

**STRATEGIES EMPLOYED BY PHARMACEUTICAL
MANUFACTURING COMPANIES IN ADDRESSING
MARKETING CHALLENGES IN KENYA**

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DECLARATION

I declare that this project is my original work and has not been presented for any degree award in any other University.

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This research project has been submitted for examination with my approval as the University Supervisor

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DEDICATION

I dedicate this work to my employer, Syner-med Pharmaceuticals (K) LTD for offering to sponsor me for the full MBA course; the Managing Director-Mr. Vishwanathan Swame, Joint MD- Mr. Bindesh Shah , Director-Operations- Mr. Sailesh Talati for the time afforded to do the course without any resource limitation.

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TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES	viii
LIST OF FIGURES	ix
ACRONYMS AND ABBREVIATIONS	x
ABSTRACT	xi
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1. Application of Marketing Strategies.....	2
1.1.2 Marketing Challenges	3
1.1.3 The Pharmaceutical Industry in Kenya.....	3
1.2 Research Problem.....	6
1.3 Research Objectives	8
1.4 Value of the Study.....	8
CHAPTER TWO: LITERATURE REVIEW	9
2.1 Introduction.....	9
2.2 Theoretical Foundation of the Study.....	9
2.2.1 Marketing Strategy	10
2.2.2 Marketing Concept	11

2.3 Marketing Strategies	14
2.4 The 4Ps of Marketing	14
2.5 Marketing Challenges.....	16
CHAPTER THREE: RESEARCH METHODOLOGY	18
3.1 Introduction.....	18
3.2 Research Design.....	18
3.3 Target Population	18
3.4 Data Collection	19
3.5 Data Analysis	19
CHAPTER FOUR: DATA ANALYSIS AND INTEPRETATION	20
4.1 Introduction.....	20
4.2 Demographics Analysis.....	20
4.2.1 Gender	20
4.2.2 Size of the Firm	21
4.2.3 Length of Service.....	21
4.2.4 Position of the Respondents	22
4.3 Descriptive Analysis	23
4.3.1 Products and Services	23
4.3.2 Employee Integration in the Company	24
4.3.3 Marketing Strategies	25
4.4 Product Strategies.....	26

4.5 Pricing Strategies	28
4.6 Promotion Strategies	30
4.7 Place Strategies	32
4.8 Other Strategies	33
4.9 Managerial Actions	34
4.10 Regulatory Bodies	35
4.11 General Comment	37
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS...38	
5.1. Introduction.....	38
5.2. Summary of the Findings	38
5.3. Conclusion	40
5.4. Recommendations	40
5.5. Limitation of the Study.....	41
5.6. Suggestion for Further Research.....	41
REFERENCES	42
APPENDICES	44
Appendix I: Letter of Introduction.....	44
Appendix II: Study Questionnaire	45
Appendix III: List of Licensed Pharmaceutical Manufacturers in Kenya	51

LIST OF TABLES

Table 4.2.2: Number of Employees.....	21
Table 4.3.2: Employee Integration in the Company.....	24
Table 4.3.3: Marketing Strategies	25
Table 4.4: Product Strategies	27
Table 4.5: Pricing Strategies	29
Table 4.6: Promotion Strategies	31
Table 4.7: Place Strategies	33
Table 4.8: Other Strategies	34
Table 4.9: Regulatory Bodies.....	37

LIST OF FIGURES

Figure 4.2.1: Gender	20
Figure 4.2.3: Length of Service in the Company	21
Figure 4.2.4: Position Held	22
Figure 4.3.1: Products and Services	23

ACRONYMS AND ABBREVIATIONS

DARU	Drug Analysis and Research Unit
EAC	East Africa Community
GDP	Gross Domestic Product
INN	International Non-proprietary Names
KEBS	Kenya Bureau of Standards
KEMSA	Kenya Medical Supplies Agency
KMA	Kenya Manufacturing Association
KPA	Kenya Pharmaceutical Association
MEDS	Mission for Essential Drugs & Supplies
NQCL	National Quality Control Laboratory
OTC	Over-The-Counter Medicines
P.O.M.	Prescription Only Medicines
P-medicines	Pharmacy Only Medicines
PPB	Pharmacy and Poisons Board

ABSTRACT

Today, as competitive pressures increase, marketing skills have never been more highly valued by organizations in both the public and private sectors. What many used to see as a departmental activity within companies is nowadays regarded as frontline business attitude of mind in all employees. Pharmaceuticals are specialized and costly products, being major components of local and international trade: a major health investment for the government and development partners and key health expenditure for the households. With the production capacity of 50%, the manufacturing pharmaceutical firms in Kenya commanded only 28% of the total market in the domestic industry. Therefore, the study set out to ascertain the strategies employed by pharmaceutical manufacturing companies in addressing marketing challenges in Kenya. The key objective was to determine marketing strategies used by pharmaceutical firms in Kenya and to establish challenges that these pharmaceutical firms experience while marketing their products. The study adopted a descriptive survey and targeted all the pharmaceutical firms in Kenya that are manufacturing human products. Data was collected from senior sales and marketing staff using questionnaires and the collected data was analysed using descriptive statistics. The findings indicated that the most used marketing mix was product strategy while the least exploited was promotion strategy. The challenges experienced included over-regulation of the industry with regulatory authorities such as PPB, NQL, and DARU among others and limited technology. It was recommended that the government off-lift its tight grip of the pharmaceutical industry in regard to the promotion of their products. The pharmaceutical industry should also take advantage of the e-marketing and the booming opportunity of social media to showcase their products.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Today, as competitive pressures increase, marketing skills have never been more highly valued by organizations in both the public and private sectors. What many used to see as a departmental activity within companies is nowadays regarded as frontline business attitude of mind in all employees. Marketing has played a key role in the recent business success stories in all industries that one can imagine of, be it small or big. Pharmaceuticals are specialized and costly products, being major components of local and international trade: a major health investment for the government and development partners and key health expenditure for the households. Ministry of Medical services in conjunction with the ministry of public health and sanitation session paper (2010) view this sector as very vibrant player in Kenya manufacturing sector, a key economic growth driver towards increased industrialization and the attainment of Vision 2030. The Kenya economic survey 2013 estimated that the manufacturing sector of medicine contributed some US\$ 3,000 million, which translates to 10.5 per cent of total GDP of around US\$ 28,000 million in 2012.

Access to medication is essential and also a broader term that refers to the availability, geographical reach, affordability, safety, efficacy, quality, and appropriateness to the patient and to the condition being treated (Attridge & Preker, 2005). Ideally, health and well-being of the citizens of any given country are highly correlated to the success of this industry. According to McGuire et al (2000), the role of the pharmaceutical industry is to develop, produce and sell drugs. Practically, medicines treat, save lives, promote good health, and they are a core component of the Right to Health. However, the current state of this industry is not economically good since it is dominated by international firms. Ministry of Medical Services, Ministry of Public Health and Sanitation (2010) estimated that this sector has enormous capacity for the manufacture of pharmaceuticals for the local and regional markets and that it has a production capacity of 50%. However, it commands only 28% of the total market in the domestic industry (Ministry of Medical Services & Ministry of Public Health and Sanitation, 2010).

Ministry of Medical services together with the ministry of public health and sanitation (2010) estimated that there are only 45 local pharmaceutical manufacturers engaged in the formulation and packaging of pharmaceutical products for human and veterinary use. Further, it asserts that the local industry produces primarily generic medicines, which are generally affordable. This indicated an increase of only three pharmaceutical firms in the industry since 2005 when the sector had only 42 companies. Of these 45 firms, only 38 have specialized in the manufacture of human products (Pharmaceutical sector profile, 2005). The slow growth in this sector is quite worrying and perhaps such sectors are the reason as to why the World Bank says that Kenya is still operating below its production potential (Kenya Economic Survey, June 2013).

1.1.1. Application of Marketing Strategies

Marketing in the 21st century is very different from its early beginnings. Today's marketers have more choices in terms of support, media opportunities, and communications. They also have more competition from varied sources, especially as the Internet has made it possible for companies around the globe to compete virtually.

Recent approaches in marketing include relationship marketing with focus on the customer, business marketing or industrial marketing with focus on an organization or institution and social marketing with focus on benefits to society. New forms of marketing also use the internet commonly called internet marketing, e-marketing, online marketing, "digital marketing", search engine marketing, or desktop advertising. It attempts to perfect the segmentation strategy used in traditional marketing. It targets its audience more precisely, and is sometimes called personalized marketing or one-to-one marketing. Internet marketing is sometimes considered to be broad in scope, because it not only refers to marketing on the Internet, but also includes marketing done via e-mail, wireless media as well as driving audience from traditional marketing methods such as radio, billboard, internet properties or landing page (United Nations, 2013).

1.1.2 Marketing Challenges

Contemporary marketing is constantly subject to challenges generated by the evolution of market relations. Promoting the holistic understanding of marketing concepts determines new theoretical and its practical applications in the field. Every marketer faces different challenges. Although typically there are similar goals, some marketers are stuck on lead generation, while others are having trouble converting leads into customers, and some are just not generating the traffic to their site they need in the first place. Not to mention all the individual parts of a solid marketing strategy where one might be falling short, maybe its content creation, search engine optimization, or finally figuring out how to actually attract customers from Face book (Ramaswamy & Namakumari, 2013).

1.1.3 The Pharmaceutical Industry in Kenya

The pharmaceutical market in Kenya can be classified broadly into two segments; the human pharmaceutical and the veterinary pharmaceutical industries. However, this study will focus on the human pharmaceutical industry. The human pharmaceutical industry can also be divided into three broad categories depending on the kind of products and the rules governing their manufacturing, usage and marketing. These three categories are Prescription Only Medicines (P.O.M.s), Pharmacy Only Medicines (P-medicines) and Over-The-Counter Medicines (OTCs). P.O.M.s, which include vaccines that are exclusively dispensed in pharmacies and only on the prescription of a registered medical practitioner. These medicines are classified as poisons and therefore must be dispensed on the prescription of a doctor and by a qualified pharmacist. The marketer of these medicines targets doctors, pharmacists and other qualified and registered medical practitioners (Kenya Medical Directory 2013/2014, 19th edition).

