THE INFLUENCE OF MULTICHANNEL MARKETING ON MARKET PENETRATION BY MULTINATIONAL PHARMACEUTICAL COMPANIES IN KENYA

BY

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DECLARATION

I hereby declare that this research project entitled is my original work and has not been presented for a degree in any other university.

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DEDICATION

I dedicate this work to my mother Stella Samba Mwachanya and my late grandmother Wawuda Mwachanya who sacrificed a lot to raise me up and motivated me to start and continue with my carrier. They taught me how to trust in God and work hard. May my grandmother's soul rest in peace

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ABBREVIATIONS AND ACRONYMS

COMESA - Common Market for East and Southern Africa

IT - Information Technology

KEMSA - Kenya Medical Supplies Agency

MCM -Multichannel Marketing

MNCs - Multinational Corporations

PPB - Pharmacy and Poisons Board

ABSTRACT

The pharmaceutical industry is one of the most stable and fastest growing industries in the world. In the last few years, this industry's revenue has surpassed the one trillion U.S. dollars mark. Despite this massive growth, researchers and scholars across the globe are yet to dedicate their studies to understand how this industry can take advantage of multichannel marketing, which is perceived to be the future of marketing. This study therefore aimed at contributing to the knowledge of this subject matter specifically in regard to multinational pharmaceutical companies in Kenya. The study objective was to analyze the influence of multichannel marketing on market penetration by pharmaceutical multinational companies in Kenya. The researcher sought to find out the different marketing channels that multinational pharmaceutical companies are using to penetrate the Kenyan market and also remain relevant and competitive in the long run. To achieve this objective, the researcher utilized cross-sectional study and descriptive research design to collect, organize and analyze data, and present the research findings. Study population of ten multinational pharmaceutical companies which had functional sales and marketing department locally was used. Questionnaires were used to collect primary data and were sent to at least six people in each of the ten companies including: commercial directors, product managers, sales managers and sales executives, making the total target population to be sixty. 37 questionnaires were filled and returned, representing a response rate of 62%. Secondary data used was from company's publications and websites in addition to Pharmacy and poisons board website. Data collected was analyzed and findings presented in form of graphs, pie charts and tables. It was found out that multichannel marketing in pharmaceutical industries is not as effective as expected in all other industries. This is because pharmaceutical industry, have a number of factors that influence their consumers' responsiveness to different marketing channels. In addition, the research findings reveal that despite contemporary marketing channels gaining traction in different industries, the pharmaceutical industry perceive the traditional marketing channels as the most effective channels to penetrate the Kenyan market. The study concluded with recommendations on the need to conduct further study on whether multinational pharmaceutical corporations in Kenya rely on the marketing strategies in their mother countries when developing marketing strategy for a country such as Kenya. In addition, the study recommends that there is a need for multinational pharmaceutical companies to study on ways of increasing their use of contemporary multichannel marketing to reach out to their target consumers.

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

The modern operating environment for businesses has become competitive as a result of increased globalization and internationalization of firms. This has in turn called upon firms to work towards outperforming each other (Wirtz, 2008). In order to remain competitive and retain current market shares, firms have resorted to devise strategies that will enable them to penetrate in the market in order increase their customer base and profits (Neslin & Shankar, 2009). One of the key strategies involves the distribution of goods and services so as to create the place value. Most companies choose distribution channels that ensure their product reach the targeted customers at the right time and convenient location.

Marketing channels enable firms to long lasting customer relationships by offering their customers and prospects products, services and support through two or more channels at the same time. It is important for organizations as it enables organizations with an opportunity to exist in all environments that customers are. In essence, the adoption of various firm strategies aimed at adopting a combination of marketing strategies leads to considerable gains as firms can be able to outperform their competitors. The pharmaceutical industry is significantly expanding in the modern world which has led to increments in the number of pharmaceutical companies. The ability of these firms to adopt appropriate and well-articulated marketing strategies will lead to better performance due to deeper market penetration (Morgan, Vorhies& Mason, 2009).

