson & Greblov, 2005).

1.1.4 Multinational Pharmaceutical Companies

The Pharmaceutical industry comprises of companies that develop, produce and market drugs that are licensed for use as medications in the treatment, prevention or alleviation of symptoms of diseases. Drugs have been categorized into three distinct and broad product segments. First is the Over the counter drugs (OTC), which are easily accessible and can be purchased as the name suggests over the counter without a doctor's prescription and are found in shops, supermarkets and pharmacies. The second segment is the ethical drugs, found in pharmacies only and dispensed with professional advice but not necessarily warrant evidence of a prescription. While the third segment is the prescription only drugs, found in pharmacies and can only be issued where a prescription signed by a doctor exists. Drugs are usually under patent for twenty years, once it ends, any other supplier may manufacture the generic equivalent of the drug, which is usually cheaper in price mainly since they do not incur research and development costs and raw materials are more readily available. Drugs are also a highly regulated commodity and are subjected to a variety of laws and regulations regarding patents, testing, registration and marketing. Multinational pharmaceutical companies are pharmaceutical companies which are privately owned or publicly traded, and conduct their business in many countries.

Multinational pharmaceutical corporations participate in a broad range of drug discovery and development, manufacturing and quality control, marketing, sales, and distribution. Drug discovery and development is very expensive as only one out of every ten thousand discovered compounds actually becomes an approved drug for sale and the cost of developing a successful new drug has been estimated at about 1.3million USD (Herper, 2012). The fifteen top Multinational companies in the world are Pfizer, GlaxoSmithKline, Johnson & Johnson, Merck, AstraZeneca, Novertis, Sanofi-aventis, Roche, Bristol-

Myers Squibb, Wyeth, Abbot, Eli Lilly, Takeda, Schering-Plough, Bayer with revenues ranging from 10-50,000 million USD annually (Davidson & Greblov, 2005).

The main challenges for Multinational Pharmaceutical firms come from four areas. First, they must deal with competition from within and without. Second, they must manage within a world of price controls that dictate a wide range of prices from place to place. Third, companies must be constantly on guard for patent violations and seek legal protection in new and growing global markets. Finally, they must manage their product pipelines so that patent expirations do not leave them without protection for their investment. (Davidson & Greblov, 2005)

According to IMS Health as restated in the 2004 AstraZeneca Annual Report, the United States, the European Union and Japan comprise the three major pharmaceutical markets which together represent 88% of world sales. At the same time, although the share of world pharmaceutical sales in developing countries at this point of time is much lower, they show much faster growth rate than developed countries do, therefore developing countries contain a significant potential for further expansion of pharmaceutical industry in the future.

1.1.5 Pharmaceutical Industry in Kenya

The pharmaceutical industry in Kenya comprise of companies which can be categorized into three distinct groups (Mwangi, 2003). One, the manufacturing companies which import raw materials or the concentrates of drugs, manufacture finished products and sell in Kenya and sometimes in neighboring countries. Most of these are local companies and example of these are Dawa Limited, Universal Corporation Limited, and Cosmos limited, while others are subsidiaries of multinationals like Beta healthcare International limited and GlaxoSmithKline.

The second group is the multinational companies which import the finished research based drugs (original brand) from their parent company base or their manufacturing sites. They then undertake the activities of pricing promotion and distribution in Kenya and sometimes other surrounding regions depending on the company's market demarcations. Some of them though do the marketing while distribution is done by local distributors. Many multinationals companies which sell their brand drugs either directly or through local partners, interestingly, prefer to work under local distributors so as to cut down on operational costs and allow local agents to do importation and marketing functions for them. Examples of these companies are Novo Nodisk, Johnson & Johnson and Merck which are under Phillips pharmaceuticals, or Abbott which is under Surgipham.

The third group is the local pharmaceutical importers. These are agents who import finished drugs through contractual agreements with foreign pharmaceutical manufacturing companies generally known as principles, to do marketing functions such as product pricing, promotion, distribution to the wholesalers, retailers, hospitals and other institutions. Most of these agents, import generic drugs and source them from countries with low manufacturing costs like India, Pakistan, Egypt and most recently China (Odhiambo, 1999). The ownership of these companies is entirely by Kenyan citizens some of whom are either locals or of Asian origin, and have their premises located in Kenya and their business operations are only within the country and have no international affiliations. The genesis of this third group of companies is as a result of the major reductions in brand drug prices which is the norm after a drug patent expires. This offers an opportunity for generic products to be manufactured at lower costs. Importers are therefore able to buy these drugs at much lower cost than the brand drugs which translates to the importer imposing a markup that offers a higher profit margin to the firms while still offering lower priced drugs to the end users in comparison to the original drug. Kenya has been a good market for these drugs due to their affordability.

In Kenya, (Noah & Waithaka, 2005) the Ministry of Health and Medical Services has the responsibility of overseeing the pharmaceutical companies, pharmacies and the trade in pharmaceutical products. This is done through the Pharmacy and Poisons Board, (PPB), as provided for by Chapters 244 (The Pharmacy and Poisons Act) and 245 (The Dangerous Drugs Act) of the Laws of Kenya. Product registration is effected after a thorough evaluation of efficacy, safety and quality. The Kenyan Pharmaceutical domestic market was estimated to be over 240million USD in 2008 by UNIDO (United Nation Industrial development Organization 2010). 28% was from the domestic production, 32% comprised of imported generics, while 40% was imported original brands from Multinational companies.

1.2 Research Problem

Rivalry is illustrated by Porter (1980) as one the competitive forces of an industry. Competitive rivalry among industry players can affect the industry profits. When a player in an industry is under pressure to improve their competitive position, they start employing tactics like, price reductions, increase in innovation, increase advertising, or increase service/product improve. One company's competitive moves will have a noticeable impact on the competition, who will then retaliate to counter those efforts. The pattern of action and reaction may harm the company and the industry. Organizations that remain successful are those that develop strategies of attaining a competitive edge over its competitors in the industry. Porter offers three 'generic' competitive strategies to outperform other firms in a particular industry: low cost, differentiation, and focus (Porter, 1993). Firms develop strategies to match the level of competition in the industry.