Kenya is signatory to the Single Convention on Narcotic Drugs, 1961, 1972 Protocol amending the Single Convention on Narcotic Drugs, 1961, Convention on Psychotropic Substances 1971, United Nations Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

In Kenya, there are a number of bodies that control the manufacture, storage, marketing, and disposal of pharmaceutical products. For instance, there are legal provisions that require that all pharmaceutical products in the market receive registration by Pharmacy and Poisons Board (PPB). Furthermore, The PPB is involved in harmonization/collaboration initiatives, which include the African Medicines Regulatory Harmonization and the Harmonization of Medicines Registration in the EAC. Kenya Manufacturing Association (KMA) and Kenya Pharmaceutical Association (KPA) also play critical roles by ensuring that ethical standards are adhered to. Medicines are registered by their INN (International Non-proprietary Names) or Brand name + INN (Kenya Pharmaceutical Sector, 2010).

There are available set criteria for assessing applications for authorization of marketing pharmaceutical products. The number of pharmaceutical products registered in Kenya by the year 2013 was 16,000. Drug Analysis and Research Unit (DARU) is a national laboratory for quality control, testing of pharmaceuticals and it provides legal framework for controlling pharmaceutical market in the country. The government's inspectors from Kenya Bureau of Standards (KEBS) randomly collect samples and send them to laboratory for post-marketing surveillance testing. There are legal provisions to control the promotion and/or advertising of prescription medicines. More so, there are rules and regulations requiring the pre-approval of medicine's advertisements and promotional materials; direct advertising of prescription only medicines to the public is prohibited. Ministry of health through Pharmacy and Poisons Board act 224 of laws of Kenya is in charge of regulating the sale of medicines in the country. In addition, there are laws guiding the clinical trial that PPB can conduct (Kenya pharmaceutical sector, 2010).

The importance of pharmaceutical industry can never be undermined by any country. The U.S. biopharmaceutical sector is a dynamic and innovative business sector generating high quality jobs and powering economic output and exports for the U.S. economy. In 2009 alone, the sector created over 650, 000 direct jobs in the U.S. (Pharmaceutical Research and Manufacturers of America, 2012).

The industry's broad partnerships and business relationships support businesses and their workers across the country, contributing to consumer spending in communities nationwide. Pharmaceutical Research and Manufacturers of America, (2012) estimated that for every dollar in output that the biopharmaceutical industry generates, other sectors create another \$1.40 in output in other sectors of the economy. The industry also contributes significantly to exports. It is estimated that the value of biopharmaceutical exports in US was \$232 billion between 2005 and 2010, which translates to a growth in the industry of about 61% over six years. The sector generated nearly \$33 billion in state and local tax revenue in US and more than \$52 billion in federal tax revenue in 2009 directly and through multiplier effects (Battelle Technology Partnership Practice, 2011). The sector generated nearly \$33 billion in state and local tax revenue and more than \$52 billion in federal tax revenue in 2009 (directly and through multiplier effects).

The pharmaceutical industry interconnectedness with other sectors and its significant investments in technology, research, and development mean that the industry's gains can have an outsized effect on the economy as a whole. The domestic pharmaceutical industry in Kenya shows considerable strengths and has significant opportunities for growth and development (Pharmaceutical Sector Profile: Kenya 2010).

In addition, there are major public health and economic benefits to be derived from local production of essential medicines and thriving domestic pharmaceutical sector. From the public health perspective, the perceived benefits of local production include improved access to essential medicines through a regular and reliable supply of these medicines to the public. It could enable shorter supply chains and continuous availability of medicines in the public and private sector, plus better responsiveness during disasters or emergencies. The local production could also lead to a cost-effective regulatory oversight and better quality accountability. There is also a possibility of local innovation in new treatment regimes and dosage forms (Pharmaceutical Sector Profile: Kenya 2010).

1.2 Research Problem

Marketing strategy is needed by any organization that is faced with intelligent opposition that can affect the organization-desired outcome. Most firms operate in environments that are potentially vulnerable to competitive actions, and so they need effective marketing strategies to determine the way in which they intend to compete in the market place. Due to dynamic business environment, both small and large organizations need to adopt marketing strategies to survive by attracting and retaining customers hence increased productivity (Woodward, 2004).

Nevertheless, most of these pharmaceutical manufacturers in Kenya do not adopt marketing strategies. For this reason, there has been a slow growth in the local pharmaceutical manufacturing firms in Kenya. The multinational corporations have dominated the Kenyan market with over 72% market share despite the existence of the locally produced products (Kimani, 2010). Studies that have been carried out on marketing strategies by pharmaceutical companies in the local and international markets indicate that marketing strategies help firms to adjust in the competitive and ever changing business environment (Kotler, 2003). The local pharmaceutical companies invest billions of dollars in marketing drugs that they manufacture using different marketing strategies (Chege, 2009).

Study carried out in Europe by Blumberg (2001) on application of marketing strategies by pharmaceutical companies found out that marketing strategies are very essential to any competitive company. However, the study did not focus on the challenges that these firms face by adopting these marketing strategies. Similarly, it is clear that the study did not focus too on developing countries like Kenya. Kimani et al (2001) also did a study on the marketing strategies adopted by micro-and- small medium enterprises sector in Kenya. The study indicated that effective marketing strategies result into customer satisfaction and retention. However, the study did not look into the challenges that the local pharmaceutical manufacturers undergo through.

Chege (2009) did a study on the application of relationship marketing in pharmaceutical industry, which was a case study of Glaxosmithkline and found out that marketing was key in improving sales. Similarly, Kavusa (2009) did a research on the strategic responses to the challenge of globalization in the pharmaceutical industry in Kenya. The findings indicated that globalization was still a problem to this industry. However, none of these empirical studies has ever addressed conclusively the marketing challenges that the industry is facing. Kiptugen (2003) also conducted a study that looked at the marketing strategies adopted by Cooperative Societies in Kenya and concluded that proactive rather than reactive marketing strategies are the core drive of any competitive organization operating in the dynamic market environment. However, the study did not focus on the marketing challenges that the local manufacturing companies in the pharmaceutical industry go through.

Arising from the above findings of the study, it is evident that there were many areas on the marketing strategies adopted by pharmaceutical companies that had not been adequately studied. Despite the key role that a sound marketing strategy could play in the success of any given firm, there was still very little literature on the same in the pharmaceutical industry. However, the research available on the subject of whatever nature and magnitude corroborates the fact that the success of organizations depends on the effective implementation of these marketing strategies primarily because it plays a bigger role in the attainment of an organization's objectives. Similarly, marketing challenges tend to be unique to a particular sector or industry. It is for these reasons that the study sought to establish strategies employed by Kenyan pharmaceutical manufacturers in addressing marketing challenges. In doing so, the study asked the respondents, what were the marketing strategies that they had adopted and challenges that they experienced when using these strategies?

1.3 Research Objectives

The main objective of this study was to establish strategies employed by Kenyan pharmaceutical manufacturing industry in addressing marketing challenges. Other than this, the study also investigated the remedies to the marketing challenges in the Pharmaceutical firms. In this regard, the study also specifically sought to:

- i. Determine marketing strategies used by pharmaceutical firms in Kenya
- ii. Establish challenges that these pharmaceutical firms experience while marketing their products.

1.4 Value of the Study

The study was to sensitize the policy makers on the insights of this concept and matters raised in the research work will enable them reorganize this industry with the motive of elevating its status. An increase in the domestic production of pharmaceuticals either for local or foreign consumption would also have a positive impact on the current account deficit. This was likely to bring closer the achievement of vision 2030 and the benefits of industrial expansion all together.

The study hoped to come up with solutions to the marketing challenges that had been ailing this industry. Therefore, the study was to be a contribution to the existing knowledge of marketing challenges of the local pharmaceutical firms and aid further research studies on the concept.

In addition, the study was also to assist in providing the management of pharmaceutical firms with the most effective solutions to the challenges that have been thwarting their marketing efforts and increase their sales revenue.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focused on reviewing the information from other scholars who have done research in the same field of study. It revised on the current issues relating to the marketing strategies of the local pharmaceutical industry and the challenges that they had been facing in the recent past. More so, it expounded on some of the marketing concepts such as, marketing, marketing strategies, general challenges to marketing strategies, among others.

2.2 Theoretical Foundation of the Study

A basic marketing theory states that to maximize sales, a company must position its products or services in the market place in such a manner that the consumers believe they need that particular good or that service or the product of service that they need has a unique benefit to them. This is also referred to as creating a brand or image. Establishing a difference between the product and other products in the same market is usually called finding a unique selling proposition or unique selling differential (Kotler, 2003).

Institutional theory also suggests that the actions of firms and the outcomes of these actions are influenced by the knowledge systems, beliefs, and rules that characterize the context of the organization. According to the theory, the firm is embedded in a general environment comprising the institutions that lay the guidelines to shape the behaviour of firms and macro-societal factors such as the prevailing culture (Hamper & Baugh, 1998).

Merlo (2011) says that market orientation theory is the organization culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business. Market orientation is conceptualized in terms of three dimensions: customer orientation, competitor orientation, and inter-functional coordination. According to Robert (1994), market orientation is the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it.

2.2.1 Marketing Strategy

Aaker (2011) defines marketing strategy as the process that can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a suitable competitive advantage. Marketing strategy is a consistent, appropriate and feasible set of principles through which a particular company achieve its long-run customer and profit objectives in a competitive environment (Chopra, 2011).

Armstrong and Kotler (2011) say that marketing strategy consists of the following: Identifying markets and customers' needs in those markets; planning products, which will satisfy the needs of these markets, and organizing marketing resources to match products with customers in the most efficient and effective way possible i.e. so as to maximize customers' satisfaction. The organization should also maximize its profits or sales revenue at the same time.

