DIFFERENTIATION STRATEGY OF PHAMACEUTICAL COMPANIES MANUFACTURING HUMAN MEDICINE IN KENYA

BY

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DECLARATION

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

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D61/72316/2008

Supervisor's Approval

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

Signature .... Date....15/11/2012..........

Name: Jeremiah Kagwe

DEDICATION

To my beloved family for their continuous support during the entire research study

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ABSTRACT

Pharmaceutical industry in Kenya consists of manufacturers, distributors and retailers. Strategy is the direction and scope of the organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and to fulfill stakeholder expectations. Differentiation is a strategy whereby firms attempt to gain a competitive advantage by increasing the perceived value of their products and services. The objective of the study was to determine the differentiation strategies adopted by the Pharmaceutical manufacturing companies in Kenya. The research design was a descriptive survey. The population of the study was the 26 licensed Pharmaceutical Companies Manufacturing Human Medicine in Kenya. Data was collected using a standardized questionnaire with drop and pick method. The study found out that that majority of the companies use selling and promoting standardize products, provide to all with customer made products, go direct to the end user and select advertising media as promotion strategies. Introducing multiple brands to meet unique needs of a given market, introducing a product to people as well as introducing a brand to meet specific needs of a given market; are the marketing strategies used by majority of the Pharmaceutical manufacturing Companies in Kenya. From the findings, providing packages that are easier to handle was used as a production strategy. The study further found out that majority of the companies provides delivery services to customers as a service strategy; while strong sales team to sell products to customers; employing a highly qualified sales team is used as a personnel strategy. In recommendation, there is a need for the companies to strengthen other marketing strategies like introducing a brand to meet specific needs of a given market and introducing a product to people, to have a proper and reliable market as well as adopting the strategy of producing original drugs for competitiveness in the market.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Pharmaceutical industry in Kenya consists of manufacturers, distributors and retailers. The main role of this industry is to improve and support the country's health sector. This industry is regulated by the pharmacy and poisons board (PPB) whose mission is to regulate and control pharmaceutical services to ensure accessibility, safety, efficacy and quality of human and veterinary medicine and medical devices. The board regulates the practice of Pharmacy and the manufacture and trade in drugs and poisons.

According to Porter (1998), companies must be flexible to respond rapidly to competition and market changes. Strategy is the direction and scope of the organization over the long term which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and to fulfill stakeholder expectations (Johnson & Scholes, 1999).The primary objective of strategy is to achieve a competitive advantage. The goal of competitive strategy is to find a position in the industry where the company can best define itself against competitive forces or use them in its favor (Porter 1998).

According to Porter, (1996), strategy is about competitive position, about differentiating yourself in the eyes of the customer, adding value through a mix of activities different from those used by the competitors. This way, organizations provide for themselves real barriers to competitive entry and obtain from the differentiation a price premium in the market that exceeds the cost of differentiation and customer loyalty. This study will focus on pharmaceutical manufacturing companies that manufacture human medicine; how they differentiate themselves in the market putting into mind that, this is a highly regulated industry, from the manufacturing processes to the final use of the final products.

The pharmaceutical industry in Kenya is regulated by the Pharmacy and Poisons Board. The Pharmacy and Poisons Board is a drug regulatory authority established in 1989 (Government of Kenya, 1989) under the Pharmacy and Poisons Act chapter 244 of the laws of Kenya. The Board regulates the practice of Pharmacy and manufacture and trade in drugs and poisons. Its mission is to regulate and control pharmaceutical services to ensure accessibility, safety, efficacy and quality of human and veterinary medicines and medical services.

1.1.1 The Concept of Differentiation Strategy

Differentiation is a strategy whereby firms attempt to gain a competitive advantage by increasing the perceived value of their products and services. According to Johnson and Scholes, (1997), by differentiation is meant the provision of a product or service regarded by the user as different from and of higher value than the competition. Organizations able to achieve strategies of differentiation provide for themselves real barriers to competitive entry. According to Grant (1998), a firm differentiates itself from its competitors when it provides something unique that is valuable to buyers beyond simply offering low price. Differentiation advantage occurs when a firm is able to obtain from the differentiation a premium in the market that exceeds the cost of providing the differentiation. The range of differentiation opportunities depend on the characteristic of the product. The fundamental issues of differentiation are also the fundamental issue of business strategy, who are our customer? How do we create value for them? How do we do it more effectively and efficiently than anyone else so that we can earn profit from it?

According to Porter (1996), competitive strategy is about "being different". He adds that it means deliberately choosing a different set of activities to deliver a unique mix of values. In short, Porter argues that strategy is about competitive position, about differentiating yourself in the eyes of the customer, about adding value though a mix of activities different from those used by competitors. Kotler, (1997), argues that market offering can be differentiated along five dimensions; namely; product, service, personnel, channel and image. Differentiation strategy extends beyond product differentiation to include all aspects of the relationship between a company and its customers.

According to Thompson, Strickland, and Gambler (2007), differentiation opportunities exist in activities all along an industry's value chain; possibilities include the following: supply chain activities, product R& D activities, production R&D and technology related activities, manufacturing activities, distribution and shipping activities, marketing, sales and customer service activities that result in superior technical assistance to buyers, faster maintenance and repair services, more and better product information provided to customers, better credit terms, quicker order processing, or greater customer convenience.

1.1.2 The Pharmaceutical Industry in Kenya

The pharmaceutical industry consists of three segments namely; the manufacturers, distributors and retailers, who all actively support ministry of health and other key players in developing the health sector. Medicine form a major part of an effective healthcare system in the country health sector, which is estimated to have over 4557 health facilities country wide. Kenya is currently the largest producer of pharmaceutical products in the common market for Eastern and Southern Africa (COMESA) region, supplying about 59% of the region's market.

The pharmaceutical industry in Kenya is regulated by the Pharmacy and Poisons Board. The Pharmacy and Poisons Board is a drug regulatory authority established in 1989 (Government of Kenya, 1989) under the Pharmacy and Poisons Act chapter 244 of the laws of Kenya. The Board regulates the practice of Pharmacy and manufacture and trade in drugs and poisons. Its mission is to regulate and control pharmaceutical services to ensure accessibility, safety, efficacy and quality of human and veterinary medicines and medical services. The Pharmacy and poisons Board is committed to its mission to ensure the availability of pharmaceutical services in Kenya which satisfy the needs of all for prevention, diagnosis and treatment of diseases using safe efficacious, high quality and cost effective pharmaceutical products. Pursuant to this mission, it is imperative that pharmaceuticals are distributed by highly qualified personnel through outlets that are duly licensed and professionally run. Pharmaceuticals require specialized handling to ensure their quality is maintained throughout the distribution chain and risk of exposing the public to unsafe medicines should be avoided at all cost.

A typical structure of pharmaceutical distribution chain in Kenya consists of producers, distributors and end users. Producers include local and direct importers who either manufacture locally or import directly under contract from companies manufacturing outside the country. The distributors include; the middlemen while the end users are categorized as hospitals, nursing homes, clinics, retail chemists and pharmacies. According to Musau (2000), The Kenya pharmaceutical industry is dynamic and challenging where change is no longer slow and predictable but rapid and unpredictable, According to Mwaura (2001), majority of drugs are imported as finished products.

There is proliferation of local and foreign pharmaceutical distributors marketing pharmaceutical products thereby increasing in the number of brands in the market, customers have become more educated, inquisitive, demanding and interested in health care thereby demanding ever-improving levels of service in terms of reduced costs, improved quality, reliability, delivery, dependability and variety for freedom.

Pharmaceutical products which are marketed in Kenya are becoming increasingly complex and specialized .Professionalism; competency, price and convenience were the most important factors determining pharmacy patronage in Kenya, while customer service was considered the most important factor attracting and maintaining customers (Thuo, 1999). Musau (2000), reveals that challenges faced by pharmaceutical industry in Kenya include competition, large number of brands in the market, undercutting on prices, dispensing medical practitioners security and high personnel cost.