There are about 25 multinational pharmaceutical companies represented in Kenya. This representation is either through having a scientific/marketing office or through a local agent that undertakes the responsibility of importing and marketing their products for them. The products of multinational companies are usually more expensive due to R&D cost, compared to generic drug whose manufacturers spend nothing on R&D and start manufacturing drugs already developed by other companies after their patent expiration. These generic drugs are freely available in Kenya and since affordability of drugs is a key factor in Kenya, the multinational companies concentrate a lot of their effort on private hospitals that serve high to middle class Kenyans. Such hospitals include, the Nairobi

Hospital, Agakhan Hospital, Gertrude garden Children Hospital, the Karen Hospital, and Mater hospital. These hospitals also have many patients with health insurance.

The pressure from generic drugs and health insurance now wanting to regulate the kind and price of prescriptions for their insured patients is shrinking the lucrative private insurance market that Multinational pharmaceutical companies depend on. This lowers the profitability of the business. Rivalry is also seen in areas where the government through NGOs purchases drugs which are then provided free or at subsidized prices to the public. Examples consist of drugs for Malaria, HIV, TB, Contraceptives, among others. Areas that have a huge market and promise high rewards, such as anti-bacterial/anti-infection, anti-inflammatory/analgesics, cardiovascular diseases, neurology/psychiatric disorders, and oncology attract the majority of leading pharmaceutical companies and create a fierce competition and rivalry among them. The small private market, pressure by insurance companies to reduce prices, competition for profitable disease areas, and the high cost of the original brand is the source of competitive rivalry among the Multinational Pharmaceutical Companies in Kenya.

Several studies have been done in the pharmaceutical industry. For example Muiva (2001) in a study on competitive rivalry noted that competition among local pharmaceutical companies is increasing in intensity due to the decline in customer purchasing power, the threat of parallel importation increasing importation of cheaper generic drugs and decline in government as the major buyer of drugs due to a slowdown in donor funding. On his part, Ogolla (2007) looked at strategic management practices in

Kenyan pharmaceutical industry and found that owing to the rapid growth and dynamism of the industry in the recent years, to be competitive, these firms have started to incorporate strategic management processes. Simba (2012) studied strategic responses by multinational pharmaceutical firms to challenges posed by generic drugs in Kenya and found that the corporations employ various strategies to fight these challenges posed by competition from generic drugs.

None of the above studies have examined the Competitive strategies adopted by multinational pharmaceutical firms to respond to competitive rivalry in the pharmaceutical industry. This study therefore aims to answer the question: What are the strategies adopted by multinational pharmaceutical firms to respond to competitive rivalry in the pharmaceutical industry in Kenya?

1.3 Research Objective

To determine the strategies adopted by multinational pharmaceutical firms to respond to competitive rivalry in the pharmaceutical industry in Kenya.

1.4 Value of the Study

This study will help the pharmaceutical companies in Kenya to better identify the source and magnitude of rivalry in the market. It will also act as a guide during the strategy formulation and implementation processes. It will bring out factors that impede effective strategy implementation, and provide crucial solutions for strategy implementation challenges. This study can be of importance to the management of the pharmaceutical companies in assisting them to adopt strategies that will guarantee them competitive advantage and a desirable level of growth of their brands in the face of increasing competitive rivalry. It will also be important to the directors of importing companies and guide them in strategically selecting the products to import into the market.

The findings of this study will inform the decision making process of the Ministry of Health and the Medical Services as they formulate the policies and regulations governing the pharmaceutical companies. Finally, the study will add to the literature available on the challenges of strategy implementation and be a reference for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section is a review of literatures that build the conceptual argument and the theories that are employed in the study. It provides information from on publication on topics related to the research problem.

2.2 Theoretical Background

The etymology of the term strategy is often traced to the Greek term for generalship—strategia (Merriam-Webster 2002)—which again returns us to the military context; in fact, most dictionary definitions begin with a phrase such as “the art and science of military.” Other definitions state that strategy is a means to a specific end—for example, “a plan, method, or series of actions designed to achieve a specific goal or effect” (Wordsmyth, 2002). There are several views on what strategy means. Typical definitions include: "Strategy is the skill in managing or planning" .Mintzberg, and Quinn (1991), states that strategy is the primary means of reaching the focal objective. The focal objective is whatever objective is in mind at the moment. Strictly speaking, it is literally meaningless to talk about strategy without having an objective in mind. Viewed in this context strategy becomes an integral part of the ends and means hierarchy (Thorelli, 1977). There is a growing cognizance that in highly dynamic environments, traditional approaches to strategy development often do not lead to the intended results, and that organizations must move towards a more dynamic concept as the underlying conditions change before formulated strategies can be fully implemented. However, the way in which a dynamic approach to strategy development can be achieved is not clear.

According Andrews (1971), strategy is a rational decision-making process by which the organization's resources are matched with opportunities arising from the competitive environment. Johnson and Scholes (2002) define strategy as the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a challenging environment with an aim to meet the needs of markets and to fulfill stakeholder expectations. Corporate Strategy is concerned with the overall purpose and scope of the business to meet stakeholder expectations and is often stated explicitly in the organization's mission statement. Bryson, (2004) notes that today's environment has not only become increasingly competitive but uncertain, complex, interconnected and fast changing. Organizations are therefore required to think and plan in advance, yet be flexible enough to incorporate changes as they operate in the ever changing environment.