Every time people speak about a particular business, they are in marketing. Any conversation about a firm is a great opportunity to promote that business and increase sales. Marketing strategies assist firms in remaining focused. The main objective of marketing strategy is how to increase sales by getting and keeping customers. It identifies the various ways on how a firm can talk to its customers, and concentrate on the ones that would result into more sales. It guides business on what they are supposed to say, and who to say it to in order to make more sales. Since timing is also critical, it assists in determining the right time for firms to provide information to various stakeholders (Hamper & Baugh, 1998).

Marketing experts talk about how best a business can package its products and services, how much to charge for them, and how to take them to the market. Marketing strategy assists in tailoring a company's message and putting the right mix of marketing approaches in place so that a firm can bring sales and marketing activities together effectively in an effective marketing plan. It helps in understanding the customers, what they need and how best an organization can persuade these potential customers to buy from them. The marketing strategy should be able to make the firm understand how its market works. It builds a more detailed picture of customers segments with similar needs.

A marketing strategy should also help the firm in measuring up against competition and what the new trends to expect in the market. In doing so, it propels a business to create marketing plan that will explain how to put the strategy into action. It sets the marketing budgets and deadlines in addition to establishing how the firm will pass the information about the product to the clients- whether through advertising, networking, going through trade shows, direct marketing, and so on (Merlo, 2011).

2.2.2 Marketing Concept

The marketing concept holds that the key to achieving organizational goals consists of determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors. Under marketing concept, the emphasis is on selling satisfaction and not merely on the sale of a product. The objective of marketing is not the maximization of profitable sales volume, but profits through the satisfaction of customers. The consumer is the pivot point and all marketing activities operate around this central point. It is, therefore, essential that the entrepreneurs identify the customers, establish a rapport with them, identify their needs and deliver the goods and services that would meet their requirements (Aaker, 2011).

Kotler (2003) describes marketing as a business function that identifies unfulfilled needs and wants, defines and measures their magnitude and potential profitability, determines which target markets the organization can best serve, decides on appropriate products, services, and programs to serve these chosen markets, and calls upon everyone in the organization to think and serve the customer.

The task of marketing is purely to convert the changing needs of the people into profitable opportunities. In the contemporary world, marketing should go beyond a fixation on transactions. This explains why marketers' goals are to create a mutually-profitable long-term relationship with its customers and not just to sell products to them. This demands for knowing customers well enough to deliver relevant and timely offers, services, and messages that meet their individual wants and needs. Marketing is not only confined to a department that designs advertisements, chooses media, sends out mails, and answers customers' queries.

But marketing is a larger process of systematically figuring out what to make, how to bring it to the attention of customers and easy access, and how to keep the customer wanting to purchase more (Kotler, 2003).

Chopra (2011) describes marketing as a process by which goods and services are exchanged and the values determined in terms of monetary prizes. This means marketing espouses all those activities that relate to the transfer of goods and services from the manufacturers to the customers.

One may understand marketing as the process of discovering and translating consumer wants into products and services (Chopra, 2011). He further states that marketing is a process, which starts with the producer finding out the needs of the consumers and ends when the producer satisfies these needs.

The Chartered Institute of Marketing (2009) emphasizes that marketing as the management process that is responsible for identifying, anticipating, and satisfying customers' requirements profitably. It is about getting the right product or service to the clients at the right price, in the right place, and at the right time. The institute further explains that without a proper marketing strategy, companies can neither get close to their customers, nor satisfy their needs and the competitors would effectively do this.

In addition, Robert (1994) says that marketing is all the activities that include various procedures, which direct the flow of goods and services from producer to the ultimate users in order to satisfy consumers and accomplish the firms' objectives. He further states the sales and marketing department manager solely design and implement these activities.

In view of this, Robert (1994) enumerates the functions of marketing department as follows: Advising boards of directors on marketing policy; within the limits of the policy laid down, the marketing manager will plan and execute all the activities for assessing and creating consumer demand for sale, storage and distribution of company goods. As concerns market research, the marketing manager will keep the market, the company's share, and the share of the market held by competitors and all aspects of the changing demand.

Other than this, Robert (1994) says that the marketing department is concerned with the sales promotion, advertising and display, pricing policy, discount and credit terms; Budget preparation, preparation of sales budget in liaison with the production and finance departments. The marketing department also controls distribution, which involves selection of channels of distribution, warehousing and transport facilities and lastly controlling personnel in collaboration with human resource manager in selecting and training of selling clericals and warehouse staff. The functions of marketing manager as Robert (1994) presents is totally in concurrence with the argument of The Chartered Institute of Marketing (2009) that claims marketing surpasses the notion that most people hold of marketing as being advertising and selling a given product or service.

American Marketing Association (1998) argues that marketing should be a process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfies the objectives of individuals and organizations. While the description can help in comprehending the parameters of marketing, it does not give a full picture of the term. Therefore, the association offers five propositions to supplement the above definition as follows.

The first one states that the overall directive for each firm is the mission statement or some equivalent statement of organizational objectives. This reflects the inherent business philosophy of the organization. The next proposition claims that every organization has a set of functional areas, some of which include accounting, finance, data processing, production, marketing etc, in which duties that are important for the success of the organization are performed. Thirdly, each functional area has driven a philosophy from the goals of the company that guides and governs its approach towards its ultimate set of tasks. The fourth proposition argues that marketing is primarily concerned with the transactions that take place in the markets, outside the organization. The fifth proposition states that marketing is successful when the tasks, philosophy, and manner of implementing technology are coordinated and complementary (Burnett, 2008).

2.3 Marketing Strategies

Consistent with prior conceptualizations, we define marketing's role within a firm as the impact of the marketing department, relative to that of other departmental functions, on strategic decisions important to the success of the business unit and/or organization (Merlo, 2011).

Marketing process is vital to the business performance of any company, be it large or small because it addresses the core aspects of the competitive market place. The first and the most important role of marketing is to ensure that producers get goods and services to consumers effectively and efficiently. Marketing creates the linkage between manufacturers and consumers (Kotler, 2003). Marketing is also essential in building and maintenance of brand value and awareness among the consumers. Similarly, marketing delivers profitable growth of organizations. This would subsequently increase the shareholders' value in an organization. Marketing does also build the value of customers. In this regard, a company that focuses more on the needs of its customers would definitely perform better than companies that ignore consumers' wants (Merlo, 2011).

2.4 The 4Ps of Marketing

Aaker (2011) says that successful marketing depends on key issues including what the company is going to produce, how much it is going to charge, how it is going to deliver its products and services, and even how it is going to inform customers about its products and services. Traditionally, these considerations were known as 4Ps- Product, Price, Place, and Promotion. Indeed, these considerations are what determine the choice of a marketing strategy that a firm should adopt.

The first consideration is the product. Kotler (2003) points out that there is no point of developing a product or service that no one wants to buy, yet many businesses decide what to offer first, and then hope to find a market afterwards. However, on the contrary, successful businesses find out what customers need and then develop the right products with the right quality to meet those needs at the present and in the future. In developing a product, it should provide value to the customer, it does not have to be tangible, and the customers' needs must be regularly evaluated.

In line with this, marketing may inform change in the taste, colour, shape, size, quality, brand personality, product strategy, offering multiple product choices, introduction of new product, customized product strategy, and even repositioning based strategy.

Another important aspect to consider is the price of the product or service. American Marketing Association (1998) points out that a product is worth if only customers are willing and able to pay for it. The price must be competitive but this does not necessarily mean that it has to be the cheapest in the market. Since it is the only marketing mix that generates revenue and everything else represents cost, pricing must also provide profits. In setting the best price bar, one has to consider pricing as a cost, be aware that pricing will determine his position in the marketplace, and existing customers are less sensitive to pricing than new customers are. In pricing, a firm may adopt market pricing strategy, marketing skimming pricing, time based pricing, location focused pricing, customary pricing, and the common discount pricing (American Marketing Association, 1998).

Promotion strategy is equally a very essential component of market mix. It is the only way that a firm communicates to its customers what it actually does and offers. Promotion must gain attention, be appealing, and tell a consistent message about the product. A good promotion is not unidirectional communication but should give way for dialogue with potential customers, clearly communicate the benefits that come with the usage of the product, and it should be very flexible. Promotional activities include demonstration, telephone calls, personal selling, fliers and brochures, office setting, radio and television advertisement, newspaper, billboards, sponsorship, websites, and exhibitions (Hamper & Baugh, 1998).

The fourth component of market mix is place. Though figures may vary from product to product, roughly a fifth of the cost of production goes on getting the product to the customers. Place is concerned with the various channels of transporting, storing, and then availing the product to the customers. Getting the right product, to the right place at the right time involves adoption of an effective and efficient distribution system.

In supplying the products to the customers, a firm may use brokers, personal selling, mailing codes, distributors and even wholesaling (Ramaswamy & Namakumari, 2013).

2.5 Marketing Challenges

There are several challenges that firms undergo while carrying out their marketing activities, one of which is the generation of awareness. This is a challenge because it is inappropriate for a company to send its sales team to the market before getting the attention of people and make the customers to be interested in the services and goods that it is providing. Many marketers face the challenge of not having a large volume of interested prospects. Similarly, others experience the challenge of not knowing the channels to focus their efforts on for the highest sales (Ahonen & Moore, 2005).

Effective identification and targeting of potential customers has also been a challenge to some organizations. Targeting is a key aspect of marketing and getting it right could definitely boost the performance of a firm. It entails creating a need or desire of the product among the customers. The producers should tag some relevant value on their products to attract the attention of these customers (Ahonen & Moore, 2005).

According to Sinkovics & Ghauri (2009), failure to keep up with marketing trends and strategies pose a serious challenge and it is even edging companies out of the market. This is because marketing in itself alone has gone through many transformations, particularly in the last decade that has seen marketing focus shifting from print media to online media and decline of direct mailing and calling. Technology has made this possible by introducing new tools that make communication with prospective customers more effective and efficient. More technologies still pop up, different strategies are being developed, and new trends are emerging.

Although local firms grapple with the stringent regulations, in the United States of America, pharmaceutical companies have taken to mass media advertising. This plays a dual role of improving their image among consumers by describing their research and development efforts and their community involvement and informing doctors of the new products (Schiffman & Kanuk, 2002).