1.1.3 The Pharmaceutical Companies manufacturing human medicine in Kenya

The pharmaceutical sector in Kenya consists of 26 licensed manufacturers (2010) which are located within Nairobi and its environments (www.PharmacyBooardkenya.org). The companies' compounds and packages medicine, repacking formulated drugs and processing bulk drugs into doses using *predominantly imported active ingredients and expients, It's* estimated that about 9000 pharmaceutical products have been registered for sale in Kenya. Those are categorized according to particular levels of outlets as free sales/OTC, Pharmacy technologists dispensable, or pharmacist dispensable/ prescription only. (Government of Kenya, 1989).

The products manufactured by the pharmaceutical manufacturers in Kenya can be categorized as human products and veterinary products. For the purpose of this study, the focus will be on the human medicine. These medicines are categorized as over the counter (OTC) or prescription only medicine. They are function classified into original branded products from the patented company that discovered the molecules and generics.

1.2 Research Problem

When a firm's product has an actual or perceived uniqueness in a broad market, it is said to have a differentiation advantage. This can be extremely effective strategy for defending market position and obtain above average returns; the uniqueness often allows a company to charge a premium price for its products (keegan, 1998). According to Sommers, (1999), differentiation is a strategy by which a firm attempts to distinguish its products from competitive brands offered to the same aggregate market. Carpenter, (1999), viewed differentiation as a competitive advantage, which identifies a valuable relevant but overlooked dimension of a product. According to Porter (1996), strategy is about competitive position, about differentiating yourself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors. Kottler (1997), argues that market offering can be differentiated along five dimensions namely; product, service, personnel, channel and image.In the Pharmaceutical industry, companies are faced with rapid scientific and technological changes, high cost of research and development, high risk of failure and increasing buying power.

The pharmaceutical industry is one of the highly regulated industries in Kenya. The manufacturing companies must meet certain standards on Good Manufacturing Practices (GMP) before being licensed by Pharmacy and Poisons Board (PPB) to manufacture. The manufactured products must meet the required quality and packaging specifications and must be registered by the Pharmacy and Poisons Board before being released to the market. The Pharmacy and Poison Board control all the distribution and promotion channels.

The previous studies that were carried out on differentiation by Kabiru,(2004), Wacucu, (2001), Muchira, (2005), Mukewa ,(2005), Willy, (2005), and Okong'o, 2007) on chemical fertilizer importing firms, commercial, banks, formal private security firms, Hotel industry, Microfinance and fast moving consumer goods in Nairobi respectively have shown that companies differentiate their products in order to achieve a competitive advantage. While appreciating the findings from these studies, they may not apply to pharmaceutical manufacturing companies in Kenya since they are industry specific and differentiation strategies vary from industry to industry. However it seems that there is no study that has been done on differentiation strategies adopted by pharmaceutical manufacturing companies in Kenya.

Pharmaceutical products in Kenya are highly regulated with respect to their manufacturing processes, quality, distribution and even the use of the products. These controls pose a challenge to the manufacturers of human medicine on how to differentiate themselves in the market place, This study focused on answering the question; what are the differentiation strategies adopted by pharmaceutical manufacturing companies in Kenya?

1.3 Objective of the study

The objective of the study was to determine the differentiation strategies adopted by the Pharmaceutical manufacturing companies in Kenya.

1.4 Value of the study

The findings of the study will help the companies in the industry to develop and implement policies that will minimize the challenges of differentiations and optimize its benefits, the study will serve as a point of reference for professional and regulatory bodies like Pharmacy and Poisons Board in development of guidelines to enhance, regulate and control pharmaceutical services to ensure accessibility, safety, efficacy and quality of medicine and medical devices and it will add up to the body of knowledge in the area of strategic management, it will be useful source of reference for future scholars and it may expose gaps for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Overview

The tasks of crafting and executing company strategies are the heart and soul of managing a business enterprise and winning in the market place. A company's strategy is the game plan management is using to stake out a market position, conduct its operations, attract and please customers, compete successfully and achieve organizational objectives. The central thrust of a company's strategy is undertaking moves to build and strengthen the company's long term competitive position and financial performance and ideally gain competitive advantage over rivals that then becomes a company's ticket to above average profitability. A company's strategy typically evolves and reforms over time, emerging from a blend of (1) proactive and purposeful action on the part of company managers and (2) as needed reaction to unanticipated developments and fresh market conditions (Thompson, Strickland, and Gamble, 2007).

2.2 The concept of strategy

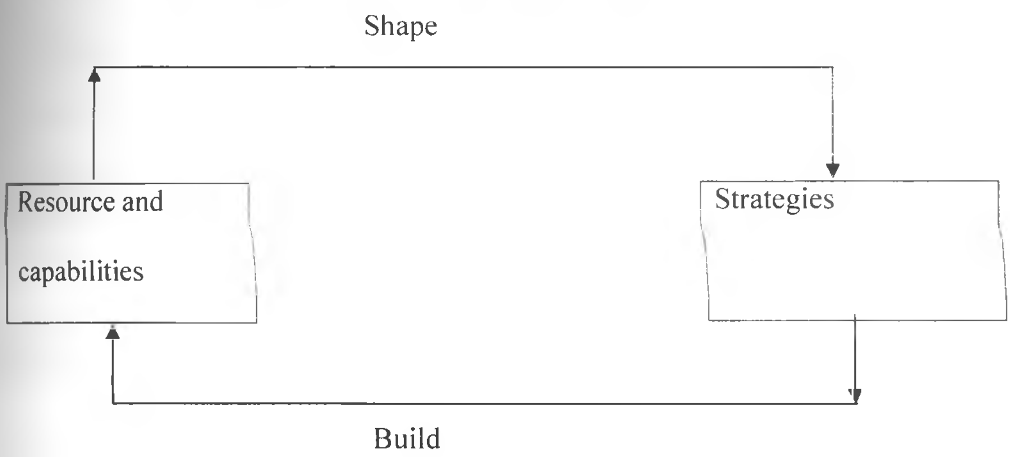
Strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and to fulfill stakeholder expectation (Johnson and Scholes, 1999). The essence of strategy lies in creating tomorrow's competitive advantage faster that competitors can benchmark the current organization strategies (Hamel and Prahaland, 1994).Mintzberg (1991), defines strategy as a plan, a ploy, a pattern, a position and a perspective. Strategy as a plan is form of consciously intended course of action, which is created ahead of events. Strategy as a position is about positioning the organization in order to achieve or maintain a sustainable competitive advantage. Strategy as a perspective considers strategy as somewhat abstract concept that exists primarily in people minds.

Hamel and Prahalad, (1989), conclude that strategy defines organizational purpose in terms of objectives, goals and priorities, deals with organizational competitive advantage; defines the obligations of the organization to its stakeholders and is about the future organization, the present position of organization, developing superior strategy and competent implementation of strategy (Hamel and Prahalad 1989).There are three different levels of organizational strategy; corporate strategy, business unit strategy and operational strategies. Corporate strategy is concerned with the overall purpose and scope of organization to meet the expectations of owners or major stakeholders and add value to different parts of the enterprise. Business unit strategy is about how to compete successful in a particular market and operational strategies are concerned with how the component parts of the organization in terms of resources, processes, people and their skills effectively deliver the corporate and business level strategic direction.

2.3 Competitive strategy

The heart and soul of any strategy are the actions and moves in the market place that managers are taking to improve the company's financial performance, strengthen its long term competitive position and gain a competitive edge over rivals (Thompson, Strickland, and Gamble, 2007). The primary objective of strategy is to achieve a competitive advantage. Attaining this goal demands a two-pronged effort. A company needs to pursue strategies that build on its existing resources and capabilities (i.e,develop new competences) and thus enhance the company's long run competitive position. This is illustrated in figure 1.

Figure 1: The relationship between strategies and resources and capabilities.



Source: Charles and Jones (2001). Strategic management theory; an integrated approach. Houghton Mifflin. Page 139.