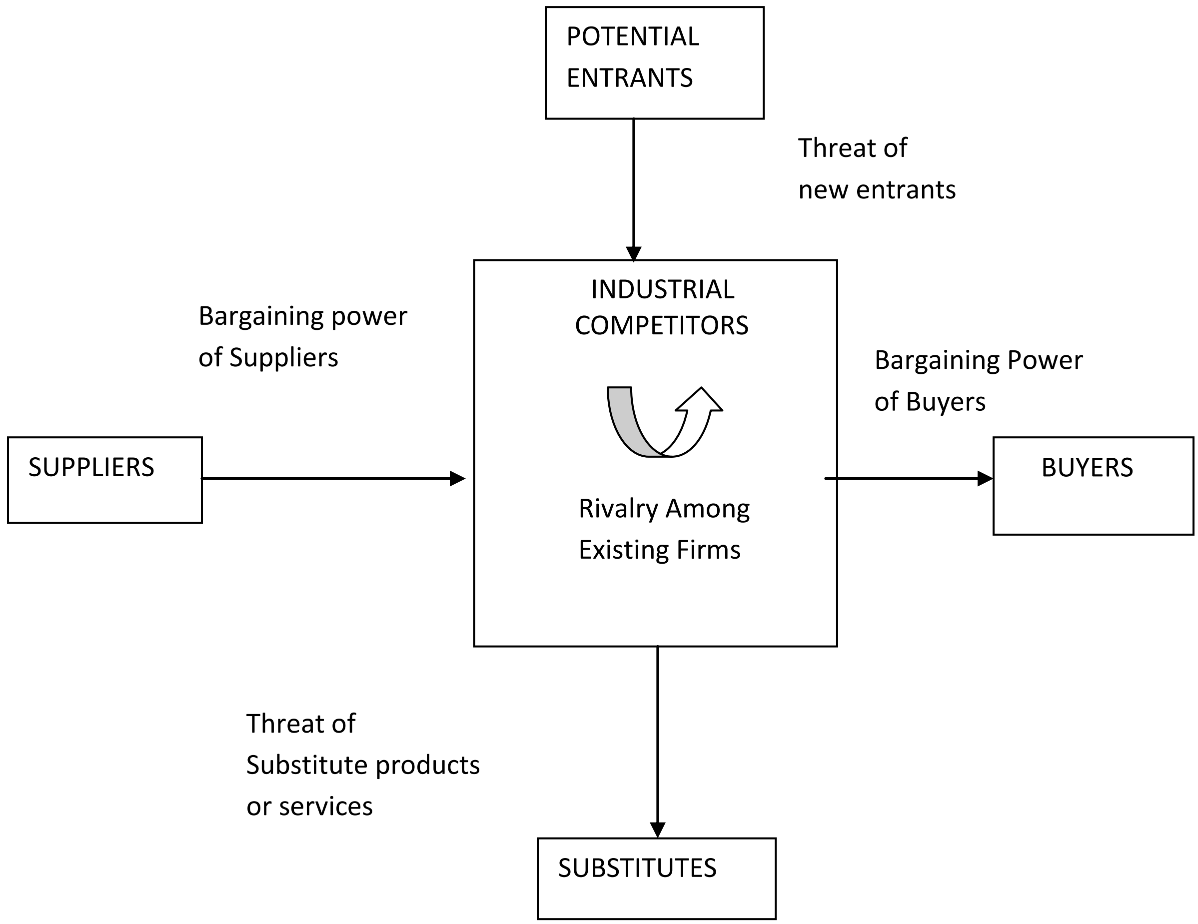
Shendel and Hofer (1979) argue that strategy maybe be defined as the broad program of goals and activities to help a company achieve success. They see strategy as the match between an organizations resources and skills and environmental opportunities and risks it faces and t he purposes it wishes to accomplish. Organizations have to align their activities to match the new environment. When the competitive domain and the growth potential starts to shrink, strategic options are either to attempt a more intensive implementation of the current line of business, or to begin to search for more opportunities in other markets (Thompson & Strickland). These choices are a must if a firm has any regard for its survival (Wheeler & Hunger, 1989).

2.3 The Five Forces of Competition

The Porter's (1980) Five Forces Model illustrates how the competitive landscape in an industry is impacted by five prominent forces. These forces are: Supplier power, Threat of new entrants, Buying power, Threat of substitutes, and Rivalry. The degree of rivalry is the center of this model as the other 4 forces branch off of this. Each of the forces influences the nature of competition in the industry. Additionally, organizational strategies are often impacted as companies formulate their strategies in order to respond to the dominant competitive forces in any particular industry. The bargaining power of suppliers is a reversal of the power of buyers. This force can also be described as the market of inputs. The suppliers of raw materials, labor, and expertise services provide industries and have power over industries (Quick MBA, 2010). The bargaining power is in the price for the materials or services provided. Many industries have a plethora of suppliers that offer these things needed, but some don't. Some industries only have one or two suppliers and those suppliers can put any price on the materials/services they offer.

The state of competition in an industry depends on the five forces as shown in figure 1.1

Figure 1.1 Forces Driving Industry Competition



Source: Porter M.E. (1980) *Competitive Strategy*, New York: Free Press

2.4 Competitive Rivalry

Porter (1998) states competitive rivalry occurs among competitors because one or more of them either feels the pressure or sees the opportunity to improve their position in the market place. This rivalry among firms usually takes the form of jockeying for position using tactics like price competition, advertising battles and product introductions. It can be intense if companies are scrambling for market share. But if the overall market is in growth or the position of the company is protected through patents, then the rivalry is likely to be less intense.

In most industries, one company’s competitive moves will have a noticeable impact on the competition, who will then retaliate to counter those efforts. Companies are mutually dependent, so the pattern of action and reaction may harm all companies and the industry. Some types of competition (e.g., price competition) are very unstable and negatively influence industry profitability. Other tactics (e.g., advertising battles) may positively influence the industry, as they increase demand or enhance product differentiation. Rivalry among industry players can affect industry profits through downward pressure on prices, increased innovation, increased advertising, and increased service/product improvements, among others. In economics, a monopoly industry structure earns the most profit while the “perfect competition” industry structure earns the least. An increase in competitive rivalry among existing firms brings an industry closer to the theoretical “perfect competition” state.