This study is anchored on two theories specifically: The wheel of retailing theory which reiterates that when new retailers enter a particular market, they are likely to maintain low status, low price and low margins, which is expected to grant them a differential advantage to help them attract customers from the already established brands (Cant, 2005); Market-based view (MBV) theory which analyses the performance of a firm from the perspective of its external industry structure and the strategic alignment of its competitors. In consistent with this, the firm's competitive advantage and performance can largely be examined from the perspective of external industry factors such as barriers to entry/exit, industry regulations, number of players on the market and competitor activities among other factors (Knecht 2013).

Firms have resorted to become more market oriented by way of developing products that are more relevant to their customers. The adoption of pertinent distribution channels is one of the key strategies being adopted to enable firms reach out to more potential customers in real time. In order for pharmaceutical companies to survive, they need to develop marketing strategies that will enable them to be as close as possible to their customers. In addition, the adoption of appropriate marketing mediums will enable them to better respond to the tremendous increment of competitors as is the current case in the pharmaceutical industry (Cravens & Piercy, 2006). This adoption will be instrumental in enabling pharmaceutical companies to achieve organizational objectives in relation to markets and customers base. The adoption of diverse distribution channels that sets out to make pharmaceutical products and services more available for consumption by customers is therefore a key pertinent issues facing pharmaceutical firms (McDonald, 2007).

The pharmaceutical industry is faced with drugs similarity owing to the large number of firms that are present in the market. The adoption of vigorous marketing channels can be used to further identify market niches from which sold drugs can dominate. The ability to succeed in terms of drugs sold is not merely based on medicine quality but it is also based on the ability to vigorously market sold medicines. The modern drugs market is enormously more complex as defined by new products that are continuously being launched at an astounding pace. The emergence of technological developments has also increased options available to customers (Kotler et al. 2001).

1.1.1 Multichannel Marketing

Multichannel marketing is the practice undertaken by firms that strives to enable optimal interactions with customers using a combination of indirect and direct communication channels like retail stores, websites, direct mail, email, mail order catalogs and mobile among others. This is possible when firms adopt various marketing combinations of both direct and indirect communication channels (Wirtz, 2008). It is the ability of firms to interconnect with their customers using various platforms and channels like print, website, products packages, word of mouth and even location of retail outlets (Harris & Dennis, 2002). Multichannel marketing is based on the notion that firm customers have numerous choices in accessing products information about products and services produced by an organization. The adoption of diverse methods meant to ensure that customers can be able to obtain diverse product and services information on the basis of their personal behaviors and demographic information. The adoption of multichannel marketing is beneficial to firms as it enables quick identification of customer feedback which is in turn used to maximize marketing efforts via the adoption of promotion strategies (Schoenbachler & Gordon, 2002).

In order to do multichannel marketing correctly, firms need to create and maintain a singular customer view across all the identified marketing channels, establishments of a multichannel marketing platform is imperative and lastly the creation of consistent customer experiences across the adopted diverse marketing channels. Multi-channel marketing is the process by which organizations communicate as well as market their prospects to customers by use of diverse channels that entails both online and offline (Schoenbachler & Gordon, 2002). The various adopted multichannel marketing channels for instance online platforms like search engines, email and social networks as well as offline platforms like TV, radio and print enables deeper access to more target customers (Weinberg, Parise &Guinan, 2007).

The adoption of these diverse marketing channels allows businesses to out to customers more easily, in addition they make it easy for target as well as current customers to comprehensively complete any desired conversations with potential firms where they would be willing to make a purchase (Rosenbloom, 2007). When firms adopt multichannel marketing platforms, they can be able to integrate both traditional and emerging channels in harmony. This in turn leads to great simplification of both creation as well as the execution of cross-channel campaigns that enables marketers to create marketing campaigns that can be easily replicated across assorted marketing channels. This therefore increases on potential positive marketing outcomes. This enables firms to reach out to the right people at the right time leading to costs reduction that improves on marketing efforts effectiveness (Duffy, 2004).

1.1.2 Market Penetration

Market penetration can be both a measure and a strategy. Most businesses will utilize a market penetration strategy to attempt to enter a new market, the goal being to get in quickly with a product or service and capture a large market share. Market penetration is also a measure of the percentage of the market that a product or service is able to capture. Market penetration strategy involves focusing on selling your existing products or services into your existing markets to gain a higher market share. This strategy carries low amount of risk therefore most companies are likely to adopt it.