The durability of the competitive advantage depends on these factors; barrier to imitation, the capability of competitors and general dynamism of the industry environment. The durability of a company's competitive advantage depends on three factors, the height of barriers to imitation, the capability of competitors to imitate its innovation and the general level of dynamism in the industry environments. When barriers to imitation are low, capable competitors abound, and the environment is very dynamic, with innovations being developed all the time, the competitive advantage is likely to be transitory (Hill and Jones, 2001).

Competitive advantage exists when there is a match between the distinctive competencies of a firm and the factors critical for success within its industry that permits the firm to outperformed competitors (Porter, 1998).There are two basic ways to achieve competitive advantage. First competitive advantage may be achieved when a firm pursues a strategy of low costs, which enables it to offer products at lower prices than the competitors do. Competitive advantage may also be gained by a strategy of differentiating products so that customers perceive unique benefits that justify a premium price.

Competitive advantage grows out of value a firm is able to create for its buyers that exceed the firm's cost of creating it. Value is what buyers are willing to pay and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that offset higher price. The goal of competitive strategy is to find a position in the industry where the company can best defend itself against competitive forces or use them in its favor (Porter 1998).

Competitive strategy is an integral set of actions that produce a sustainable advantage over competitors. According to Thompson and Strickland (1989), a competitive advantage is meaningful in strategy only when three distinct conditions are met; customers perceive a consistent difference in important attributes between the producer's product or service and those of his competitors. That difference is the direct consequence of a capability gap between the producer and his competitors and both the difference in important attributes and the capability gap can be expected to endure over time.

Business level strategy refers to the plan of action that strategic managers adopt for using a company's resources and distinctive competencies to gain a competitive advantage over its rivals in a market or industry. Companies pursue a business level strategy to gain a competitive advantage that allows them to outperform rivals and achieve above average returns. There are three basic generic competitive strategies; cost leadership, differentiation and focus.(Hill and Jones,2001).Table 1 summarizes the choices appropriate for each of three generic strategies.

Table 2.1: Product/market/distinctive-competency and generic competitive strategies.

	Cost Leadership	**Differentiation**	**Focus**
Product differentiation	Low (principally by price)	High (principally by uniqueness)	Low to High (price or uniqueness)
Market segmentation	Low (mass market)	High (many market segments)	Low (one or a few segments)
Distinctive competency	Manufacturing and material management	Research and development sales and marketing	Any kind of distinctive competency

Source; Hill & Jones,(2001),strategic management theory; an integrated approach 5th edition; Houghton Mifflin; pp205.

A company's goal in pursuing a cost leadership strategy is to outperform competitors by doing everything it can to produce goods or services at a cost lower than theirs. Two advantages accrue from a cost leadership strategy. First because of its lower costs the cost leader is able to charge a lower price than its competitors yet make the same levels of profits if companies in the industry charge similar prices for their products, the cost leader still makes a higher profit than its competitors because of its lower cost. Second, if rivalry within the industry increases and companies start to compete on price, the cost leader will be able to withstand competition better than other companies because of its lower cost. For both these reasons cost leaders are likely to earn above average profits (Hill and Jones, 2001). Cost leadership requires aggressive construction of efficient scale facilities, vigorous cost reduction from experience tight cost curve control and cost maximization in various functions (Porter, 1980).

A cost leader chooses low level of differentiation. He aims at a level of differentiation not markedly inferior to that of the differentiator but a level obtainable at low cost. The cost leader also ignores different market segments and positions its products to appeal to average customer. In developing distinctive competencies, the overriding goal of the cost leader must be increased efficiency and lower its cost compared to its rivals. The company must develop skills in flexible manufacturing and adopt efficient material management techniques (Hill and Jones, 2001).

The objective of the generic differentiation strategy is to achieve a competitive advantage by crating a product (goods and service) that is perceived by customers to be unique in some important ways. The differentiated company's ability to satisfy a customer's need in a way that its competitors cannot means that it can charge a premium price. The ability to increase revenue by charging premium prices allows the differentiator to outperform its competitors and gain above average profits. The customers pay premium prices because they believe the products and differentiated qualities are worth the difference consequently the product is priced on the basis of what the market will bear.

On choosing which distinctive competency to pursue, a differentiated company concentrates on the organizational function that provides the source of its differentiation advantage. Differentiation based on innovation, technological competency depends on R and D functions. Effects to improve service to customers depend on the quality of sales function. Differentiator must control all costs that do not contribute to its differentiation advantage so that the price of the product does not exceed what customers are willing to pay.

This strategy is directed towards serving the needs of a limited customer group or segment. A focus strategy concentrates on serving a certain market value, which can be defined geographically, by type of customer or by segment of the product line. Once it has chosen its market segment, a company pursues a focus strategy through either differentiation or a low cost approach (Porter, 1980).

2.5 Differentiation Strategy

When a firm's product has an actual perceived uniqueness in a broad market, it is said to have a differentiation advantage. This can be an extremely effective strategy for defending market position and obtain above average returns; the uniqueness often allows a company to charge a premium price for products (Keegan, 1998).

Porter (1985), writing on differentiation as one of the generic strategies, stresses that firms must make policy choices about what activities to perform and how to perform them. He identifies nine drivers of uniqueness for firms and these include: product features and performance offered, service provided(e,g credit, delivery or repair) intensity of an activity adopted(e.g. rate of advertising spending), content of an activity (e.g the information provided in order processing);quality of inputs procured for an activity; procedure, technology employed in performing an activity(e.g. precision of machine tools, computerization and order processing); procedures governing the actions of personnel and activity(e.g service procedure, nature of sales calls frequency of inspection or sampling);skills and experience level of personnel employed in an activity and training provided; and information employed to control an activity (e.g level of temperature, pressure and variables used to control a chemical reaction). A firm may use one or combination of these variables to differentiate itself from the competition.

Porter (1985), argues on the same issue that firms view potential sources of differentiation too narrowly. He contends that they see differentiation in terms of physical product attributes or marketing practices rather than potentially arising anywhere in the value chain. Firms are also often different but not differentiated because they pursue different forms of uniqueness that buyers do not value.

Porter argues further that differentiators also frequently pay insufficient attention to the cost of differentiation once achieved. Companies must therefore identify the industry they are in and come up with specific ways of differentiating products to obtain a competitive advantage. They should also realize that successful differentiation strategies grow out of the coordinated actions of all parts of the firm, not just one department. Thus according to Porter (1985), a firm only differentiates itself from its competitors when it provides something unique that is valuable to buyers beyond simply offering a low price.

According to Porter (1996), competitive strategy is about" being different". He adds, it means deliberately choosing a different set of activities to deliver a unique mix of value. In short, Porter argues that strategy is about competitive position, about differentiating yourself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors. Kotler (1997) argues that market offering can be differentiated along five dimensions, namely; product, service, personnel and image. Refer to table 2.2

Table 2.2: Differentiation Strategies

Product	Service	Personnel	Channel	Image
Features	Ordering	Competence	Coverage	Symbol
Performance	Ease	Courtesy	Expertise	Written and audio
Conformance	Delivery	Credibility	Performance	visual media
Durability	Installation	Reliability		Atmosphere
Reliability	Training	Responsibility		Events.
Reparability	Customer	Communication		
Style	Consulting			
Design.	Maintenance			
	and repair			
	Miscellaneous.			

Source: Kotler,(1997), marketing management. Analysis planning implementation and control, New Delhi pp 36-56

According to Porter (1985), Levitt (1980), and Kotler (1997), adoption of differentiation strategy allows the firm to command a premium price, enable them to sell more of their products at a given price or to gain equivalent benefits such as greater buyer loyalty during cyclic or seasonal downturns, facilitates achievements of superior performance if the premium price exceeds any added cost of being unique and enables firms to appeal to a broad group of buyers in the industry or to appeal to a subset of buyers with particular needs. Since buyers have different needs from one another, good positioning strategies should be used by manufacturer of products and services in order to satisfy consumer needs.