The factors that increase competitive rivalry among existing firms include large number of firms within an industry, and there is an increased competition for the same customers and product resources. There is even greater competition if industry players are equal in size and power, as rivals compete for market dominance. Another is slowed Industry Growth because when an industry is growing rapidly, firms are able to increase profits as the industry expands. When growth slows and industries reach the maturity stage of the industry lifecycle, competition increases to gain market share (and continue the profit growth that investors require).

In industries where the fixed costs are high, firms will compete to gain the largest amount of market share possible to cover the fixed costs. And also when high exit barriers exist, firms will stay and compete in an industry longer than they would if no exit barriers existed. In addition, price competition is more likely to exist when, products or services are identical and/or low switching costs: This encourages price competition to gain market share. When fixed costs are high and/or marginal costs are low it encourages competitors to cut prices below their average costs (but not below marginal costs) to recoup some of their fixed costs. And when Capacity must be expanded in large increments to be efficient or when the products are perishable: When a product is perishable, at a certain time it loses its value completely. This creates pressure on a competing firm to sell its product at a price while it still has value. This is true not only for food but for many industries where technology is consistently being improved (e.g. cars, computers, etc).

2.5 Strategic Responses to Competitive Rivalry

Porter (1980, 1985) argues that superior performance can be achieved in a competitive industry through the pursuit of three generic strategies. The first generic strategy is striving to be the overall low cost producer, i.e. low cost leadership strategy, the second is seeking to differentiate one's product offering from that of its rivals, i.e. differentiation strategy and lastly to focus on a narrow portion of the market, i.e. focus or niche strategy.

If a firm does not pursue one of these strategy types, it will be stuck-in-the-middle and will experience lower performance when compared to firms that pursue a generic strategy (Porter, 1980). Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson & Strickland, 2002). It concerns what a firm is doing in order to gain a sustainable competitive advantage.

Porter (1980) argues that the strategy is about selecting the set of activities in which an organization will excel to create a sustainable difference in the market place.

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002). Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Before using any of these strategies, the company or business unit must select the range of product variation to be produced, distribution channels to be used, buyer type who will be served, geographic area to be covered, and kind of industry that would be competing. The determination should reflect an understanding of company unique resources. In other words, a company or business unit can select the target area (emphasis on mass market medium size) or narrow goals (emphasis on niche markets).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section deals with the methodology to be used in carrying out the study. It is sub divided into the research design, target population, sample size and sampling procedures, research instruments, data collection procedures and data analysis techniques.

3.2 Research Design

The research design used in this study was cross sectional survey method. This method was preferred because it allowed for generalization of research findings. A Survey method is descriptive in nature since the main purpose of the study was to describe competitive strategies adopted by multinational pharmaceutical firms to respond to competitive rivalry in the pharmaceutical industry in Kenya. Descriptive research according to Kothari (1990) is a powerful form of qualitative analysis. Kandie (2001) argued that survey is a form of qualitative analysis where studies are done on institutions and from the study; data generalization and inferences are drawn.

3.3 Target Population

The target population of this study was all the pharmaceutical companies registered in Kenya by the Pharmacy and Poisons Board, as local importers who are responsible for importing drugs from Multinational pharmaceutical firms and selling the drugs to wholesalers, retailers, hospitals and institutions. As at December 2009, there are 176 pharmaceutical companies operating in Kenya as importers and distributors. Of these, 62 companies are local importers and distributors, while the others are pharmacies, manufacturing and multinational companies (East African Pharmaceutical Loci, Drug Index 11th edition). A total of 25 multinational pharmaceutical companies were involved in the study and therefore the study is a census survey.

3.4 Data Collection

The study used a questionnaire to collect data. Kumar (2005) defines a questionnaire as a written list of questions the answers to which are recorded by the respondent. Kombo and Tromp (2009) observe that questionnaires are faster to administer to a larger number of respondents and saves time. According to Walker (1985), the use of questionnaires offers considerable advantage in management of the research. It presents an even stimulus for a large number of respondents simultaneously and provides the researcher with a relatively easy accumulation of data. The use of questionnaires allowed respondents time on questions and avoids hasty responses.

This research used questionnaires to collect information from marketing managers since they are instrumental in strategy formulation and the expected outcome. Where marketing managers are not available, sales managers were used as they are actively involved in monitoring strategy implementation and evaluating the results. Medical representatives are the one who actually implement the strategies, was used only if the sales or marketing managers are both not available. A semi-structured questionnaire comprising both open-ended and close-ended questions was used to collect data. The questionnaire three sections, (part A) was on general information, (part B) asked questions on competitive rivalry, while (part C) asked questions on strategies employed. The questionnaires were administered using the drop and pick later method.

3.5 Data Analysis

The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variations). Once the data was collected, the questionnaires were edited for accuracy, consistency and completeness. However, before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. The responses were then coded into numerical form to facilitate statistical analysis. Data was analyzed using statistical package for social sciences based on the questionnaires. In particular, the descriptive analysis which includes averages mean and standard deviations.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to determine strategies adopted by multinational pharmaceutical firms in Kenya to respond to competitive rivalry in the pharmaceutical industry. This chapter presents the analysis, findings and discussion. The findings are presented in percentages and frequency distributions, mean and standard deviations. A total of 25 questionnaires were issued out and only 21 were returned. This represented a response rate of 84%.