Globalization has brought multinational corporations (MNCs), their products and their brands into remote corners of the world. The large population of potential customers in emerging economies has continually raised expectations of unprecedented demand for consumer goods, if only the right products could be delivered in the right places (Klaus &Yen, 2006). The main attraction of emerging economies is their high economic growth and the corresponding expectation of rapidly increasing demand for consumer goods. As MNCs tailor their strategies to the local context, they have to create product and brand portfolios that match their competences with local needs. This study outlines the influence of MCM on market penetration by pharmaceutical MNCs in Kenya.

1.1.3 Pharmaceutical Industry in Kenya

The global pharmaceutical industry has a responsibility of developing, producing and marketing pharmaceutical products. In 2014, the global pharmaceutical industry recorded revenue of over one trillion U.S. dollars, and this is expected to reach over 1.3 billion U.S. dollars in 2018 (The Thomson Reuters, 2015). One of the regions that accounted for a large portion of this enormous revenue is the North America. This is as a result of the fact that the United States, which is a major player in North America,

has a leading pharmaceutical industry not only in the region but also on a global scene. Further market analysis reveal that the emerging Chinese pharmaceutical industry, which is perceived as an emerging industry recorded the highest growth rates as compared to industries from other economies (Ward & Waldmeir, 2014). With regard to specific brands or rather companies, the United States multinational pharmaceutical companies took the leading position, with companies such as Pfizer, GlaxoSmithKline and Johnson & Johnson among other taking the lead in terms of revenue earnings. In addition to this, it is necessary to note that patented, branded pharmaceutical products contributed the largest share of revenue to the pharmaceutical revenues. This is coupled by the fact that the success of this industry is established on the foundations of research and development.

The pharmaceutical industry in Kenya continues to witness significant growth every year. Apart from importing pharmaceutical products, Kenya also manufactures pharmaceutical products, which are either used locally or exported to other markets. In 2010/2011 financial year, the government of Kenya procured pharmaceutical products through Kenya Medical Supplies Agency (KEMSA) for both public hospitals (US$19.8 million) and Rural Health Facilities (US$29.7 million), which amounted to a total of US$49.5 (United Nations Industrial Development Organization, 2010). In 2006, the total expenditure on pharmaceutical industry stood at US$372 million. Moreover, 30 per cent of all prescription drugs on the Kenyan market are procured through KEMSA. While some donor organizations directly purchase pharmaceutical products from different international markets such as the United States, India and the United Kingdom, Global Fund donations are purchased through the Procurement and Supply Chain Management Consortium, which is made up of John Snow Inc. (JSI), Deutsche Gesellschaft fur Technische Zusammenarbeit

(GTZ), Crown Agents and KEMSA. Currently, the structure of the pharmaceutical industry in Kenya is made up of manufacturers, distributors, retailers, health institutions and the medical personnel. They all play a major role in supporting the country's health sector which is estimated to have about 4,557 health facilities (Kenya Pharmaceuticals & Healthcare Report, 2016).

Similarly, the Pharmaceutical Industry in Kenya exports drugs to other countries, particularly Tanzania and Uganda. These pharmaceutical exports have experienced a significant increase over the last few years. Between 2004 and 2008, these exports grew by close to 96 per cent, which corresponded to a Compound Average Growth Rate (CAGR) of 18.3 per cent (United Nations Industrial Development Organization, 2010). Nonetheless, while this growth is significant, there is still room for improvement considering the facts that the growth in this industry so far is just but a small fraction when compared to the growth of the South African pharmaceutical industry over the same period. Importantly, the close proximity of Kenya's pharmaceutical industry to its target market particularly in the COMESA region implies that the industry has numerous growth opportunities to support its growth and development in the coming few years.