2.5.1 Product differentiation strategy

A product is anything tangible or intangible that can be offered to the market to satisfy a need or a want. According to Kotler (2003), physical products vary in their potential for differentiation. At one extreme we find products that allow little variation (e.g Asprin, chicken) and to the other extreme products capable of high differentiation e.g automobiles. Here the seller faces an abundance of design parameters including form, features performance quality, conformance quality, durability, reliability, reparability, style and design.

Product position strategy refers to placing a brand in a part of the market where it will have a favorable reception compared to competing product (Kaplan, 1997).The product should be matched with segment of the market where it is most likely to succeed. The positioning strategy can either be single brand or multiple brand strategy. Repositioning among new users requires that the product be presented with a different twist to the people who have not been favorably inclined towards it. Repositioning for new users require searching for latent uses of the product (Kaplan, 1997).

According to Kaplan (1997), companies adopting new product strategy are both able to sustain competitive pressures on their existing products and make headway. The new product strategy is split into three:- product improvement/ modification which is the introduction of a new version of improved model of the product is one of the strategies. Usually this is achieved by adding new features, changing process requirement, and altering product ingredients. When a company introduces a product, which is already in the market, but new to the company, it is following product imitation strategy. The product innovation strategy includes introducing a new product to replace an existing one in order to satisfy a need in an entirely different way or to provide a new approach to satisfy an existing or a latent need.

Product differentiation is the process of creating a competitive advantage by designing products – goods or services to satisfy customers' needs. All companies must differentiate their products to a certain degree in order to attract customers and satisfy some minimal level of need. However, some companies differentiate their products to a much greater degree than others and this difference can give them a competitive edge.

Some companies offer a customer a low price product without engaging in much product differentiation. Others seek to create something unique about their product so that they satisfy customer's needs in ways that other products cannot. The uniqueness may relate to the physical characteristics of the product such as quality or reliability, or it may lie in the products appeal to customer's psychological needs such as need for prestige or status. Customer needs are desires, wants, or craving that can be satisfied by means of the characteristics of product or service (Hill and Jones, 2001).

2.5.2 Promotion differentiation strategy

According to Kolter, (2003), the promotion strategies seek to explore the promotion policy that would govern the organization such as personal selling and publicity. The right promotion mix for your company must be well designed in order to accomplish the overall organization objectives. The specific promotion mix depends on certain factors such as promotion budget available, the nature of the product, market size and location, distribution channels, stage of the product in its life cycle, the target audience and nature of the competitive situation (Proctor, 2000). The promotion strategy in its most basic form is the controlled distribution of communication designed to sell your product or service.

One of the major tools the manufacturer uses for implementing an integrated promotional program is selling support by channel members, while some manufacturers feel that they can rely mainly on promotion to their target markets to "pull" their product through the channel, in most cases this is not enough. Direct involvement or "pushing" by the manufacturer in a joint approach to promotion with channel members is usually also needed to develop an effective and viable promotional program. Because channel members are independent businesses, however, the degree of control the manufacturer can exercise over how its products are promoted is significantly reduced once they are in the hands of the channel members. Consequently, a manufacturer must carefully administer promotional strategies involving channel members to help assure a high degree of channel member's cooperation in the promotion of its products (Rosenbloom, 1995).

Research shows that merely offering more incentive is not sufficient to secure promotional cooperation from channel members; rather the manufacturer needs to carefully evaluate the more complex needs of channel members and attempt to incorporate them in its push promotion as part of comprehensive channel promotion strategy. Push promotion strategies involving channel members can be placed into seven general categories; Cooperative advertising, promotion allowances, slotting fees, display and selling aids, in store promotions, contests and incentives and special deals and merchandising campaigns.

2.5.3 Personnel differentiation strategy

Companies can gain strong competitive advantage through having better trained people (Kottler 2003).According to Kottler (1997), better trained personnel exhibit six characteristics namely competence (skill and knowledge), courtesy (friendly, respected and considerate), credibility (trust worthy), reliability (consistency and accuracy), responsiveness and good communications skills. The employee makes an effort to understand the customer and communicate clearly. Thus with personnel exhibiting the above listed characteristics will attract more customers than its competitors.

2.5.4 Distribution differentiation strategy

Companies can achieve competitive advantage through the way they design their distribution channels, coverage, expertise and performance (Kottler, 2003). There is empirical evidence of companies that have succeeded through excelling in having many locations, high quality direct marketing channels or just the phone. The distribution strategy supports the following decisions: whether to distribute directly to the customer or indirectly through middlemen, whether to adopt single or multiple channels of distribution, how long the channel of distribution should be; the type of intermediaries to use; the number of distributors to use at each level; which intermediaries to use (Proctor, 2000).

According to Carthy and Perreault,(1993), distribution of product is classified as intensive distribution, selective distribution and exclusive distribution, selective distribution is selling a product through all responsible and suitable wholesales or retailers who will stock / or sell the product. Selective distribution is selling through only those middlemen who will give the product special attention. Exclusive distribution is selling through only one middleman in a particular geographic area.

2.5. 5 Image differentiation Strategy

Buyers respond differently to company and brand images. According to Kottler (2003), identity and image needs to be distinguished, identity comprises the way that company aims to identify or position itself or its product. Image is the way the public perceives the company or its products. Corporate image is equally important even when competition offers the same products/services because buyers may respond differently to institutional image and /or brand image. Corporate image is the impression created by the corporate identity. It is the perception held of the organization by its audiences. Corporate image is a representation in the audience' mind and hearts because feelings are associated with thoughts. Corporate image is what is felt and thought about an organization. There is no doubt about the value of a positive corporate image to all target audiences. It works on behalf of the organization as a whole and all the product brands with which it's associated. Corporate image is in fact, the outcome of many communication activities and organization actions. It is the image perceived by an organization's audience and is the consequence of its interaction with those audiences. (Thompson, Strickland, and Gamble, 2007).

Thompson, Strickland, and Gamble,(2007),add that an organization is only as good as our impression of it. It is therefore, a major management task to ensure that corporate identity is managed to achieve a desired image in whatever way it chooses to define it. The identity should match the personality so that the image formed is a reasonable facsimile of the organization. Any attempt to "hype" the organization by encouraging inaccurate perceptions becomes transparent and only succeeds in reducing credibility, and aggravating distrust and cynicism in the longer term. The corporate identity should be the outward sign of the inward commitment. Corporate image should be consistent with the corporate behavior.

2.5.6 Services Differentiation Strategy

When the physical product cannot easily be differentiated, the key competitive success may be adding valued services and improving their quality. The main service differentiation is ordering ease, delivery, installation, customer training, customer consulting, maintenance, and repair (Kotler 2003). Ordering ease refers to how easy it is for customer to place an order with the company. Delivering refers to how well the product or service is delivered to the customer, it includes speed, accuracy and care attending to the delivery process. Installation is about the work done to make a product operational in its planned location. Training the customer's employees to use the vendor's equipment properly an efficiently.

2.5.7 Market Differentiation Strategy

Market segmentation is the way a company decides to group customers based on important differences in their needs or preferences in order to gain competitive advantages. In general, a company can adopt three alternative strategies toward market segmentation. First it can choose not recognize that different groups of customers have different needs and instead adopt the approach of serving the average customers. Second a company can choose to segment its market into different constituencies and develop a product to serve the needs of each. Third a company can choose to recognize that the market is segmented but concentrate on seeing only one market segment, or niche. The decision to provide many products for many market niches allow a company's products rises and generates more revenue that would be the case if the company offered just one product for the whole market. Sometimes however the nature of the product or the nature of the industry does not allow differentiation. For instance, bulk chemicals or cement.

These industries afford little opportunity for obtaining a competitive advantage through product differentiation and market segmentation because there is little opportunity for serving customer's needs and customer groups in different ways. Instead, price is the main criterion by which customers evaluate the product and the competitive advantage lies with the company that has superior efficiency and can provide the lowest priced product.

According to Thompson, Strickland, and Gamble,(2007), competitive jockeying among rivals sellers is active and fairly intense because competing companies are highly motivated and launch whatever fresh actions and creative market maneuvers they can think of to try to strengthen their market and business performance.