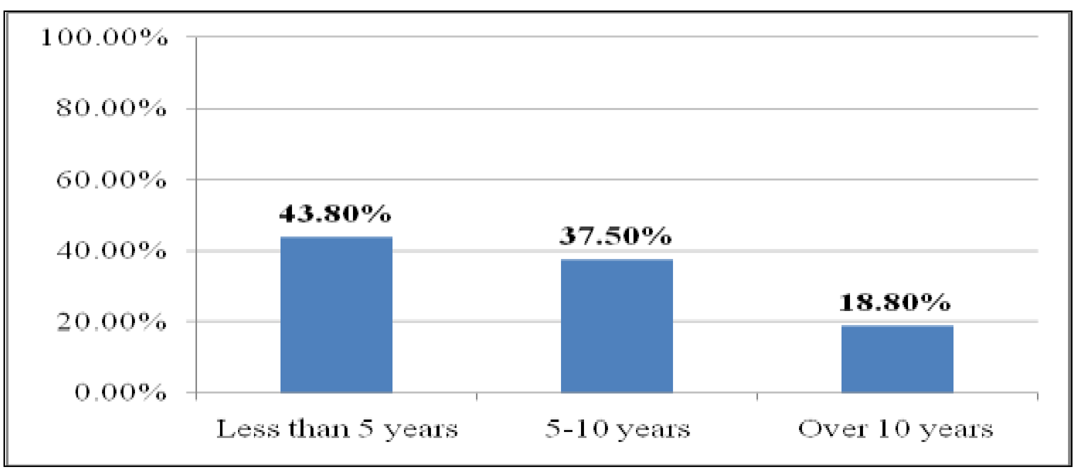
4.2 Demographic Characteristics

This section covered length of service with the company and the duration of company operation in Kenya.

4.2.1 Length of Service with the Company

The respondents were asked to indicate the length of service with the multinational pharmaceutical company and the results are presented in figure 4.1.

Figure 4.1: Length of Service with the Company



Source: Research data (2014)

The results show that 43.8% of the respondents have worked in the multinational pharmaceutical company for less than five years, 37.5% of the respondents indicated that they have worked for 5 to 10 years while 18.8% of the respondents indicated that they have worked with the pharmaceutical firms for over 10 years. The results indicate that majority of the respondents have worked in the pharmaceutical industry for a long time and therefore they understand the challenges that face the industry and the strategies adopted by the companies in order to respond to competition.

4.2.2 Duration of Company Operation

The respondents were requested to indicate the duration in which the pharmaceutical companies have been in existence. The findings are presented in Table 4.1.

Table 4.4: Duration of Company Operation

Years	**Frequency**	**Percent**	**Cumulative %**
Under 5	2	7.7	7.7
6 - 10	5	23.1	30.8
11 - 15	6	30.8	61.5
Over 20	8	38.5	100.0
Total	21	100.0	

Source: Research Data (2014)

The findings presented in Table 4.1 indicate the distribution of responses on the duration multinational pharmaceutical companies' existence. The findings indicate that a majority (38.5%) of the pharmaceutical companies have been in existence for a period of over 20 years, 30.8% of the respondents indicated that the pharmaceutical companies have been in operation for a period of 11 and 15 years, 23.1% of the respondents indicated that the companies have been in operation between 6 and 10 years while 7.7% of the respondents indicated that the pharmaceutical companies have been in existence for a period of less than 5 years. The results indicate that the respondents have been in existence for a longer duration of time and therefore understand the dynamics of the industry and the strategies that should be adopted by the pharmaceutical companies in order to be competitive.

4.3 Competitive Rivalry in Pharmaceutical Industry

Every company's goal is to be the market leader and show superiority in the industry in which they are operating in. The aim of most companies quite simply, is to do a significantly better job than rivals of providing what buyers are looking for and thereby secure an upper hand in the marketplace. Environmental changes shape opportunities and challenges facing the organization, the paces of technological change, speed of global communication mean faster change now than never before thus, the need to constantly adjust according to these changes to remain successful.

4.3.1 Pharmaceutical Industry Competitive Rivalry

The respondents were requested to indicate the pharmaceutical industry competitive rivalry that have occurred which necessitates the multinational companies to adopt strategies in a five point Likert scale. The range was 'strongly disagree (1)' to 'strongly agree' (5). The scores of strongly disagree have been taken to represent a variable which had mean score of 0 to 2.5 on the continuous Likert scale; ($0 \leq$ S.E <2.4). The scores of 'moderate' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ($2.5 \leq$M.E. <3.4) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; (3.5≤ L.E. <5.0). A standard deviation of >0.9 implies a significant difference on the impact of the variable among respondents. The results are presented in Table 4.2.

Table4.5: Competitive Rivalry among the Multinational Pharmaceutical Firms

Pharmaceutical Industry Rivalry Contributors and Indicators	**Mean**	**Std. Dev.**
The number of firms in the industry is growing	4.6154	.6504
The number of firms competing with the company within the industry is high	4.6923	.4803
There is increased competition for the same customers	4.5385	.6602
The firm meets annual sales objectives with ease.	3.5839	1.1795
The company has had to increase its marketing budget/activities in the last 2 years	4.6532	.4678
The company is increasing its profits despite the competition	3.7385	1.0500
Competing companies are bigger and more dominant than your company.	3.2258	1.1462
The firm has invested heavily in the country.	3.6129	1.3336
In the face of increased competition it will not be easy for my firm to close and relocate to another region	3.2358	1.1934

Source: Research Data (2014)

The results indicate that the changes in the industry that are contributing to competitive rivalry are, high number of firms competing in the industry (mean 4.6923), number of firms in the industry is growing, and that there is increased competition for the same customers with a mean score of 4.6154 and 4.5385 respectively. The respondents further noted that the competing companies are not much bigger or more dominant than their company (mean 3.2258). Other indicators of competitive rivalry are firms increasing their marketing budgets (mean 4.6532), they have invested heavily in the country (mean 3.61229) and in the face of increased competition they will not easily close and relocate to another region (mean 3.2358). The firms were however able to meets annual sales objectives (mean 3.5839), and they did show increase its profits despite the competition with a mean score of 3.7385. From the results it can be concluded that there are several factors in the pharmaceutical industry which indicate that there is there is competitive rivalry among the multinational pharmaceutical companies and therefore these companies need to come up with appropriate strategic responses in order for them to remain competitive.