The success of the Kenyan pharmaceutical industry is anchored on the policies and regulations that have been formulated and implemented in the industry over time. To begin with, the country has enacted laws and regulations to protect intellectual property rights in the pharmaceutical industry. As such, Kenya has a legal framework (Intellectual Property Act, 2001) for granting patents to both individuals and companies in this industry (Ministry of Medical Services, 2010). Moreover, the legal framework for intellectual property in Kenya is governed by the World Trade

Organization (WTO)'s agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

With respect to pharmaceutical products, the Pharmacy and Poisons Board statistics reveal that there were close to 13,000 pharmaceutical products that had been registered in Kenya by 2010 (Ministry of Medical Services, 2010). This is in addition to legal provisions that control the licensing and authorization of manufacturers and distributors of pharmaceutical products in the country. In reference to Ministry of Medical Services (2010), the Regulatory Authority has 43 inspectors who inspect both local and imported pharmaceutical products. In addition, the legal provision in this industry in the country requires pharmaceutical companies that intend to import medicines to first seek for authorization because they can bring any product into the country. These regulations further require that all imported medicine is brought into the country through authorized ports of entry, as well as testing of samples to establish whether they meet the safety standards on the Kenyan market.

1.1.4 Multinational Pharmaceutical Companies in Kenya

Kenya remains as a critical destination for multinational pharmaceutical companies in the East and Central Africa region. In reference to Freeman, Hawkes and Bennett (2014), Kenyan pharmaceutical imports were valued at US$240 million in 2008, a factor that has made it an attractive investment market for international pharmaceutical companies. Among the leading multinational pharmaceutical companies include Glaxo SmithKline, Aventis, Eli Lilly, Boots Pharmaceuticals, Astra Zeneca, Bayer, Pharmacia, Pfizer, Norvatis and Roche among others. These companies are mainly involved in the manufacture of different pharmaceutical products that are distributed not only on the Kenyan markets but also to other East and Central African markets such as Tanzania, Uganda, Rwanda and DRC Congo.

Apart from manufacturing pharmaceutical and consumer products on this market, multinational pharmaceutical companies have been on the forefront in championing for formulation and implementation of intellectual property laws as well as laws and regulations to cub counterfeit drugs on the Kenyan market. These companies have been on the forefront in influencing the political elite to formulate and enact laws that protect their interests on the Kenyan market. For example, these multinational companies played an instrumental role in lobbying for the implementation of the Kenya's Anti-Counterfeit Act of 2008, which addresses the problems of counterfeit products not only in other industries but also in the pharmaceutical industry in the country (Maleche & Day, 2014). In addition, multinational pharmaceutical companies have been on the forefront in leading the way to develop and test new drugs in the country, thus promoting research and development in the pharmaceutical field.

1.2 Research Problem

In order for pharmaceutical companies to remain competitive and retain market shares, they need to devise strategies that shall enable them to penetrate more in the market so as to increase on customer base and profits. The adoption of diverse marketing channels leads to considerable gains, for instance the ability to outperform competitors. There is steady growth and expansion in the pharmaceutical industry which necessitates the need for companies to adopt appropriate and well-articulated marketing strategies that will improve on organizational performance as a result of deeper market penetration. The adoption of diverse multichannel marketing methods is imperative for firms as it enables; quick identification of market niches, ability to reach out to more potential customers in real time, ability to be as close as possible to customers as well as the advantage to remain relevant despite increasing competition (Rosenbloom, 2007).

Pharmaceutical companies are only allowed to pass information to the patients through healthcare providers. Currently, most pharmaceutical companies are relying solely on employing sales people also called medical representatives to drive their sales. The medical representatives in most cases use hard copies to pass information to healthcare providers who hardly get time to read them because of their tight schedules. In the long run, most healthcare providers are not at par with the current medical studies and treatment regimens. The medical representatives operate under intense pressure to deliver set targets. The high pressure environment has led to introduction of unethical practices where some healthcare providers are compromised to incline towards certain brands without considering patients' needs, quality of medication and the patient's capability to purchase. Day after day, there is increasing cases of irrational use of drugs by such healthcare providers.

Various studies have been done in regard to marketing in the pharmaceutical industry. Shane et al. (2016) studied internet marketing capabilities and international market growth where they established that internet marketing capabilities of a firm have a positive impact on information availability and development of international network capabilities. Jeff et al. (2016) studied the impact of value congruence on marketing channel relationship where the survey data of 278 manufacturing companies showed that perceived value congruence has a positive effect on distributor's performance. Sean et al. (2016) studied Segmenting multichannel consumers across search, purchase and after-sales where the findings show that multichannel consumer preferences and behavior continues to evolve in line with new and emerging retailing channels.