2.6 Advantage and Disadvantages of Differentiation

The ad vantages of differentiation strategies can now be discussed in context of the 5 forces model. Differentiations safeguard a company against competitors to the degree that customers develop brand loyalty for its products. Differentiators are likely to experience problems with powerful buyers because the differentiators offer the buyer a unique product. They can pass on price increases to customers because customers are willing to pay the premium price. Differentiation and brand loyalty also create a barrier to entry for other companies seeking to enter the industry. New companies are forces to develop their own distinctive competency to be able to compete and doing so is very expensive.

The threat of substitute products depends on the ability of competitor's products to meet same customer's needs as the differentiator's product and to break customers brand loyalty. The main problems with differentiation strategy center on the company long term ability to maintain its perceived uniqueness in customers' eye. It has been observed in the last ten years how quickly competitors move to imitate and copy successful differentiators. This has happened to many industries such as computers. Patents and first mover advantage last only so long, and as the overall quality of the products produced by all companies go up, brand loyalty declines.

A strategy of differentiation then requires the firm to develop a competitive advantage making choices about its product, market and distinctive competency that reinforce each other and tighter increase the value of a good or service in the eyes of consumers. When a product has uniqueness in customer' eyes, differentiators can charge a premium price. However, the disadvantage of differentiation strategy is the ease with which competitors can imitate a differentiator's product and the difficulty of maintaining a premium price.

When differentiation stems from the design or physical feature of the product, differentiators are at a great risk because imitation is easy. The risk is that over time products such as VCRs or stereos become commodity like products for which the importance of differentiation diminishes, as customers become more prices sensitive. When differentiation stems from quality of service or reliability or from intangible source, it's difficult to imitate intangibles and the differentiators can reap the benefits of this strategy for a long time, Nevertheless, all differentiators must watch out for imitators and be careful that they do not charge a price higher than the market will bear.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section of the research study describes the procedures that were followed in conducting the study. It describes the research design to be used during the study, how the population has been chosen, how the data was collected and analyzed.

3.2 Research Design

The research design was a descriptive survey. Descriptive research determines and reports the way things are. The research seeks to obtain information in the existing phenomena by asking individuals about their perceptions, attitudes, behavior or values (Mugenda & Mugenda, 2003) a census was carried out. The research was carried out to determine the current differentiation strategies used by pharmaceutical companies manufacturing human medicine in Kenya.

3.3 Population

Population of the study was the 26 licensed Pharmaceutical Companies Manufacturing Human Medicine in Kenya as at December 2010 (www.PharmacyBoardkenya.org). Only those pharmaceutical manufacturing companies that manufacture human medicine was considered.

3.4 Data collection

Data was collected using a standardized questionnaire with drop and pick method. One respond marketing manager or equivalent was considered. Follow up was done via personal visits, telephone calls and e-mails to the facilitate responses.

3.5 Data analysis

The data analysis was done via descriptive statistics that enabled meaningfully description of a distribution of scores or measurements using a few indices or statistics. The statistical computations that were used included; frequencies, mean, standard deviation and coefficient of variation. The mode was used to determine the frequency of occurrence. This measurement appears most in a particular variable among samples of subjects. The mode was established by examining a set of scores and identifying the score that occurs most frequently. The mean is the average of a set of scores or measurements. This was calculated by adding up all scores and dividing the sum by the total number of scores. It took into account each score or measurement in the study.

Standard deviation was determined as follows:

$$\frac{\sqrt{\sum(xi-x)^2}}{n-1}$$

Where;

Xi = each value or score

X =Sample mean

n= Sample size.

n-1 = degree of freedom

Coefficient of variation (CV) was determined by:

$$\frac{\text{Standard deviation x 100}}{\text{Mean}}$$

If this value is large, it implies large variance and therefore the scores are more spread out. If the value is small, it implies that the variance is small.

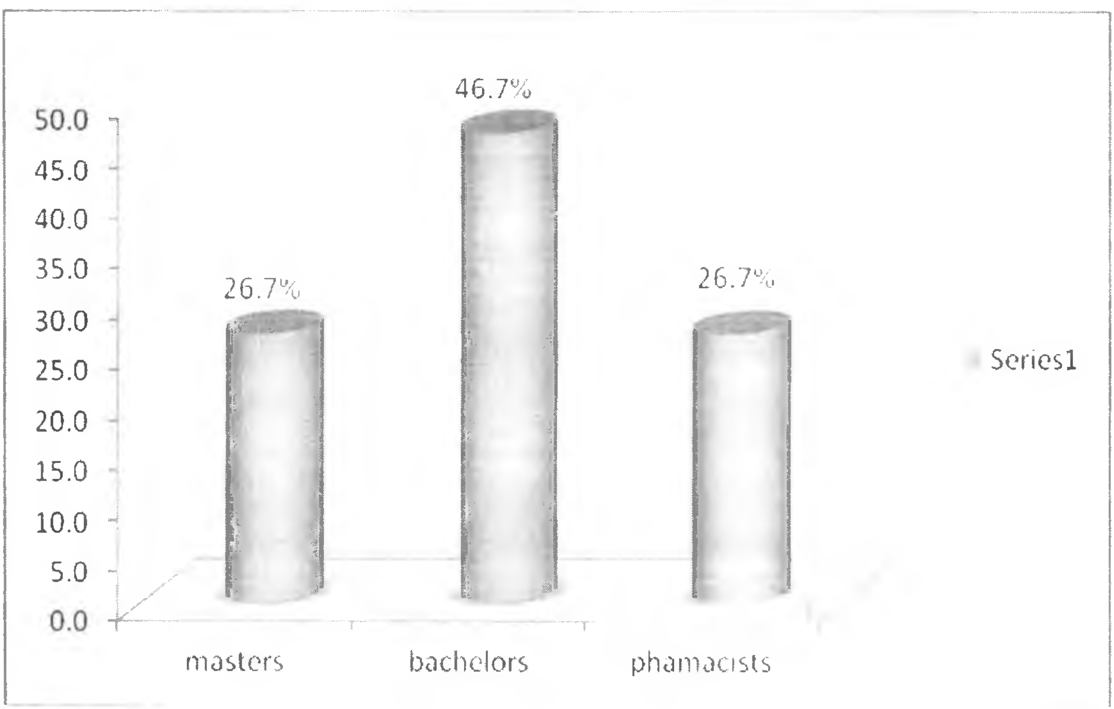
CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

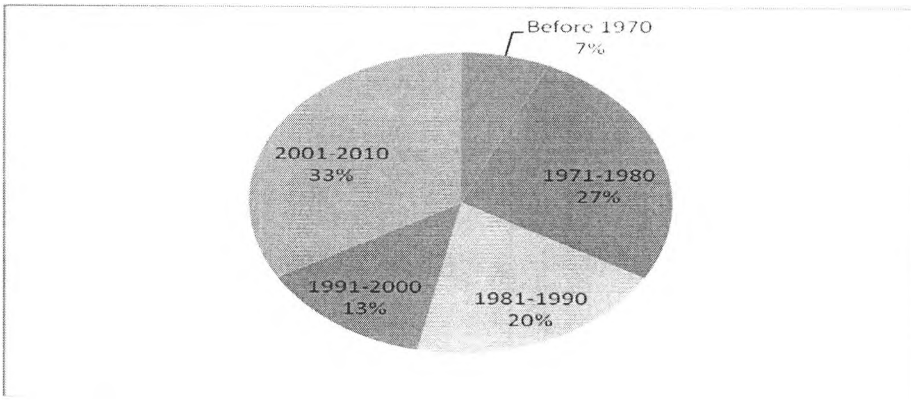
This chapter presents the analysis of data findings. The research targeted Pharmaceutical manufacturing Companies in Kenya. The data collection instruments used was questionnaires, which were sent to these Companies. The study targeted 26 licensed Pharmaceutical Companies Manufacturing Human Medicine; out of which 16 responded, returned their questionnaires contributing to the response rate of 61.5%. This response rates were sufficient and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting. The chapter covers the demographic information, and the findings are based on the objectives.