4.4 Strategies Response to Competitive Rivalry

Strategic responses are a set of decisions and actions that result into formulation and implementation of plans designed to achieve a firm's objectives. In order to effectively achieve the firm's objectives, these set of plans and actions must be strategically fit to the complexities and dynamism of a rapidly shifting environment. Firms largely are open systems where there is continuous interaction and interfaces with the external environment.

The respondents were requested to indicate the extent to which the pharmaceutical companies use the response strategies to respond to competitive rivalry in the pharmaceutical industry in a five point Likert scale. The range was 'strongly disagree (1)' to 'strongly agree' (5). The scores of strongly disagree have been taken to represent a variable which had mean score of 0 to 2.5 on the continuous Likert scale; (0≤ S.E <2.4). The scores of ‘moderate’ have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: (2.5≤M.E. <3.4) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; (3.5≤ L.E. <5.0). A standard deviation of >0.9 implies a significant difference on the impact of the variable among respondents.

4.4.1 Niche Marketing Strategy

The respondents were required to indicate the extent to which their companies respond to competitive rivalry in the industry through marketing niche marketing strategy. The results are presented in Table 4.3.

Table 4.6: Niche Marketing Strategy

Marketing Strategy	Mean	Std. Dev.
The company undertakes market research to establish customer needs	4.1935	.9804
The company undertakes aggressive advertisement and promotion to all potential customers	4.5385	.7762
The company aims at attaining capacity utilization of resources by expanding at a rate that is in sync with the growth in the need for products	4.1290	1.1759
The company concentrates in production of unique products for a specific target market	3.8839	1.0915
The company has selective advertising appeals to a specific targeted market.	3.8387	1.0359
The company has established relationship marketing whereby it strives to develop and foster good relations with its clients	3.8503	.9870
Overall Mean	3.9476	

Source: Research data (2014)

The Table 4.3 indicates that the respondents were in agreement that the multinational pharmaceutical companies use marketing as a strategy to respond to competition in the industry. Most of the companies undertake market research to establish customer needs with a mean of 4.1935. The strategy employed by most of the companies was to undertakes aggressive advertisement and promotion to all potential customers (mean4.5385) and also to aims at attaining capacity utilization of resources by expanding at a rate that is in sync with the growth in the need for products (mean 4.1290).

The other strategies used was found to be offering differentiated products by the company concentrating in production of unique products for a specific target market (mean 3.8839) and also the company having selective advertising appeals to a specific targeted markets (mean 3.8387). All the companies confirmed establishing relationship marketing whereby it strives to develop and foster good relations with its clients with a mean of 3.8387 and using diversification and development of new products as a strategy to make its products distinct from competitors with a mean of 3.7624. It can be concluded that niche marketing was used as a strategy by some of the multinational pharmaceutical firms to respond to competition in the industry though majority of them still preferred to target the whole market by ensuring they produced products for vast customers and tried to know and meet all their needs and establish customer loyalty.

4.4.2 Low Cost Strategy

The respondents were requested to indicate the extent to which the multinational pharmaceutical firms use low cost strategy in order to respond to competitive rivalry in the industry. The ratings are presented in Table 4.4.

Table 4.4: Low Cost Strategy

Low Cost Strategy	Mean	Std. Dev.
The Multinational pharmaceutical firm offer low cost products in comparison to competitors which has led to an improvement in our market share	2.9154	1.0439
The pharmaceutical firm major focus is offering affordable and competitive products in all regions in the country	3.1538	1.0681
The pharmaceutical firm target to have a large customer base through development of diversified products.	3.9231	.8623

Source: Research data (2014)

The results on the use of low cost strategy by the multinational firms were that the firms utilize resources to expand with the growth in the need for products (mean 4.5385), focus is offering affordable and competitive products in all regions in the country (mean 3.1538). The respondents further noted that Multinational pharmaceutical firms do not always offer low cost products in comparison to competitors in order have an improvement in market share (mean 2.9154). The results indicate that the multinational pharmaceutical firms do not necessarily use cost leadership as strategy in order to respond to competition in the sector. Akan *et al.*, (2006) noted that low costs will permit a firm to sell relatively standardized products that offer features acceptable to many customers at the lowest competitive price and such low prices will gain competitive advantage and increase market share.

4.4.3 Differentiation Strategy

The respondents were asked to indicate the extent to which differentiation strategy was used by the pharmaceutical firms. The extent to which the pharmaceutical firms differentiate themselves would enable the pharmaceutical firms to come up with products that are different from other companies. The results are presented in Table 4.4.

Table 4.5: Differentiation Strategy

Differentiation Strategy	Mean	Std. Deviation
The firm ensures continuous product improvement and innovation	4.2231	.8623
The company possess detailed knowledge and customer needs	4.2308	1.1657
The firm partners with customers to produce highly customized products	3.8846	1.1929
The pharmaceutical firm has budgeted and utilizes greater advertising funds from one year to another as competition increases	3.8462	1.2142
The firm poses unique characteristics that distinguish the company from competitors	3.9154	.8697
The company uses diversification and development of new products as a strategy to make its products distinct from competitors	3.7624	1.0286

Source: Research data (2014)

The results in Table 4.4 indicate the extent to which the multinational pharmaceutical companies use differentiation strategy to respond to changes in the environment. The findings indicate that the strategy used by the companies with a mean of 4.2308 was that the company possesses detailed knowledge and customer needs. The study further established that the firm ensures continuous product improvement and innovation (mean 4.2231), partners with customers to produce highly customized products (mean 3.8846), has budgeted and utilizes greater advertising funds from one year to another as competition increases (mean 3.8462), development of diversified products (mean 3.9231), and that it poses unique characteristics that the company from competitors with a mean score of 3.9154. The findings indicate that the pharmaceutical companies respond to competition through differentiation strategy that has resulted in continuous product improvement through advertising, possession of unique characteristics and knowledge and customer needs and partnering with customers.