Despite the broad spectrum of these challenges that the domestic pharmaceutical industry faces, this paper only conducted research on marketing strategies that domestic pharmaceuticals were using. This had been informed by the fact that a solution to the marketing challenges would have a ripple effect in solving other hurdles in this industry (American Marketing Association, 1998).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined the plan to use in collecting, organizing and analyzing data from the field with a view of obtaining the exact information that the research needs with sufficient precision. It further laid out the most appropriate procedure and methods that the paper used in carrying out this exercise.

3.2 Research Design

The study used descriptive survey to provide, describe, quantify and use numeric descriptions of the population in identifying the challenges that pharmaceutical firms encounter while implementing their marketing strategies and advice on the solutions to these challenges. The research design was suitable for this study because it was very economical, provided opportunity for rapid data collection, and appropriate for this kind of extensive research (Yuko & Onen, 2005).

The study took the form of a descriptive research. In this regard, it described the relevant aspects of the variables in the situation. Descriptive research is a study that is concerned with finding out who, what, which, and how of a phenomena (Cooper & Schindler, 2001). The research was able to describe copiously the marketing strategies that pharmaceutical firms use, identify the challenges that they experience, and advice accordingly.

3.3 Target Population

The research was a census targeting all the 38 manufacturing firms (that were dealing in the production of human medicine in this industry) to enhance the degree of research reliability and validity (Kenya Medical Directory, 2013-2014 19th Edition). Since the target population was small, it engaged all the manufacturers in the industry in the survey. In addition, the research only targeted the sales and marketing senior staffs since they are the people who structure, approve, and implement the most suitable marketing strategies (Robert, 1994).

3.4 Data Collection

The study used questionnaires as an instrument for data collection. The selection of questionnaires had been informed by the nature of data to be collected, the time available, and the objectives of the study. The researcher was mainly concerned with the views, opinions and perceptions of the respondents and such information could be best collected using questionnaires and interviews (Yuko & Onen 2005).

The study used semi-structured questionnaires to enable the research strike a balance between the quantity and quality of the data (Yuko & Onen, 2005). Questionnaires enabled the researcher to obtain more insights into the questions that were presented to the respondents and provided an opportunity for a broader analysis of the results. The target respondents who were senior marketing staffs were also literate and little difficulty was expected in filling in the questionnaires. The researcher hand-delivered questionnaires to the firms and follow up calls was also made to reduce the risk of non-response.

3.5 Data Analysis

Data was input, cleaned, validated, edited, coded and then summarized using descriptive statistics and the frequency percentages. The study used SPSS for analysis of the collected data because of the ease, speed, accuracy and sophisticated statistical capabilities of manipulating data of the software. The results were then exported to Microsoft Excel for graphical presentation of the results. Excel was preferred because it gave options for variety of graphical charts, which were very clear and simple to understand.

The use of descriptive statistics such as modes and arithmetic mean were appropriate to identify the factors with the highest weights (Cooper & Schilder, 2001). Data was grouped from open-ended items under broad themes and converted them into frequency counts.

CHAPTER FOUR: DATA ANALYSIS AND INTEPRETATION

4.1 Introduction

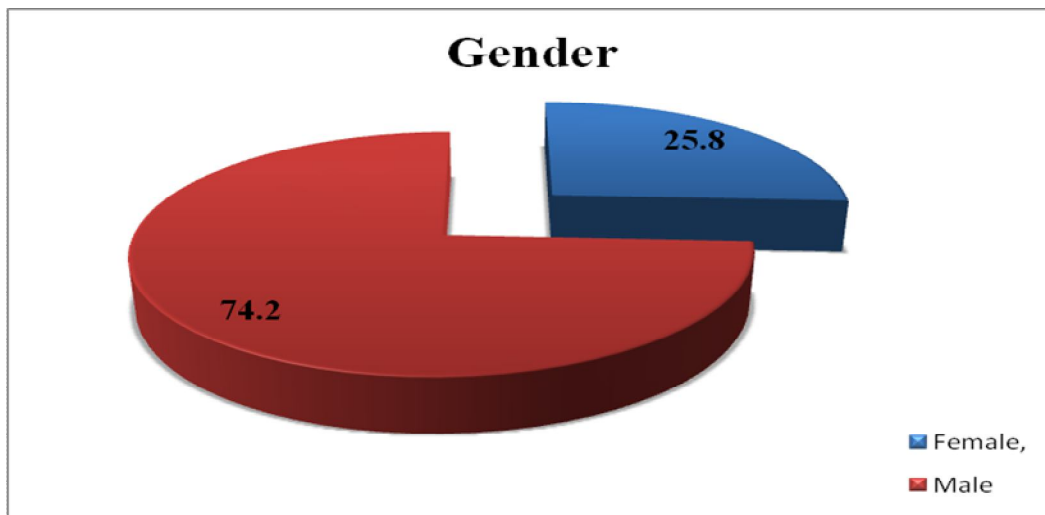
The chapter presents the descriptive analysis of data and interprets the findings. There were 38 questionnaires that were distributed to the 38 pharmaceutical manufacturing firms. Questionnaires that were dully filled, collected and good for analysis were 31 in total. This signified a response rate of 82%. The good response rate was due to the fact that the questionnaires were hand delivered. In some cases when the respondents had time, the interview was conducted and questionnaires filled on the spot. Since the numbers of responses were more than 30, it qualified to be a large sample size and therefore good for analysis.

4.2 Demographics Analysis

4.2.1 Gender

The result as shown in figure 4.2.1 indicates that there were 74.2% male participants and only 25.8% female. This meant that the managerial positions in the marketing department of the pharmaceutical manufacturing firms in Kenya have more male employees than the females.

Figure 4.2.1: Gender



Source: *Primary data, 2014*

4.2.2 Size of the Firm

It was of importance to determine whether the size of the company would be a factor in the selection of the marketing strategy. The study collected data on the number of employees as a variable measuring the size of the company. Most of the firms had employees 21-40 at 41.9%. A sizeable number of firms of about 25.9% of the participating firm had around 41-60 employees. The third position was shared among firms having below 20 and above 60 employees at 16.1% each. The Table shows the sizes of these firms.

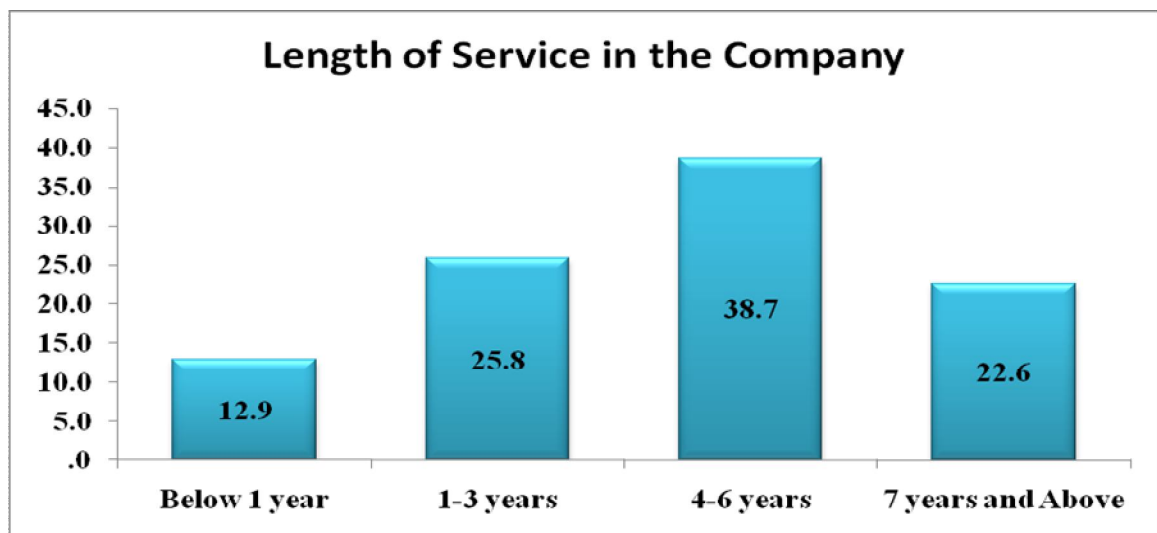
Table 4.2.2: Number of Employees

Number of Employees				
		Frequency	Percent	Valid Percent
Valid	20 and below	5	16.1	16.1
	21-40	13	41.9	41.9
	41-60	8	25.9	25.9
	61 and Above	5	16.1	16.1
	Total	31	100.0	100.0

Source: *Primary data, 2014*

4.2.3 Length of Service

Figure 4.2.3: Length of Service in the Company

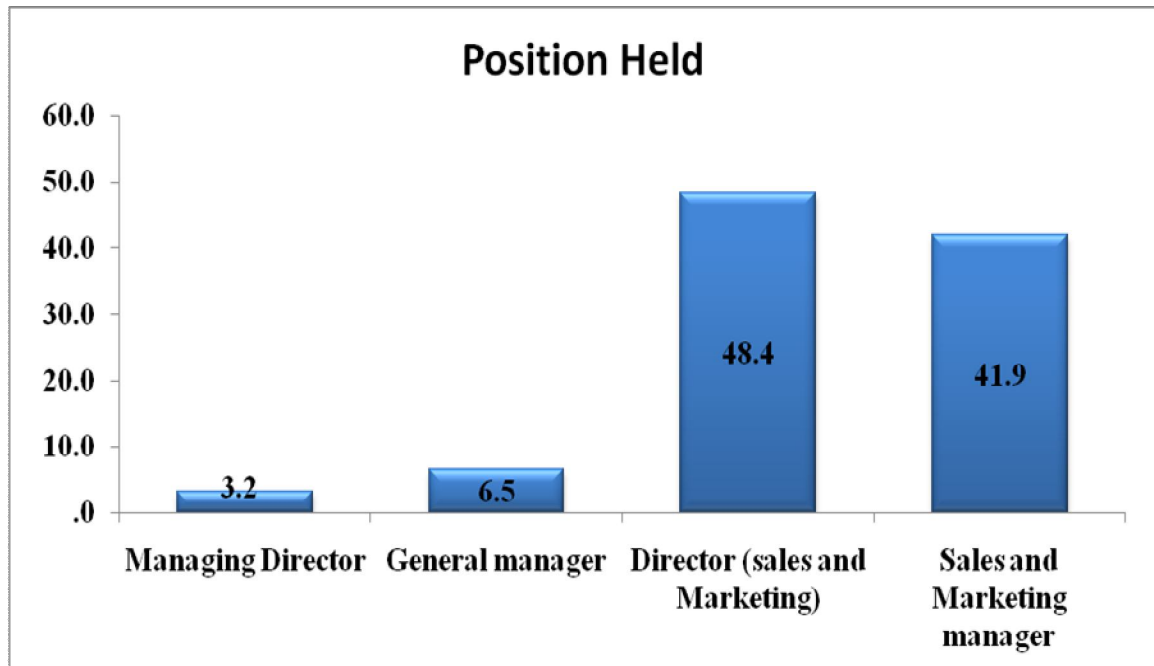


Source: *Primary data, 2014*

The period that a person has been with an organization was of importance to determine whether it would be a factor in the selection of the marketing strategy. Of the data collected, those respondents with experience ranging between 4 and 6 years were 38.7%. in the second place were employees with 1-3 years of experience with the firm. In the third place were interviewees who had served their company for more than 7 years and only 12.9% of the respondents had been in service with their current organization for less than a year. Figure 4.2.3 summarises the above discussion.