Figure 4.1: Distribution of Respondents by Academic Qualifications



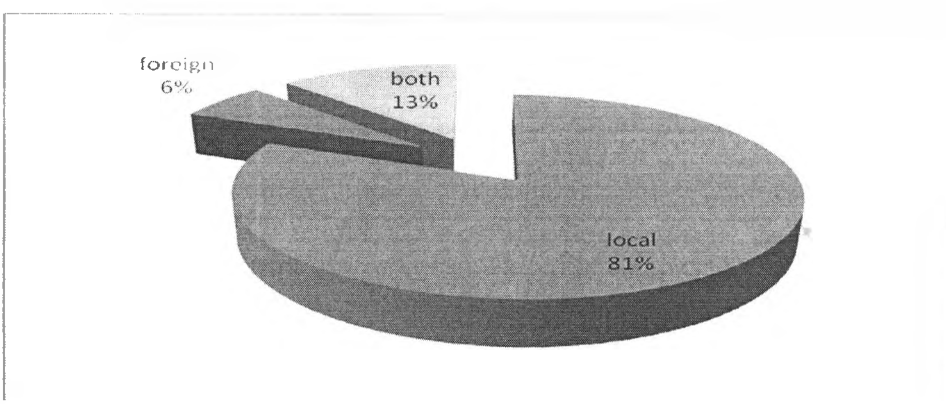
The study sought to find out the qualification of the respondents of Pharmaceutical manufacturing Companies in Kenya. From the findings, most of the respondents have a bachelor's degree (46.7%), while those with masters and pharmacists have (26.7%) respectively. This implies that most of the respondents had sufficient knowledge to participate in the study.

Figure 4.2: Year of establishment



The study sought to find out the year the Pharmaceutical manufacturing Companies in Kenya were established. From the findings, most of the companies (33%) were established between the years 2001 to 2010 followed by those established between the years 1971 to 1980 (27%) and those established between the years 1981 to 1990 were 20%. This implies that most companies were established in the years 2001 to 2010.

Figure 4.3 Type of Ownership



The study sought to find out type of ownership of Pharmaceutical manufacturing Companies in Kenya. From the findings, majority of the companies (81%) are locally owned, 13.3% are both locally and foreign owned while 6% are foreign owned. This implies that majority of the companies are locally owned.

Table 4.4: Category of products

	Frequency	Percent
Veterinary products	10	66.7
Human medicine	12	80.0
generics	10	66.7
Originals	0	0%
OTC	10	66.7
POM	6	40.0

The study aimed at establishing the categories of the products the companies' deals with. The data finding was presented in the table above. According to the findings, none of the companies (0 %) deals with originals, 80% deals with Human medicine while 66.7% of the companies deal with OTC and Generics respectively. This shows that most of the companies deal with veterinary products, human medicine, OTC and generic products.

Table 4.5: Which market do you sell your products?

	Frequency	Percent
local	3	18.7
both local and export	13	81.3
Total	16	100.0

The study sought to find out the market where the companies sell their products. From the findings, majority of the companies (81.3%) sell their products both locally and export while (18.7%) sell their products locally. This shows that majority of the companies sell their products in the local market and outside Kenya.

4.2 Promotion Strategies

This Section is a Likert scale that rated the extent to which promotion strategies are used in the pharmaceutical manufacturing companies. The respondents were required to rate their level of agreement in a scale of 1-5 where 1= least important, 2= not important, 3= neutral, 4= important and 5= most important.

Table 4.6: Promotion Strategies

Promotion Strategies	**Mean**	**Std. Deviation**	**%CV**
Going direct to the end user	3.67	1.447	39.43
Promoting sells through samples	3.47	1.552	44.73
Selecting advertising media	3.67	1.759	47.93
Using simple and clear advertising messages	3.33	1.877	56.34
Selling and promoting standardize products	4.33	1.175	27.14
Providing customer made products to all customers	3.73	1.624	43.54
Using loyalty programs to promote products	3.2	1.568	49
Sponsoring activities and events through a given brand	3.47	1.727	49.77

From the findings majority of the respondents agreed that Selling and promoting standardize products is used by pharmaceutical companies to a great important. (M=4.33) followed by providing customer made products to all customers (M=3.73), while Selecting advertising media and Going direct to the end (M=3.67) are used by most companies respectively. In addition a coefficient of variance of 56.34% meant that the responses were highly dispersed on significance of using simple and clear advertising messages by the pharmaceutical companies. This shows that majority of the companies use selling and promoting standardize products, provide customer made products to all customers, going direct to the end user and selecting advertising media as promotion strategies.

4.3 Marketing Strategies

This study in this part inquired the respondents to rate the extent to which marketing strategies are used in the pharmaceutical companies. The respondents were required to rate their level of agreement based on a Likert scale of 1-5 where 1= least important, 2= not important, 3= neutral, 4= important and 5= most important.

Table 4.7 Marketing Strategies

Marketing Strategies	Mean	Std. Deviation	%CV
Introducing a brand to meet specific needs of a given market	3.8	1.373	36.13
Introducing multiple brands to meet unique needs	4.2	1.265	30.12
Introducing a product to people	4.13	1.125	27.24
Introducing a product which is being used for purpose not originally intended	2.47	1.642	66.48
Including incentives when entering the market with the current competitive price	3.53	1.598	45.27

The study sought to find how pharmaceutical manufacturing Companies in Kenya use marketing strategies as a differentiation strategy. From the findings majority of the respondents agreed that introducing multiple brands to meet unique needs is the marketing strategy which is used by majority of the companies (M=4.20) followed by introducing a product to people (M=4.13) while introducing a brand to meet specific needs of a given market (M=4.13) is a strategy used by most companies. In addition a high coefficient of variance of 66.48% meant that responses on introducing a product which is being used for purpose not originally intended were highly dispersed. The results indicate that introducing multiple brands to meet unique needs and introducing a product to people are the marketing strategy which used by majority of the Pharmaceutical manufacturing Companies in Kenya.

4.4 Production Strategy

The study also sought to find how Pharmaceutical manufacturing Companies in Kenya use production strategies. The respondents were required to rate their level of agreement based on a Likert scale of 1-5 where 1= least important, 2= not important, 3= neutral, 4= important and 5= most important.

Table 4.8 Production Strategy

Production Strategies	**Mean**	**Std. Deviation**	**%CV**
Providing packages that is easier to handle	4.4	1.242	28.23
Providing packages that is reusable	3.47	1.685	48.56

From the findings providing packages that is easier to handle is the production strategy which is used by majority of the companies to a great extent (M=4.40) while providing packages that is reusable is used by most of the companies to a moderate extent (M=3.47). This shows that majority of the companies provide packages that is easier to handle as a production strategy.

4.5 Product Strategy

The study also sought to find how Pharmaceutical manufacturing Companies in Kenya use product strategies as a differentiation strategy. The respondents were required to rate their level of agreement based on a Likert scale of 1-5 where 1= least important, 2= not important, 3= neutral, 4= important and 5= most important.

Table 4.9 Product Strategy

Product Strategy	Mean	Std. Deviation	CV
Revitalizing product through having several product assortments	3.6	1.765	49.03
Adding new ingredients to a product	2.93	1.71	58.36
Having continuous development of new products	4.13	1.06	25.67
Providing a package that is friendly to environment	4.47	1.125	25.17

From the findings, providing a package that is friendly to environment is the product strategy which is used by majority of the companies to a great extent (M=4.47) while having continuous development of new products is used by most of the companies to a moderate extent (M=4.13). In addition, there was high dispersion in 'adding new ingredients to a product' response as indicated by a CV of 58.36%. The findings show that majority of the companies providing packages that are friendly to environment as well as having continuous development of new products.

4.6 Image Strategies

The study also sought to find how Pharmaceutical manufacturing Companies in Kenya use image strategies. The respondents were required to rate their level of agreement based on a Likert scale of 1-5 where 1= least important, 2= not important, 3= neutral, 4= important and 5= most important.