4.5 Discussion

To survive in the dynamic environment, organizational strategies need to focus on their customers and dealing with emerging environmental changes in its operating environment. A customer therefore is core to an organization and ought to be satisfied with the products of the organization for it to succeed in an ever changing environment. The study established that competitive rivalry in the industry was occasioned by high number of firms competing in the industry, growing number of firms in the industry which increase competition for the same customers, competing companies are almost the same in size and market dominance, all the firms have invested heavily in the country and in the face of increased competition they are unlikely easily close and relocate to another region but stay on and compete. We also see an increase in profit despite competition, this could be attributed to other factors such as changes in socio-cultural, technological and economic dynamics. The results are consistent with Johnson and Scholes (2002) findings that environmental changes shape opportunities and challenges facing the organization, the paces of technological change, speed of global communication mean faster change now than never before thus, the need to constantly adjust according to these changes to remain successful.

The business environment has become extremely competitive and complex. These characteristics impose the need for satisfying business stakeholders within a global market. Kottler (2000) findings that customer' needs must be identified and satisfied as these results into customer loyalty which is a source of company goodwill. All company departments' work together to achieve the consumer's interest, the result is integrated marketing which involves; the marketing function, where the various marketing functions such as advertising, marketing research, sales and branding must work together. These are consistent with the findings of the study which established that the pharmaceutical firms undertake identification of customer needs which would ensure that they are satisfied resulting in customer loyalty, the company undertakes aggressive advertisement and promotion to its potential customers, the companies establishing relationship marketing whereby it strives to develop and foster good relations with its clients, the company aims at attaining capacity utilization of resources by expanding at a rate that is in sync with the growth in the need for products. The company will also concentrates in production of unique products for a specific target market and or have selective advertising appeals to a specific targeted market if they decide to go for a niche market.

In an increasingly globalized economy, pursuing low cost strategy is one of the key determinants of competitiveness and growth of firms and countries. The study found out that the multinational pharmaceutical firms were to some extent using low cost strategy in order to respond to competitive rivalry. Some of the firms were using the strategy of offering affordable and competitive products in all regions in the country, in comparison to competitors in an attempt to improve in market share.

This strategy is not always adopted by Multinational pharmaceutical firms as they strive to be differentiated instead and produce good quality innovative products. The results are consistent with Spulber (2009) findings that by pursuing low costs, companies not only operate efficiently, but also become an effective price leader, undermining competitors' growth in the industry through its success at price war and undercutting the profitability of competitors.

Differentiation strategy enables the firms to differentiate themselves from competitors. The study found out that the multinational pharmaceutical firms differentiate itself through possession of detailed knowledge and customer needs, continuous product improvement and innovation, partnering with customers to produce highly customized products, greater advertising funds from one year to another than competitor and unique characteristics that the company from competitors. This is consistent with McCracken, (2002) findings that the key step in devising a differentiation strategy is to determine what makes a company different from a competitor's. Factors including market sector quality of work, the size of the firm, the image, graphical reach, involvement in client organizations, product, delivery system, and the marketing approach have been suggested to differentiate a firm.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives the summary, conclusion and recommendations of the study. The suggestion for further research was also highlighted.

5.2 Summary of Findings

The study shows that most Multinational pharmaceutical companies have been in existence for long duration of time in Kenya and therefore understand the dynamics of the industry and the strategies that should be adopted in order to be competitive in the face of rivalry. Competitive rivalry among the Multinational pharmaceutical firms in the pharmaceutical industry has been occasioned by high number of firms competing in the industry, growing number of firms in the industry which increase competition for the same customers, competing companies are almost the same in size and market dominance, all the firms have invested heavily in the country and in the face of increased competition they are not likely easily close and relocate to another region but stay on and compete.

The responses adopted by the companies in order to respond to the rivalry were based on marketing analysis through identification of customer needs in order to create customer loyalty, undertaking market research to establish customer needs, offering products that will suit customer needs, undertaking aggressive advertisement and promotion targeting potential customers, analyzing competitor prices and establishing relationship marketing. In order to achieve competitive advantage over its competitors, the multinational firms were found to have adopted differentiation strategy as they possess the knowledge of customer needs which makes them to continuously innovative.

Organizations being environmental dependent have to constantly adapt their activities and internal configurations to reflect the new external realities and failure to do so may put the future success of an organization in jeopardy and therefore the pursuit of low cost strategy is important as it will enable the firms to utilization of resources to expand, offering affordable and competitive products, develop diversified products and offering low cost products in comparison to competitors. The multinational firms though being product innovators did not exploit low cost as a major strategy. Niche marketing was used as a strategy by some of the multinational pharmaceutical firms to respond to competition in the industry though majority of them still preferred to target the whole market by ensuring they produced products for vast customers and tried to know and meet all their needs and establish customer loyalty.

5.3 Conclusion

An effective response by the company is founded on continuous monitoring by the company to the changing environment. The response strategies of a firm play an important strategic role of creating value and improve business performance. As such the competitive advantage of companies in today's economy stems not from market position, but from the strategies which they implement and how it responds to the challenges they face. The generated value is the result of an organization's ability to manage its business processes and, on the other hand, the effectiveness and efficiency of performing organizational processes based on organizational competencies. Management of the company will enable an organization to grow and develop the appropriate response strategies. Therefore, the fact that organizational responses are based on the effective and efficient management of strategic assets puts it at the heart of business performance and value creation.

From the findings, competitive rivalry in the pharmaceutical industry has seen the multinational firms respond to competition in the industry through differentiation strategy where they rely on introducing innovative and improved products. The second popular strategy is by concentrating on marketing activities that satisfy their customers and bring customer loyalty. Niche marketing was used but majority preferred to focus on all potential customers. Low cost strategy was also used but not with much popularity as a strategy as the multinational pharmaceutical companies instead relied on production of innovative quality products and marketing efforts that would differentiate them in the market place. It is the jockeying around of these three different strategies that drives the multinational pharmaceuticals company's competitive advantage and their ability to maintain their market position in the industry. As such the management of the multinational pharmaceutical firms have continued adopting strategies that will ensure that the company achieves competitive edge over its competitors.