4.2.4 Position of the Respondents

Figure 4.2.4: Position Held



Source: *Primary data, 2014*

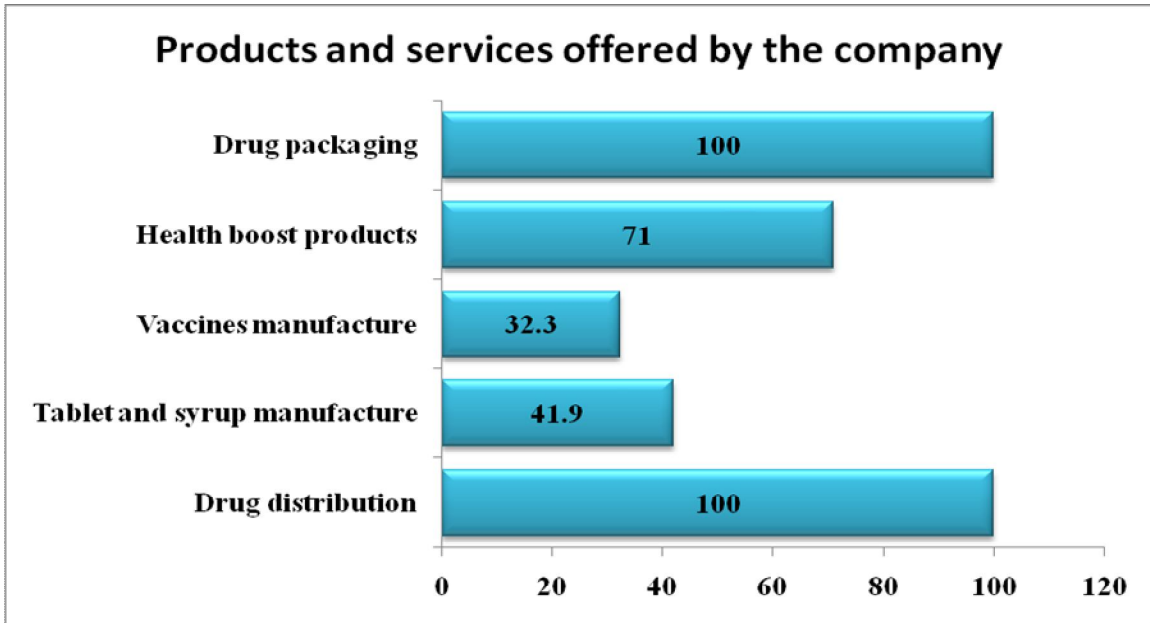
The position of the respondent in the company was also critical for the research. This was because the study targeted only senior sales and marketing staffs well conversant with the marketing strategies of the firms. As indicated in figure 4.2.4 above, the survey respondents comprised 48.4% directors of sales and marketing, 41.9% sales and marketing managers, 6.5% general managers, and only 3.2% managing directors. Since a

good percentage of the respondents were in the marketing department as the study had anticipated, it was expected that the results would be accurate.

4.3 Descriptive Analysis

4.3.1 Products and Services

Figure 4.3.1: Products and Services



Source: *Primary data, 2014*

From the above figure 4.3.1, all the pharmaceutical firms that the study interviewed were at least involved in the manufacture of products meant for human consumption. For that reason, all the respondents indicated that they were also packaging and distributing the drugs. The most common product that majority of these firms were manufacturing were the health boost products at 71%. Perhaps the skills required for the manufacture of these products was not as high as for other medical products. The second most common product that they were manufacturing was tablets and syrups at 41.9%. Vaccines were the least manufactured products in the pharmaceutical industry in Kenya at 32.3% only. However, it was good to note that most of these firms were manufacturing a variety of these pharmaceutical products.

4.3.2 Employee Integration in the Company

Table 4.3.2: Familiarity with the Company

	I am familiar with and understand the strategic goals of the organization	I believe in the goals and objectives of the organization	They are realistic and attainable goals	I am committed to the core values of the organization
Strongly Disagree	-	-	3.2	-
Disagree	-	9.7	25.8	-
Neither Disagree nor Agree	9.6	29.0	22.6	-
Agree	32.3	38.7	29.0	29.0
Strongly agree	58.1	22.6	19.4	71.0
Total	100.0	100.0	100.0	100.0

Source: *Primary data, 2014*

For a person to know the marketing strategy of a firm, it means that they are knowledgeable about the company. Therefore, the study sought to determine how informed and committed the respondents were to their employers. To ascertain this and for comparison purposes, the study did a summation of the positive responses (agree and strongly agree) from the likert scale. All the respondents indicated that they were committed to the core values of the organization. Among these respondents, 90.4% had agreed that they were familiar with and understood the strategic goals of the organization. The latter was a very vital variable since the marketing strategies are always coined in line with the goals and objectives of the firm. Therefore, the high positive response on the understanding of goals of the organization (considering the fact that study incorporated those who were involved in the approval of the marketing strategies) was likely to influence the choice of the marketing strategy. However, only 61.3% believed in the set goals and objectives of their firms and a mere 48.4% agreed that the goals were realistic

and attainable. Nevertheless, goals are supposed to act as a guideline and the performance of these variables was just within the limit. Table 4.3.2 above illustrates the analysis.

4.3.3 Marketing Strategies

Table 4.3.3: Marketing Strategies

	I am aware of the marketing strategies of the firm	The marketing strategies are effective	The management reviews the marketing strategies after some times	I participate in the reviewing process of marketing strategies
Strongly Disagree	-	6.5	-	-
Disagree	-	16.1	12.9	3.2
Neither Disagree nor Agree	16.1	25.8	29.0	29.0
Agree	29.1	35.5	45.2	45.2
Strongly agree	54.8	16.1	12.9	22.6
Total	100.0	100.0	100.0	100.0

Source: *Primary data, 2014*

The study sought to determine the strategies that pharmaceutical firms have put in place in addressing various marketing challenges. For that reason, it was prudent to establish whether the respondents were informed about some few aspects of the marketing strategies of their respective firms. For comparison purposes, the positive responses were again summed. The results indicated that 83.9% were aware of the marketing strategies of the firm. The remaining 16.1% could have been the new employees of the organization who were still undergoing the induction process. This was because 12.5% of the respondents had experience of less than one year and a further 25.8% having experience of one year and above as had been depicted on figure 4.2.3. It was therefore right to speculate that the limited awareness was because they were still familiarising themselves with their new employer.

67.8% of the survey participants also said that they usually participate in the reviewing process of the marketing strategies. About 58.1% agreed that the management reviewed the marketing strategies after some time.

The review of a marketing strategy is critical for an organization because it enables the firm to discern the non-effective from the effective strategies and come up with a solution. In addition, the review of these marketing strategies is also supposed to reflect the market dynamics. When asked if the marketing strategies were effective, only 51.6% of the respondents said that the strategies were effective in meeting their marketing objectives. Therefore, it was clear that there were some shortfall of 48.4% of these marketing strategies that the pharmaceutical firms had to contend with. Table 4.3.3 above illustrates these results.

4.4 Product Strategies

Product is one of the 4Ps of marketing as had been proposed by Kotler (2003). Therefore, it was necessary to determine the product strategies that these pharmaceutical firms usually employ. The study enlisted eight common strategies that marketers are likely to use. To compare the frequency of each product strategy used by the pharmaceutical firms, the positive responses were summed up, including those with the moderate frequencies.

The most frequent strategy among the pharmaceutical firms was a tie between brand name and new product development approach at 90.3% each. In the third place were product taste, and size at 83.9%. Perhaps the reason for the above strategies is because most of the products that the pharmaceutical firms manufacture are health boost products. Therefore, the physical appearance becomes key in trying to appeal to the clients. Another common product strategy that these firms employed was customized product strategy that was in the sixth place with a mean score of 80.6%. Product colour was in the sixth place with an average score of 77.4%. Offering of multiple product choice and product shape were in the last position having scored an average of 67.7% each.

On average, those respondents who indicated that they never use product strategies were 4.1%, while those who use it rarely were 15.7%. The moderate use of product strategy had a mean score of 25%. Those who indicated that they use product strategy frequently and very frequently had a mean score of 29% and 26.2% correspondingly. In general, by taking the average of these scores, product strategy had a mean of 80.2%.

However when using ‘very frequent’ to compare the extent of application of these product strategies, brand name still came on top with a score of 41.9%. In the second and the third positions were product size and new product development at 35.5% and 32.3% respectively. Table 4.4 below summarise the above data.