The discussed studies majorly touched on the various diverse marketing channels and strategies used by firms and customers' response. The studies also sought to determine the various factors taken into consideration by firms when deciding in the appropriate marketing channels and distribution channels to adopt in order to further increase on their market share. The studies were done in the recent past in developed countries hence their research findings do not give an accurate representation of the current state of the pharmaceutical companies in developing countries Kenya being one of them. This is because the developed countries have well developed IT infrastructures and also the level of literacy is high. This study therefore sought to establish the influence of MCM on market penetration by pharmaceutical MNCs in Kenya.

1.3 Research Objective

The objective of the study was to establish the influence of Multichannel Marketing on market penetration by pharmaceutical Multinational Corporations in Kenya.

1.4 Value for the study

Findings from this study will aid management of pharmaceutical companies to better understand the various marketing channels that they can use to enable more strategic marketing that will in turn ensure continued survival in the competitive pharmaceutical market. They will therefore understand the needs of diverse customers hence become better placed to formulate marketing channels and methods that are more customer focused in order to ensure optimal marketing mix performance.

Policy makers in government will be better placed to formulate policies aimed at enhancing productivity as well as awareness of pharmaceutical products based on the research findings which shall reveal the most influential marketing mix that can be

adopted by customers. This will create an environment that supports and fosters the development of a market driven pharmaceutical industry in Kenya. The findings will furnish the relevant regulatory authorities with information that they can use to further sensitize the public to adopt various products aimed at changing their lives for the better.

Researchers and scholars will be furnished with important information that they can use to carry out further research in regards to marketing in the Kenyan pharmaceutical companies. The study will recommend further areas of research where future researchers can study, research findings will also act as benchmark through which future studies can be compared with to ascertain the presence of similarities in research findings.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature both empirical and theoretical from diverse scholars in relation to multichannel marketing and market penetration. This chapter covers the theoretical models underpinning the study, empirical studies in regards to the study objectives, critique of discussed literature and the research gap is also highlighted.

2.2 Theoretical Framework

In this section, the researcher shall review existing theories on MCM and market penetration. A relationship between the discussed theories and the study objective is also outlined. Specifically, Theory of wheel of retailing and Market based view theory will be discussed.

2.2.1 The Wheel of Retailing Theory

The wheel of retailing theory reiterates that when new retailers enter a particular market, they are likely to maintain low status, low price and low margins, which is expected to grant them a differential advantage to help them attract customers from the already established brands (Cant, 2005). However, this low status for the new market entrants does not last for long. On the contrary, as these retailers acquire more facilities and become successful, the cost of operation increases leading to higher mark-ups. This creates an opportunity for other new retailers to enter the market and offer their products at low prices and profit margins. Studies reveal that a number of global brands have managed to successful rely on this theory in their approach to new markets across the globe (Cant, 2005). Among these global brands is Wimpy, which

relies on the wheel of retailing theory to introduce its brand in new markets in different parts of the world.

Pharmaceutical MNCs can consider utilising the wheel of retailing theory to introduce their products in the Kenyan market. Since there are already successful pharmaceutical MNCs brands on the Kenyan market, new market entrants can consider introducing their products on the market at lower prices. This is particularly the case considering the fact that Kenya as a third world country has a larger population of consumers who would appreciate cheaper pharmaceutical products. On the other hand, the use of this theory could result in negative attention from these consumers in future when the mark-up price is increased to cover the rising cost of operation. Furthermore, relying on this approach as an entry strategy can easily fail to attract the attention of the middle and upper class consumers who associate higher prices with quality. Pharmaceutical MNCs can integrate the wheel of retailing theory and marketing strategies when developing their market entry strategies. In this case, they can consider differentiation and brand positioning to enhance their brand value and improve customer loyalty, thus enabling them to retain their market share even when they increase their prices. For instance, over the counter medicine such as Panadol is less likely to lose its customers even after its price is increased by 10 to 15 per cent because of brand positioning.