5.4 Recommendations

The study found out that the multinational firms respond to the changes in the industry through several strategies and it is recommended that the companies should inculcate a practice of continuous review of the state of competition in the industry so that they do not react to the challenges brought about by the existing or new competitors to avoid panic situation which will lead to adoption of strategies which will not enable the company to realize the desired objectives.

The study established that the competitive rivalry in the pharmaceutical industry by multinational firms has driven the companies to implement strategies that will enable them compete effectively in the industry. It is therefore recommended that the companies should implement appropriate processes of identifying the customer needs and harnessing strategies in order to face the challenges from the uncertain business environment. At the same time, the process of harnessing the organizations strategies should be backed by the support of the organizations top management and the staff level of awareness of strategies is critical to the success of implementing the same strategies in an organization. One of the strategies used by the multinational pharmaceutical companies in the face of competitive rivalry is differentiation. This comes about by relying on innovation, so it is highly recommended to collaborate with the Research & Development on changing customer needs in order to be able to produce the corresponding innovative product to introduce into the market in a timely manner and in good supply. The products have to be supported by a good marketing budget and activities that will ensure differentiation of the firm and its products and penetration to all potential customers in the country.

Even though cost leadership did not come strongly as one of the strategies employed by multinational pharmaceutical companies in the face of rivalry, it is highly recommended to employ more and more of this as a strategy. This is to enable the products to reach wider market and increase profits from economies of scale. This will also ensure that the people are protected from substandard copies of the products from being introduced into the country by competitor generic companies. The study established that the resources being held by the companies influence competition in the industry and it is recommended that the companies should adopt strategies that will not strain the operations of the company but rather those which will ensure that the company achieves competitive advantage.

5.5 Limitations of the Study

The study was undertaken among multinational companies and most of the firms were reluctant to indicate fully the extent to which they adopt the different strategies for the fear of getting into the competitors hands thus jeopardizing its competitiveness. Limited accessibility to information in the organization due to confidentiality being maintained which strained accessibility of data there was also a lack of cooperation from some staff during data collection as they had to go out of their work schedule to respond. The limitations however did not affect the data collected to undertake the study.

5.6 Suggestions for Further Research

The study was confined to the multinational pharmaceutical firms who operating in Kenya. This research therefore should be replicated in other sectors to establish the response strategies adopted in those sectors. At the same time more studies need to be done to establish the relationship between the response strategies adopted and performance of the pharmaceutical firms after the adoption of the strategies. This will go a long way in ensuring that the strategies point towards the overall firm's objective as well as the performance of a firm.

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APPENDICES

APPEDNDIX I: QUESTIONNAIRE

This questioner is designed to collect information on the strategies adopted by multinational firm in Kenya in response to competitive rivalry. The information obtained will only be used for academic purposes and shall be treated in confidence. This questioner is to be completed by sales Manager, Marketing managers, or Medical representatives of Multinational Pharmaceutical companies.

PART A: DEMOGRAPHICS

1. Name of the pharmaceutical company? ____________________________________

2. What is your job title?

- o Marketing manager
- o Sales manager
- o Medical representative

3. Length of service with the company

- o Less than 5 years
- o 5 to 10 years
- o More than 10 years

4. How long has your company been operating in Kenya

- o Under 5 years
- o 6 to 10 years
- o 10 to 20 years
- o 20 to 30 years
- o Over 30 years

PART B: EFFECT OF COMPETITIVE RIVALRY

On a scale of 1 to 5 (where 1 has least weight and 5 the most weight), rate the extent to which each of the statement in the matrix below apply to your firm. Use **1-** Very low extent, **2-** Low extent, **3-** Moderately extent, **4-** Great extent, **5-** Very great extent

Pharmaceutical Industry Rivalry contributors and indicators	**1**	**2**	**3**	**4**	**5**
The number of firms in the industry is growing					
The number of firms competing with the company within the industry is high					
There is increased competition for the same customers					
The firm meets annual sales objectives with ease.					
The company has had to increase its marketing budget/activities in the last 2 years					
The company is increasing its profits despite the competition					
Competing companies are bigger and more dominant than your company.					
The firm has invested heavily in the country.					
In the face of increased competition it will not be easy for my firm to close and relocate to another region					

PART C: NICHE MARKETING STRATEGIES

To what extent do you agree with the following statements regarding responses by the multinational pharmaceutical firms on competitive rivalry in the pharmaceutical industry? Use **1** – Strongly disagree, **2** – Disagree, **3** – Moderately agree, **4-** Agree, **5-** Strongly agree

Marketing Strategy	1	2	3	4	5
The company undertakes market research to establish customer needs					
The company undertakes aggressive advertisement and promotion to all potential customers					
The company aims at attaining capacity utilization of resources by expanding at a rate that is in sync with the growth in the need for products					
The company concentrates in production of unique products for a specific target market					
The company has selective advertising appeals to a specific targeted market.					
The company has established relationship marketing whereby it strives to develop and foster good relations with its clients					
Overall mean					
Low Cost Strategy	1	2	3	4	5
The Multinational pharmaceutical firm offer low cost products in comparison to competitors which has led to an improvement in our market share					
The pharmaceutical firm major focus is offering affordable and competitive products in all regions in the country					
The pharmaceutical firm target to have a large customer base through development of diversified products.					
Differentiation Strategy	1	2	3	4	5
The firm ensures continuous product improvement and innovation					
The company possess detailed knowledge and customer needs					
The firm partners with customers to produce highly customized products					
The pharmaceutical firm has budgeted and utilizes greater					

advertising funds from one year to another as competition increases					
The firm poses unique characteristics that distinguish the company from competitors					
The company uses diversification and development of new products as a strategy to make its products distinct from competitors					