Table 4.10 Image Strategies

Image Strategies	Mean	Std. Deviation	CV
Providing a package that is easier to handle	4.53	0.99	21.85
Providing a package that is reusable	3.07	1.751	57.04
Modifying the package according to customer needs	3.87	1.598	41.29

From the findings providing packages that is easier to handle is the image strategy which is used by majority of the companies to a great extent (M=4.53) while modifying the package according to customer needs is used by most of the companies to a moderate extent (M=3.87). A 57.04% coefficient of variation indicated a high dispersion of responses on provision of a package that is reusable by the firms. The findings shows that majority of the companies provide packages that are easier to handle and modifying the package according to customer needs.

4.7 Service Strategies

The study sought to find how Pharmaceutical manufacturing Companies in Kenya use service strategies. The respondents were required to rate their level of agreement based on a Likert scale of 1-5 where 1= least important, 2= not important, 3= neutral. 4= important and 5= most important.

Table 4.11 Service Strategies

Service Strategies	Mean	Std. Deviation	CV
Providing credit terms of service to customers	4.33	1.175	27.14
Providing delivery services to customers	4.87	0.352	7.23
Providing advisory services to customers	4.47	0.99	22.15

From the findings, providing delivery services to customers is the service strategy which is used by majority of the companies to a great extent (M=4.87) followed by providing advisory services to customers (M=4.47) and providing credit terms of service to customers (M=4.33). This shows that majority of the companies provide delivery services to customers as service strategy.

4.8 Personnel Strategies

The study sought to find how Pharmaceutical manufacturing Companies in Kenya use personnel strategies. The respondents were required to rate their level of agreement based on a Likert scale of 1-5 where 1= least important, 2= not important, 3= neutral, 4= important and 5= most important.

Table 4.12 Personnel Strategies

Personnel Strategies	Mean	Std. Deviation	%CV
Motivating sales force through yearly bonuses based on performance	4.33	1.291	29.82
Employing sales team that is highly qualified	4.53	0.743	16.40
Having a strong sales team to sell products to customers	4.73	0.594	12.56

From the findings, having a strong sales team to sell products to customers is the personnel strategy which is used by majority of the companies to a great extent (M=4.73) while employing sales team that is highly qualified (M=4.53) is used by most of the companies to a moderate extent. There was low dispersion in responses as all the coefficient of variation were below 50%. This indicates that majority of the companies Have a strong sales team to sell products to customers and employ a sales team that is highly qualified as personnel strategy.

4.9. Distribution Strategies

The study sought to find how Pharmaceutical manufacturing Companies in Kenya use distribution strategies. The respondents were required to rate their level of agreement based on a Likert scale of 1-5 where 1= least important, 2= not important, 3= neutral, 4= important and 5= most important.

Table 4.13 Distribution Strategies

Distribution Strategies	Mean	Std. Deviation	CV (%)
Making the product available to all retail outlets	4.47	1.407	31.48
Ensuring that several but not all retail outlets are selected to distribute the product	4.07	1.438	35.33
Ensuring a particular retailer serves a given area and is guaranteed a sole right to distribute the products	3.73	1.668	44.72
Ensuring that no intermediaries are employed to distribute the goods	3.2	1.821	56.91
Providing promotional facilities to retailers, whole sellers and agents or brokers who distribute goods	4.2	1.265	30.12
Distributing the products locally	4.6	0.737	16.02

From the findings, distributing the products locally (M=4.60) is the most used distribution strategy by majority of the Pharmaceutical manufacturing Companies in Kenya, followed by making the product available to all retail outlets (M=4.47). A response on ensuring that no intermediaries are employed to distribute the goods had a CV of 56.91% , indicating a high dispersion. The findings indicate that majority of the companies distribute the products locally, make products available to all retail outlets, ensure that several but not all retail outlets are selected to distribute the product as well as providing promotional facilities to retailers, whole sellers and agents or brokers who distribute goods.

CHAPTER FIVE
SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the data findings on differentiation strategies by pharmaceutical manufacturing companies in Kenya as well as conclusions and recommendations. The chapter is hence structured into summary of findings, conclusions, recommendations and area for further research.

5.2 Summary

From the study, it was evident that majority of the pharmaceutical companies were locally owned and most produce human generic drugs. In addition, majority sell their products in the local market as well as export. The study also found out that that majority of the companies use selling and promoting standardize products, provide to all with customer made products, go direct to the end user and select advertising media as promotion strategies.

Introducing multiple brands to meet unique needs of a given market, introducing a product to people as well as introducing a brand to meet specific needs of a given market; are the marketing strategies used by majority of the Pharmaceutical manufacturing Companies in Kenya. From the findings, providing packages that are easier to handle was used as a production strategy. Moreover, the study found out that majority of the companies provides package that are friendly to environment as a product strategy while providing packages that are easier to handle and modifying the package according to customer needs is used by the companies as an image strategy.

The study further found out that majority of the companies provides delivery services to customers as a service strategy; while strong sales team to sell products to customers; employing a highly qualified sales team is used as a personnel strategy. From the findings, making the product available to all retail outlets, ensuring that several retail outlets are selected to distribute the products; providing promotional facilities to retailers, whole sellers and agents or brokers who distribute goods as well as distributing the products locally were the distribution strategies applied by majority of the companies.

5.3+ Conclusion

Based on the objectives of the study, the study concludes majority of the pharmaceutical companies in Kenya have adopted competitive differentiation strategies. These firms have implemented selling and promoting standardize products, going direct to the end user and selecting advertising media as promotion strategies. They have taken up introduction of numerous brands to meet unique needs of a given market and introduction of products to people as the marketing strategies.

In conclusion, pharmaceutical manufacturing companies in Kenya provide packages that are easier to handle as a production strategy. The study further concludes that the companies provide package that are friendly to environment as a product strategy while providing packages that are easier to handle and modifying the package according to customer needs are applied by the companies as an image strategies. In conclusion, majority of the companies deliver services to customers as service strategy. In an aim to improve the personnel strategy, the companies have sales team to sell products to customers and employ a sales team that is highly qualified to enhance skillful productivity. In conclusion, the pharmaceutical firms adopt distribution strategies such as availing product to all retail outlets, ensuring numerous retail outlets are selected for products distribution; provide promotional facilities to retailers, as well as distributing the products locally.

5.4 Recommendations

First, providing customer made products to all customers, selecting advertising media and going direct to the end user were the promotion strategies, which were used by majority of the companies. However, there is need for the management to look at other strategies such as using loyalty programs to promote products and using simple and clear advertising messages for smooth promotion of the company's products for the overall profitability of the company.

Introducing multiple brands to meet unique needs and introducing a product to people are the marketing strategy which used by majority of the Pharmaceutical manufacturing Companies in Kenya. However, there is a need for the companies to strengthen other marketing strategies like introducing a brand to meet specific needs of a given market and introducing a product to people should to have a proper and reliable market.

Majority of the companies provided packages that are friendly to environment as a product strategy. However, the management should consider revitalizing products through having several product assortments and adopting the strategy of producing original drugs for competitiveness in the market. Majority of the companies provide delivery services to customers as service strategy. However, the researcher recommends that the companies to provide credit terms of service and advisory services to customers. Despite the fact that majority of the companies have a strong sales team to sell products to customers and have employed a sales team that are highly qualified as personnel strategy, the management should also consider motivating sales force through yearly bonuses based on performance. Majority of the companies distributed the products locally and they make products available to all retail outlets as a distribution strategy. However, the researcher recommends the management to ensure that no intermediaries are employed to distribute the goods and that a particular retailer serves a given area and be guaranteed a sole right to distribute the products.

5.5 Recommendations for Future Research

Further research is necessary as the findings were based on a relatively small sample of the firms that responded. This may have influenced the nature of results that were obtained. There is need to expand on the sample size and carry out similar research in other organizations.

The analysis that was used is always not sufficient to draw conclusions on a phenomenon, and to provide adequate information that can be used for policy development. Further research focusing on inferential analysis is necessary to study the relationships between differentiation strategies and pharmaceutical manufacturing companies in Kenya.