Table 4.4: Product Strategies

Product Strategy	Percentage Frequency					
	Never	Rarely	Moderate	Frequent	Very Frequent	Total
Product Taste	6.5	9.6	12.9	42.0	29.0	100.0
Product Colour	3.2	19.4	19.4	32.2	25.8	100.0
Product Shape	6.5	25.8	22.6	29.0	16.1	100.0
Product Size	3.2	12.9	16.1	32.3	35.5	100.0
Brand Name	3.2	6.5	22.6	25.8	41.9	100.0
Offering Multiple Product Choice	3.2	29.1	29.0	25.8	12.9	100.0
New product Development Approach	-	9.7	32.2	25.8	32.3	100.0
Customized product Strategy	6.5	12.9	45.1	19.4	16.1	100.0

Source: *Primary data, 2014*

In line with the usage of these product strategies as highlighted on table 4.4 above, the study probed on the challenges that the pharmaceutical firms face in implementing the strategies. The main challenge that was coming out strongly from the responses was the

technological limitation. The limited technology could have been the reason why these firms had intensified the use of new product development as one of their key product strategies. The respondents noted that there were some brands with almost similar names making it difficult for the clients to identify with certainty the product that they preferred.

The reason for such naming is the adoption of the scientific names that have some laid out rules and regulations. The respondents said that offering of multiple product choice culminated into internal competition. Therefore, a product could be selling at the expense of the other. Moreover, there was concern about the ever changing expectations of the customers. Again, this could have been the reason for frequent development of new products in trying to match the market dynamics.

4.5 Pricing Strategies

American Marketing Association (1998) says that a product is worth if only customers are willing and able to pay for it. It is for that reason that pricing is one of the core marketing strategies. Ahonen and Moore (2005) emphasised that price is the most adjustable element of the market mix. According to these findings, the most frequently used pricing strategy was discounting that had a tie with customary pricing with an overall rating of 90.3%. The third place was location focused pricing at 80.7%. The use of time based pricing was also common among the manufacturing pharmaceutical companies having been rated at 77.4%, positioning it in the fourth place. Market penetration and market skimming pricing were in the fifth and sixth position with a score of 61.3% and 51.6% respectively.

Overall, the mean usage for pricing strategy was 75.3%. The respondents who indicated that they used pricing strategy frequent and very frequently scored 30.1% and 26.9% respectively. Those who were using the strategy rarely were in the third position at 20.4%, followed closely by firms who moderately used the strategy at 18.3%. Those respondents who indicated that they never used pricing strategy had a mean score of 4.3%, placing them in the last position.

Using ‘very frequent’ scale to rank these pricing strategies, customary pricing comes in first position at 41.9%. Discount was now placed at the second position with a score of 35.5%, while in the third place was location focused pricing strategy with 32.3% rating. The fourth position was still time based pricing at 29%. However, market skimming and penetration swapped position with scores of 12.9% and 9.7% respectively. The results have been highlighted in table 4.5 below.

Table 4.5: Pricing Strategies

Pricing Strategy	Percentage Frequency					
	Never	Rarely	Moderate	Frequent	Very Frequent	Total
Market Penetration Pricing	-	38.7	22.6	29.0	9.7	100.0
Market Skimming Pricing	12.9	35.5	22.6	16.1	12.9	100.0
Time based Pricing	6.5	16.1	19.4	29.0	29.0	100.0
Location focused pricing	3.2	16.1	19.4	29.0	32.3	100.0
Discount Pricing	-	9.7	16.1	38.7	35.5	100.0
Customary Pricing	3.2	6.5	9.7	38.7	41.9	100.0

Source: *Primary data, 2014*

The participants were also asked to indicate the challenges that they have been facing in the implementation of these pricing strategies. There were varied opinions. Some said that time based pricing was not working well since consumers could purchase the products in bulk leading to low sales in the subsequent months. There was also a uniform discount pricing among all the products, which ideally means reduction in the revenue. Some of the interviewees also noted that market penetration pricing was risky because an ineffective market penetration policy could result in reduced profitability. If the resulting sales volume during the promotional period does not meet projections, the reduced price may mean the resulting profits are too low.

4.6 Promotion Strategies

Hamper and Baugh (1998) argued that promotion strategy is equally a very essential component of market mix since it is the only way that a firm communicates to its customers what it actually does and offers. Consequently, the study also sought to establish various promotional strategies that the pharmaceutical firms have been using. To compare the frequency of these promotion strategies, the study again tallied the positive responses (moderate, frequent, and very frequent).

From the study, the predominant promotion strategy was personal selling at 93.5%. Coming closely in the second place was the use of fliers and brochures at 87.1%. The pharmaceutical firms use these fliers and brochures when they are supplying their products to various distributors and chemists. The third and fourth positions were taken by telephone and exhibitions at 74.2% and 58% correspondingly. A distance fifth was demonstration marketing that managed to get a score of 48.4%. Newspaper advertisement was in the sixth place with a total score of 41.9%. The respondents elaborated that newspaper could only be used in a situation where they wanted to remind or inform their clients of their location or where they can get access to their products, but not the products themselves.

There was a small margin between the seventh and the eighth positions, which were taken by websites advertisements and billboards at 25.8% and 22.6% respectively. The use of sponsorship was in the ninth position with an average score of 19.4%. The least used promotional strategies were e-marketing, television, and radio advertisement with scores of 12.9%, 3.2% and 3.2% respectively. The low exploitation of these two promotion strategies arose because of the strict regulations that outlaws direct advertisement of prescription medicine to the public as Kenya pharmaceutical sector (2010) had stated.

Taking the average of these scores, promotion strategy had an overall mean of 40.9%. The pharmaceutical firms, which rarely use promotion strategy, were the majority at around 31.4% followed closely by those who never use the strategy at 27.7%. Those who use the promotion strategy frequently and moderately were in the third and fourth

position with average mean scores of 17.8% and 14.2% correspondently. The firms that use promotion strategy very frequently were at the fifth position with a mean score of 8.9%. The above figures have been summarised on table 4.6 below.

Table 4.6: Promotion Strategies

Promotion Strategy	Percentage Frequency					
	Never	Rarely	Moderate	Frequent	Very Frequent	Total
Demonstration	12.9	38.7	25.8	16.1	6.5	100.0
Telephone marketing	6.4	19.4	22.6	32.2	19.4	100.0
Personal Selling	-	6.5	12.9	38.7	41.9	100.0
Fliers and Brochures	3.2	9.7	16.1	35.5	35.5	100.0
Television advertisement	58.1	38.7	3.2	-	-	100.0
Radio advertisement	67.7	29.1	3.2	-	-	100.0
Newspaper advertisement	25.8	32.3	22.5	19.4	-	100.0
Billboards advertisements	32.3	45.1	12.9	9.7	-	100.0
Sponsorships	35.5	45.1	9.7	9.7	-	100.0
Websites	32.3	41.9	9.7	16.1	-	100.0
Exhibitions	6.5	35.5	25.8	29.0	3.2	100.0
E-marketing	51.6	35.5	6.4	6.5	-	100.0

Source: *Primary data, 2014*

The respondents were also asked to mention some of the challenges that they had been facing in using the above promotion strategies. The respondents argued that the pharmaceutical industry is highly regulated. As such, it limited the use of some promotional strategies that have proven to be very effective such as radio and television.

Some of the respondents pointed out that doctors rarely get time to go through the fliers and brochures supplied. Thus, this strategy reached a few of the targeted clients.

Despite the high frequency of using personal selling, the participants also noted that it limited the number of clients that they are able to reach at a particular time. The use of telephone marketing had also challenges, especially when the calls that the sales agents make go unanswered. A good number of the respondents also said that the pharmaceutical industry is more scientific. Subsequently, the use of promotional tools such as websites and e-marketing could not permit interactive promotion explaining the limited use of these specific strategies.

4.7 Place Strategies

Ramaswamy and Namakumari (2013) postulated that figures may vary from product to product, but roughly a fifth of the cost of production goes on getting the product to the customers. Therefore, place as one of the components of the 4Ps of market mix, becomes equally important. The study singled out five common place strategies and summed up the positive responses for comparison purposes.

The results indicated that the most frequent place strategy was distributors at 100%. In second was wholesaling at 87.1%. The first two strategies meant that most of these manufactured products were sold in bulk. However, 80.7% of the all the products from these manufacturing pharmaceutical companies were channelled to the market through personal selling placing it in the third position. In some instances, the manufacturers retailed their products. Retailing as one of the place strategies had a rating of 74.2% pushing it to the fourth position. Brokers remained the least used place strategy with 19.4% score. These results indicate that pharmaceutical firms prefer to sell their products in bulk through the distributors and wholesalers than in small quantities via brokers, personal selling and retailing. The mean of the above scores was 72.3%.

However, those who use place strategy very frequently were the majority at 33.6%. In the second place were those pharmaceutical firms using place strategy frequently at 27.1%.

They were followed closely in the third place by those respondents who indicated that they rarely use the place strategy at 18.7%. The fourth and the fifth positions were taken by those firms which moderately or never use the place strategy at 11.6% and 9% respectively. The table below summarises the above discussion.

Table 4.7: Place Strategies

Place Strategy	Percentage Frequency					Total
	Never	Rarely	Moderate	Frequent	Very Frequent	
Brokers	32.3	48.3	9.7	6.5	3.2	100.0
Personal Selling	3.2	16.1	12.9	32.3	35.5	100.0
Retailing	9.7	16.1	9.7	29.0	35.5	100.0
Distributors	-	-	6.5	35.4	58.1	100.0
Wholesaling	-	12.9	19.4	32.2	35.5	100.0

Source: *Primary data, 2014*

Most of the respondents had indicated that there were no serious challenges in supplying these products. However, some spotted the pitfalls of place strategy. One of them was that the retailers and distributors were not willing to keep stocks that could last for longer periods. Since the distributors were also the main tool of getting their products into the market, the respondents noted that they were very few, with some firms having only a single distributor. The survey participants also pointed out that there were certain instances that their clients could place small and untimely stock request.

4.8 Other Strategies

The study identified two factors that would have a great influence in the marketing strategies of these pharmaceutical firms, but did not fall under the 4Ps. One of them was employing knowledgeable and experienced marketing staff. The participants said that they were doing this very frequently, frequently, and moderately at 54.9%, 41.9%, and 3.2% correspondingly. They were also training their staffs very frequent at 32.2%. Frequent staff training scored 48.4%, while moderate training on customer care relations

scored 19.4%. From the above, hiring of already experienced staff was more rampant than training of new recruits. This could have been prompted by the need to save on the training cost of new employees. The table below shows these two other variables.

Table 4.8: Other Strategies

Other Strategy	Percentage Frequency					
	Never	Rarely	Moderate	Frequent	Very Frequent	Total
Employing Knowledgeable and experienced staffs	-	-	3.2	41.9	54.9	100.0
Staff training on customer care relations	-	-	19.4	48.4	32.2	100.0

Source: *Primary data, 2014*

One of the challenges that the respondents had highlighted in regard to the above strategies was the demand for high remunerations. It was so because the pharmaceutical firms were mostly hiring experienced sales staff from other organizations. Thus, these employees were bargaining for higher pays for them to charge their work stations. The respondents also said that it was a bit difficult to find qualified marketing candidates.

4.9 Managerial Actions

The study queried the respondents on the actions that the managers have taken as mitigation against the challenges that they had highlighted. The participants said the management had invested much and increased their expenditure on promotion and development of new products. The marketing staffs have also had an increment in the monthly wages to boost their morale.

This would ensure that personal selling that had been the most used marketing strategy remains effective. Some of the respondents reported that the management had started training their employees to enable them have a reliable and steady marketing workforce.

When the respondents were asked to mention some of the actions that they feel would solve the challenges that have been facing this industry, some of them proposed

recognition of the performance of the employees as one of the key factors that would enhance their marketing performance.

They also pointed out that the management should try and keep welcoming new ideas whether it is from customers or from employees themselves. In addition, they suggested that proper timing before launching a product was likely to boost the general performance of the local medicine products. Further, the respondents advised that the management should deal with each and every problem immediately they identify them. This would ensure that there is minimum damage and the spread is contained. For example, if the firm decides to use price penetration strategy and the strategy fails to work as had been projected, they should shun that strategy immediately and resort to others.

The study also wanted to establish the perception of the participants on the role of government in the manufacturing pharmaceutical industry. Some of them recommended that the government should actual regulate the prices of the medical products. This will allow for fair competition on quality of the product and protect the firms against price wars were they to adopt market penetration strategy. They also encouraged the government to institute more controls in quality assurance. The respondents echoed the need for government to increase its funding for research and development projects. This will bring efficiency in the long-run and make the locally produced products competitive.

4.10 Regulatory Bodies

In Kenya, there are a number of bodies that control the manufacture, storage, marketing and, disposal of pharmaceutical products (Kenya pharmaceutical sector, 2010). Thus, the study sorted out twelve regulatory authorities to estimate the extent to which they influence the operations of these manufacturing pharmaceutical firms in Kenya. The positive responses were again added to allow for comparison.

The Pharmacy and Poisons Board scored a total of 100%, indicating that it had great influence over the pharmaceutical industry in Kenya. According to Pharmaceutical Sector Profile, Kenya (2010), ministry of health through Pharmacy and Poisons Board act 224 of laws of Kenya is in charge of regulating the sale of medicines in the country.

This could have been the reason as to why they have stable control over these companies. The second position was NQCL with a score of 96.8%. DARU comes in at position three with an average score of 93.5% wrapping up the top three regulatory authorities.

Fourth position was a tie between Ministry of Health and Kenya Pharmaceutical Association with a score of 90.3% each. The sixth place was taken by Kenya Ports Authority with a total score of 87.1%. The involvement of Kenya Ports Authority was critical in ensuring that fake medicines, whether raw materials or manufactured products, do not gain access into the Kenyan markets. KEMSA was position seven with an 83.9% rating. At the eighth place was MEDS with a score of 77.4% and at distant ninth and tenth place were Kenya Revenue Authority and Kenya Manufacturers Association with a rating of 54.9% and 38.7% respectively.

The bottom two regulatory authorities with least influence included Kenya Bureau of Standards and European Union with scores of 25.8% and 12.9% placing them in positions eleven and twelve correspondingly. Though Kenya Bureau of Standards was expected to oversee the qualities of all products in the Kenyan market, its role has been minimal in the pharmaceutical industry. This is because PPB in collaboration with DARU has overtaken this role. Thus, its influence in the pharmaceutical industry was somehow low.

Overall, 34.9% of the respondents feel that there is high level regulation of pharmaceutical firms. However, in the second place were 19.1% of the respondents indicating that the regulation of the pharmaceutical industry is still very high. In the third place were firms that believe there is moderate regulation of the industry at 17%. The fourth and fifth position were taken by respondents who believe that there is low and very high regulation of the pharmaceutical industry at 16.1% and 12.9% respectively. These findings have been summarised on the table below.

Table 4.9: Regulatory Bodies

Regulatory Body	Percentage Frequency					
	Very Low	Low	Moderate	High	Very High	Total
Kenya Revenue Authority	3.2	41.9	16.2	35.5	3.2	100.0
Kenya Bureau of Standards	48.4	25.8	9.7	16.1	-	100.0
Ministry of Health	3.2	6.5	6.5	45.1	38.7	100.0
Pharmacy and Poisons Board	-	-	-	45.2	54.8	100.0
European Union	58.1	29.0	12.9	-	-	100.0
DARU	-	6.5	9.7	54.8	29.0	100.0
Kenya Pharmaceutical Association	-	9.7	32.2	38.7	19.4	100.0
Kenya Manufacturers Association	32.3	29.0	22.6	12.9	3.2	100.0
Kenya Ports Authority	3.2	9.7	35.5	35.5	16.1	100.0
KEMSA	3.2	12.9	19.4	48.4	16.1	100.0
NQCL	-	3.2	12.9	45.2	38.7	100.0
MEDS	3.2	19.4	25.8	41.9	9.7	100.0

Source: *Primary data, 2014*

4.11 General Comment

The study allowed the respondents to make a general comment on their marketing strategies. Some of them admitted that there was need to examine some aspects of their marketing strategies, specifically branding, pricing, place and even hiring of new staff. Most of them said that their marketing strategies were in line with the objectives of the firm. Some also gave a contrary opinion saying that their marketing strategies were dynamic and realistic, though their marketing performance in comparison to the multinational firms in the local market signalled different results.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Introduction

The objective of the study was to determine the marketing strategies used by pharmaceutical firms in Kenya and establish challenges that these pharmaceutical firms experience while marketing their products. This chapter summarizes the main findings. It then makes a conclusion on the results of the study. Further, the chapter makes recommendation about the findings of the study and proposes areas for further research, while highlighting the limitations of the study.

5.2. Summary of the Findings

The study was a census of all the 38 manufacturing pharmaceutical firms in Kenya. Questionnaires that were dully filled, collected, and good for analysis were 31, which signified an 82% response rate. Among these respondents, 74.2% were male, while women were 25.8%. Most of the firms had 21-40 employees at 41.9% while 25.9% had around 41-60 employees. The firms that had below 20 and above 60 employees were 16.1% each. The study also targeted senior managerial staffs and the participants were 48.4% directors of sales and marketing, 41.9% sales and marketing managers, 6.5% general managers, and 3.2% managing directors.

All the firms that participated in the survey were involved in packaging and distributing the products. The most common product that these firms were manufacturing was the health boost products at 71%. The second most common product that they were manufacturing was tablets and syrups at 41.9%. Vaccines were the least manufactured products in the pharmaceutical industry in Kenya at 32.3% only.

The most frequent product strategy among the pharmaceutical firms was a tie between brand name and new product development approach at 90.3% each. Product taste, and size were widely used product strategy at 83.9%. Another common product strategy that these firms employed was customized product strategy with a mean score of 80.6%.

Product colour had an average score of 77.4%, while offering of multiple product choice and product shape were in the last position with average scores of 67.7% each. The main challenge in regard to product strategy was technological limitation prompting them to intensify the use of new product development as one of the key product strategies. There were also brands with almost similar names making it difficult for the clients to identify with precision the product that they preferred. Moreover, offering of multiple product choice could lead to internal competition. There was also concern about the ever changing expectations of the customers.

The most frequently used pricing strategy was discounting that had a tie with customary pricing with an overall rating of 90.3% followed by location focused pricing at 80.7%. The use of time based pricing was as well common among the manufacturing pharmaceutical companies having been rated at 77.4%. Market penetration and market skimming pricing were the least used pricing strategy having scored 61.3% and 51.6% respectively. The main challenges in regard to pricing strategies were the uniformity in discounting and the risk of using market penetration strategy.

However, the predominant promotion strategy was personal selling at 93.5% followed by the use of fliers and brochures at 87.1%. Telephone and exhibitions had a score of 74.2% and 58.0% correspondingly. The least used promotional strategies were e-marketing, television, and radio advertisement with scores of 12.9%, 3.2% and 3.2% in that order. The main challenge was the over regulation of the pharmaceutical industry. As such, it limited the use of some promotional strategies that have proven to be very effective such as radio and television.

The findings indicated that the most frequent place strategy was distributor at 100% and wholesaling at 87.1%. However, 80.7% of all the products from these manufacturing pharmaceutical companies were channelled to the market through personal selling and retailing with a rating of 74.2%. A broker was the least used place strategy with 19.4% score. The major challenge in place strategy was the unwillingness of retailers and distributors to keep stocks that could last for longer periods. There were also certain instances that their clients would place small and untimely stock request.

In general, by taking the average of these scores, product strategy had a mean of 80.2%, followed by pricing strategy at 75.3%. Place strategy was in position three with a score of 72.3% and the last position taken by promotion strategy that had an overall mean of 40.9%. It was evident these findings that promotion had been the least exhausted component of market mix.