The findings of this research showed that no company manufacturing human medicine in Kenya does manufacture original products but they manufacture generics, a future research is recommended in this direction to determine the major factors contributing to this scenario.

5.6. Implication of the study on Policy, Theory and Practice

The research findings showed that Differentiation strategies developed by earlier scholars as shown in theory are currently in use by the companies manufacturing human medicine in Kenya.. Promotion, marketing, production, product, Image, Service, Personnel and distribution strategies are the strategies focused on during the study. It was found out that all the interviewed companies use these differentiation strategies to differentiate themselves in the market place showing that differentiation is a source of competitive advantage for the companies. The findings of the study proved that differentiation does not involve an individual activity but cuts across the value chain and the companies must make policy choices about what activities to perform and how to perform them in order to differentiate themselves from the competition and deliver a unique mix of value to the customer and higher returns to the company and its stakeholders.

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APPENDICES

APPENDIX I

QUESTIONNAIRE ON DIFFERENTIATION STRATEGIES BY PHARMACEUTICAL MANUFACTURING COMPANIES IN KENYA.

SECTION A: RESPONDENT DETAILS

Full Name: ____

Position in the Company: __________________________________

Qualifications: ____

Address____

____

Phone number/s: ____

SECTION B: ORGANIZATION DETAILS

Answer all questions appropriately in the spaces provided after every question

Name of the company____

Physical address____

____

Headquarters of the organization__________________________________

Year of establishment____

How long has the company been in the pharmaceutical manufacturing industry in Kenya

______________________years.

Type of ownership (Tick where appropriate)

Foreign ( )

Local ( )

Both local and foreign ( )

What category of products does your company deal with

Veterinary product s ( )

Human medicine ( )

Generics ( )

Originals ( )

OTC ( )

POM ( )

Which markets do you sell your products?

Local ( )

Export ( )

Local and Export ( )

SECTION II: DIFFERENTIATION STRATEGIES

Tick in the appropriate table with 5 being the most important and 1 being the least important (not in use)

NO	Differentiation strategy	5	4	3	2	1
1	**Promotion strategies**					
1.1	Going directly to the end user to promote sales through trade fare and exhibitions					
1.2	Promoting sales through providing samples and gifts indiscriminately					
1.3	Selecting the advertising media that reaches many customers.					
1.4	Using simple and clear advertising message.					
1.5	Selling and promoting standardized products.					
1.6	Providing customer made products to all customers.					
1.7	Using loyalty programs to promote products					
1.8	Sponsoring activities and events through a given brand(s).					
2	**Marketing Strategies**					
2.1	Introducing a brand to meet specific needs of a given market					
2.2	Introducing Multiple brands to meet unique needs of different customers					
2.3	Introducing a product to people who have not been using it before.					
2.4	Introducing a product which is being used for purposes not originally intended.					
2.5	Including incentives when entering the market with the current competitive price.					

3	**Production Strategies**					
3.1	Providing package the is easier to handle					
3.2	Providing package that is reusable					
4	**Product strategies**					
4.1	Revitalizing a product through having several product assortments					
4.2	Adding new ingredients to a product.					
4.3	Having continuous development of new products.					
4.4	Providing a package that is friendly to environment.					
5	**Image Strategies**					
5.1	Providing package that is easier to handle					
5.2	Providing package tat is reusable.					
5.3	Modifying advisory services to customers.					
6	**Service strategies**					
6.1	Providing credit terms of service to customers					
6.2	Providing delivery services to customers					
6.3	Providing advisory services to customers					
7	**Personnel strategies**					
7.1	Motivating sales force through yearly bonuses based on performances.					
7.2	Employing sells team that is highly qualified.					
7.3	Having a strong sells team to sell products to customers.					

8	**Distribution Strategies**					
8.1	Making a product available to all retail outlets.					
8.2	Ensuring that several but not all retail outlets are selected to distribute the products.					
8.3	Ensuring that a particular retailer serves a given area and is granted sole rights to distribute the products.					
8.4	Ensuring that no intermediaries are employed to distribute goods.					
8.5	Providing promotional facilities to retailers, wholesalers and agents or brokers who distribute goods.					
8.6	Distributing products locally					

APPENDIX II: LINCENSED PHARMACEUTICAL MANUFACTURERS FOR 2010

472	AESTHETICS LTD	BOX 18171-00500 NAIROBI	PLOT 5017, OFF LUSAKA ROAD
488	AUTOSTERILE E.A LTD	BOX 27726-00506 NAIROBI	PLOT 9042/612 AIPORT NAIROBI
442	BENMED PHARMACEUTICALS	BOX 22128-00400 NAIROBI	PLOT 209/1138,NAIROBI
2226	BETA HEALTHCARE INTERNATIONAL LTD	BOX 42569-00100 NAIROBI	PLOT 209 BONDO ROAD
484	BIODEAL LABORATORIES LTD	BOX 32040-00600 NAIROBI	PLO 209/4068 LUNGA LUNGA ROAD.
1886	COMET HEALTHCARE LTD	BOX 6293-00300 NAIROBI	PLOT209/67 HOMABAY ROAD
1644	CONCEPTS AFRICA LTD	BOX 8970-0020 NAIROBI	ALPHA CENTRE MOMBASA ROAD
1887	COOPER-K BRAND LTD	BOX 40596-00100 NAIROBI	KAPTAGAT ROAD, OFF WAIYAKI WAY
481	COSMOS LTD	BOX 41433-00100 NAIROBI	RANGWE ROAD OFF LUNGALUNGA ROAD
1896	DAWA LIMITED	BOX 1663-620 NAIROBI	BABA DOGO ROAD RUARAKA
1793	ELYS CHEMICAL INDUSTRIES LTD	BOX 40411-00100 NAIROBI	PLOT209/8927, OFFENTERPRISE ROAD
480	GESTO PHARMACEUTICALS	BOX 43375-00100 NAIROBI	PLO 209/3520,RASULES CAR HIRE, BUTERE ROAD
1571	GLAXOSMITHKLINE	BOX 78392-00100 NAIROBI	PLOT 209/8678 LIKONI ROAD
483	IVEE AQUA EPZ LTD	BOX 46536	PLOT EPZ

		NAIROBI	ATHIRIVER
485	ABORATORY AND ALLIED LTD	BOX 42875-00100 NAIROBI	PLOT 209/10349 MOMBASA ROAD
1840	MAC' PHARMACEUTICALS	BOX 43912-00100NAIROBI	OFF SHIMO LA TEWA INDUSRIAL AREA
445	MEDIVET PRODUCTS LTD	BOX47951-00100 NAIROBI	PLOT 252 RUIRU NAIROBI
482	NERIX PHARMA LTD	BOX 27747-00506 NAIROBI	PLOT 209/12042 MOMBASA ROAD
1895	NORBROOK KENYA LTD	BOX 1287-00606 NAIROBI	OLD LIMURU ROAD
443	NOVELTY MANUFACTURING LTD	BOX 42708-00100 NAIROBI	PLOT 4953/1209 THIKA
1796	OSS-CHEMIE LTD	BOX 68502-00622 NAIROBI	PLOT 9042/279 OLD AIRPORT ROAD EMBAKASI
2225	PHARMACEUTICAL MANUFACTURERE LTD	BOX 47211 NAIROBI	PLOT 209/6371 DAKAR ROAD
473	REGAL PHARMACEUTICALS LTD	BOX 44421 GPO 00100 NAIROBI	PLOT 7879/18,OFF BABA DOGO ROAD.
479	SKYLIGHT CHEMICALS	BOX 56739-0020 NAIROBI	PLOT PATE ROAD OFF LUNGALUNGA ROAD. INDUSTRIAL AREA
1885	SPHINX PHARMACEUTICALS	BOX 69512-00400 NAIROBI	OLD AIRPORT NORTH ROAD
441	UNIVERSAL CORPORATION	BOX 1743-00902,KIKUYU	PLOT 3777, KIKUYU,TOWN.

Source: www.pharmacyboardkenya.org; 2010