5.3. Conclusion

From the findings, it was apparent that the most used marketing strategy was product strategy with an average score of 80.2%, while the least exploited component of market mix was promotion strategy with an estimated score of 40.9%. The reason for the limited usage of promotion strategy was because of the high regulation of the pharmaceutical industry. The regulating bodies with high influence on this industry were PPB at 100% rating, NQCL at 96.8% and then DARU at 93.5%. More so, each marketing strategy had its own peculiar challenges. Product strategy had the challenge of technological limitation and names that were almost similar, while pricing strategy had the challenge of risk of using the price penetration mechanism for fear of losses. Time based pricing was also not working well since consumers could buy the product in bulk and reduce sales in the subsequent months. The survey participants also pointed out that there were certain instances that their clients could place small and untimely stock request that was really affecting the place strategy.

5.4. Recommendations

In light of the above findings, it would be of importance if the government could off-lift its tight regulation of the pharmaceutical industry in regard to the promotion of their products. They could shift the reduced control on the promotion of products to quality assurance. This would therefore allow the pharmaceutical firms to compete effectively with the multinational corporations from other countries that are marketing their products on televisions and other promotional channels. The pharmaceutical industry should also take advantage of the e-marketing and the booming opportunity of social media to showcase their products. This would lead to a reduction in the cost of promotion, savings which they could relocate towards advancing the production technology.

With technology, they are likely to experience efficiency and adopt pricing strategies such as market penetration that they still view as very risky. The fear such strategies since the multinational firms have resources, which work against the local firms if their strategy sparks price war.

The awareness of products that these local pharmaceutical firms produce is likely to lead to demand for their products. Thus, they will be able to have many distributors spread all over the country and refer client placing small orders to such outlets.

5.5. Limitation of the Study

Generally, the study was a success. However, there were few segments that posed a challenge during the entire process of the study. The first one was inaccessibility of some targeted respondents because of their commitments. Most of these companies were also located far much away from each other. This coupled with the limited time of the research made it a bit challenging to make physical follow ups on the questionnaires. Since the study also targeted only senior marketing and managerial staff, it was somehow hectic to secure an appointment with them. Some of the questionnaires were also asking some sensitive aspects of their marketing strategies and the respondents had to be assured of the anonymity of their opinion before they could fill in the questionnaires.

5.6. Suggestion for Further Research

The study was investigating the strategies employed by manufacturing pharmaceutical companies in addressing marketing challenges in Kenya. However, Kenya being a developing country manufacturing industry becomes core in steering its economic growth. The success of these industries lies largely on their marketing strategies. Therefore, a similar study could be carried out in other manufacturing industries within Kenya. Similar study could also aim at the strategies that these local manufacturing pharmaceutical firms could adopt to take advantage of the new East African market.

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APPENDICES

Appendix I: Letter of Introduction

University of Nairobi,
School of Business,
P.O. Box 30197,
Nairobi.

Dear Sir/ Madam,

REF: STRATEGIES EMPLOYED BY LOCAL PHARMACEUTICAL FIRMS IN
ADDRESSING MARKETING CHALLENGES

I am a postgraduate student undertaking Master of Business Administration Degree (Marketing option) at the School of Business, University of Nairobi. The University requires all students to conduct a sound research work within any industry of their interest as part of their course work. In this regard, I am currently carrying out a research on the solutions to the marketing challenges that pharmaceutical firms in Kenya go through on daily basis within the industry.

My approach to this survey is both collaborative and consultative and will ensure that it causes minimal disturbance to your schedule of activities. I humbly request you to give the requested information by dully filling in the questionnaire that I have provided. The information that you will provide is purely for academic purpose and will be treated with the stringent confidentiality possible.

A copy of the project may be availed upon request. I will highly appreciate your kind cooperation in this academic exercise.

Thanks in advance.

Yours faithfully,

John Onyango Awuor.
School of Business,
University of Nairobi.

Appendix II: Study Questionnaire

STUDY QUESTIONNAIRE

Please take a few minutes to complete the questionnaire. The survey will consist of about 21 questions and should take less than 30 minutes of your time to complete.

The survey has three sections:

Demographics: This section asks for some basic information about you. This will provide valuable information about any differences between groups.

Your opinion: This section asks for your opinion on a range of areas. Please answer each statement/ question by simply selecting the response that most closely reflects your opinion. Tick (✓) or mark a cross (X) that reflects your opinion.

Comments: In this section, you can write any further thoughts you may be having.

1. Gender		2. Number of Employees	
Female <input type="checkbox"/>	Male <input type="checkbox"/>	20 and below <input type="checkbox"/>	21-40 <input type="checkbox"/> 41-60 <input type="checkbox"/> Above 61 <input type="checkbox"/>
3. Length of service in the company		4. Position Held	
Below 1 year		Managing Director	
1-3 years		General manager	
4-6 years		Director(sales & marketing)	
7 years and above		Sales and marketing manager	
		Others (Specify)	

5. Products and services offered by the company:

Drug distribution	
Tablet and syrup manufacture	
Vaccines manufacture	
Health boost products	
Drug packaging	
Others (Specify)	

6. Kindly, indicate whether you agree or disagree with the following statements

The company	Strongly disagree	Disagree	Neither agree nor Disagree	Agree	Strongly agree
I am familiar with and understand the strategic goals of the organization					
I believe in the goals and objectives of the organization					
They are realistic and attainable goals					
I am committed to the core values of the organization					

7.

Marketing strategies	Strongly disagree	Disagree	Neither agree nor Disagree	Agree	Strongly agree
I am aware of the marketing strategies of the firm					
The marketing strategies are effective					
The management reviews the marketing strategies after some times					
I participate in the reviewing process of marketing strategies					

8. Kindly, indicate the product strategies that the firm is currently using?

		Never	Rarely	Moderate	Frequent	Very frequent
Product Strategy	Product Taste					
	Product Colour					
	Product shape					
	Product Size					
	Brand name					
	Offering Multiple product Choice					
	New product development approach					
	Customized product Strategy					
Others (Specify)						

9. What are the challenges that the firm is experiencing in using the above mentioned product strategies?

10. Kindly, mark the extent to which the company uses the following the pricing strategies?

		Never	Rarely	Moderate	Frequent	Very frequent
Pricing Strategy	Market Penetration Pricing					
	Market Skimming Pricing					
	Time based Pricing					
	Location focused pricing					
	Discount Pricing					
	Customary Pricing					
	Others (Specify)					

11. In each of the above pricing strategies, could you kindly enumerate the challenges that the firm is facing in their implementation?

12. Kindly, point out the promotion strategy that the company is using?

		Never	Rarely	Moderate	Frequent	Very frequent
Promotion Strategy	Demonstration					
	Telephone marketing					
	Personal Selling					
	Fliers and Brochures					
	Television advertisement					
	Radio advertisement					
	Newspaper advertisement					
	Billboards advertisements					
	Sponsorships					
	Websites					
	Exhibitions					
	E-marketing					

13. Kindly, highlight some of the challenges that the firm is facing while using the above-mentioned promotion strategies.

14. Please, indicate how frequent the company uses the following place strategies?

		Never	Rarely	Moderate	Frequent	Very frequent
Place Strategy	Brokers					
	Personal Selling					
	Retailing					
	Distributors					
	Wholesaling					
	Others (Specify)					

15. What are some of difficulties that the firm is experiencing in implementing these strategies?

16. Please, can you indicate the extent to which the firm applies some of the following strategies

		Never	Rarely	Moderate	Frequent	Very frequent
Other Strategies	Employing Knowledgeable and experienced staffs					
	Staff training on customer care relations					

17. Kindly, list some of the challenges that hinder the firm from implementing these challenges.

18. What are the actions that management has undertaken to address the aforementioned challenges?

19. In your own opinion, what do you think the management should do in order to solve these challenges conclusively?

20. In your own opinion, what can you advise the government to do to assist in addressing these marketing challenges?

21. From the following table, rate how these bodies affect your marketing operations.

	Very low	low	moderate	High	Very high
Kenya Revenue Authority					
Kenya Bureau of Standards					
Ministry of Health					
Pharmacy and Poisons Board					
European Union					
DARU					
Kenya Pharmaceutical Association					
Kenya Manufacturers Association					
Kenya Ports Authority					
KEMSA					
NQCL					
MEDS					

22. What is your general comment on the marketing strategies of your firm?

Thank you very much for your kind cooperation

Appendix III: List of Licensed Pharmaceutical Manufacturers in Kenya

1. AUTOSTERILE (E.A) LTD	20. LABORATORY AND ALLIED LTD
2. AESHETICS	21. MAC's PHARMACEUTICALS LTD
3. BETA HEALTHCARE,INT. LTD	22. MANHAR BROTHERS
4. BENMED PHARMACEUTICALS LTD	23. MEDIVET PRODUCTS LTD
5. BIODEAL LABORATORIES LTD	24. NERIX PHARMA LTD
6. BIOPHARMA LIMITED	25. NORBROOK KENYA LTD
7. COMET HEALTHCARE LTD	26. NOVELTY PHARMACEUTICALS CO.
8. COOPER (K)BRANDS	27. OSS CHEMIE
9. COSMOS LIMITED	28. PHARMACEUTICAL MANUFACTURING COMPANY
10. CONCEPT AFRICA LTD	29. PZ CUSSONS E.A LTD
11. DAWA LIMITED	30. RECKITT & COLMAN (IND) LTD
12. ELYS CHEMICAL INDUSTRIES LTD	31. REGAL PHARMACEUTICALS
13. GLAXOSMITHKLINE LTD (GSK)	32. SPHINX PHARMACEUTICALS
14. HIGHTECH PHARMACEUTICALS LIMITED	33. SKYLIGHT CHEMICALS
15. INFUSION MEDICARE (K) LTD	34. SYNER CHEMIE LIMITED
16. IVEE AQUA EPZ LTD	35. STEDMAN PHARMA MANUFACTURING LTD
17. KENYA VETERINARY VACCINE PRODUCTION	36. UNIVERSAL COOPERATION LTD
18. KENYA MEDICAL RESEARCH INSTITUTE	37. ULTRAVETIS EAST AFRICA
19. KENYA SOCIETY FOR THE BLIND	38. QUESTACARE LTD

Source: Pharmacy and Poisons Board (2014)