2.2.2 Market Based View Theory

The use of market-based view as a marketing approach has increased significantly over the last few years. In reference to Knecht (2013), market-based view (MBV) analyses the performance of the firm from the perspective of its external industry structure and the strategic alignment of its competitors. In consistent with this, the

firm's competitive advantage and performance can largely be examined from the perspective of external industry factors such as barriers to entry/exit, industry regulations, number of players on the market and competitor activities among other factors. According to Knecht (2013), these external factors have a significant influence on the way a business or organization realigns its strategies in order to gain competitive advantage over its competitors in its respective industry. In other words, the MBV theory proposes that once a company understands its industry structure and the external forces that influence the performance of players in its industry, it is likely to develop a stronger strategic approach to the market to improve its overall performance.

There are different industry structure and external factors that influence businesses that operate in the pharmaceutical industry. To begin with, the pharmaceutical industry structure in made up of manufacturers, distributors and retailers, which when devolved further will include manufacturers, distributors, retailers, health institutions and the medical personnel. Arguably, these entities have varying level of influence on both the availability of pharmaceutical products on the market and the likelihood that these products would receive a positive attention on the target market. For instance, whereas a multinational company can manufacture the best medicines to treat a particular disease or ailment, its ability to attract a large market base depends on the availability of retailers, health institutions and medical personnel who in most cases act as the main point of contact with the consumers on the market. In addition, market regulations and factors such as product differentiation also influence the performance of pharmaceutical companies in the Kenyan market. As mentioned earlier, the pharmaceutical industry in Kenya is strictly regulated by the Pharmacy and Poisons Board and other regulators, and as a result, a violation of these regulations would

attract negative attention both from the regulators and the public. In the same line of thought, due to the growing number of options when purchasing medicine, consumers are usually faced with a challenge regarding the best brand to choose. Nonetheless, pharmaceutical companies that manage to differentiate their products on this market have a high likelihood of achieving success.

2.3 Multichannel Marketing and Market Penetration

Multi-channel marketing plays an instrumental role in helping businesses reach out to their target consumers in their respective markets. This is particularly the case when businesses are engaged in market penetration with an aim of not only retaining their current customers but also establishing links with new customers. A number of research and studies have been conducted in the past to establish the link between multichannel marketing and market penetration. To begin with, Akter (2016) established that consumer behaviour in different industries across the globe has changed significantly.

One of the factors that have transformed consumer behaviour is the introduction of technology, which has transformed the buying decisions of most consumers. In line with this, Akter (2016) reiterates that in order to reach out to both existing and new consumers with varying consumer behaviours, there is a need for businesses to deploy an array of indirect and direct communication channels. In this author's analysis of the buying behaviour of fashion consumers in the United Kingdom, it was established that while some consumers prefer the convenience of technological breakthrough in form of ecommerce, others prefer to purchase their desired products in-store. Furthermore, the researcher established that there is an emerging trend whereby consumers rely on a mix of multichannel retailing space such as online, in-store,

catalogue, social media, and mobile optimized application to search and purchase their desired products. With this in mind, for businesses to successful deploy market penetration campaign, they need to utilize a range of marketing channels to capture the attention of consumers with different consumer behaviour.

The findings of Akter (2016) are emphasized in the research findings by Szolnoki and Hoffmann (2014), whose research focus on segmentation of consumers in Germany's wine market based on the sales channel. According to Szolnoki and Hoffmann (2014), there are a range of sales channels that wine consumers in Germany can rely on to purchase their desired brand of wine. These include the nearest supermarkets or discount stores, wineries, online wine shops or mail order, and the local wine stores. Szolnoki and Hoffmann (2014) established that the choices of the sales channel when purchasing wine did not happen just by chance but rather there are a number of factors that influence these consumers to choose a particular channel. Among these factors include lifestyle, age, education, gender and income per month among other factors.

Szolnoki and Hoffmann (2014) established that consumers with university level of education were more likely to rely on multichannel options when purchasing their wine products while consumers with low level of education were likely to consider purchasing their wine products from discount shops, thus education level correlating strongly with the level of income of each consumer. Whereas Akter (2016) does not consider factors such as education in his analysis, it is evident from the analysis of Szolnoki and Hoffmann (2014) that when carrying out a market penetration campaign, businesses need to fully understand their customers' behaviour and as such deploy a specific marketing campaign that appeals to the specific group of consumers.

This is particularly the case considering the fact that with increasing market competition, businesses need to target consumers with different consumer behaviour to not only retain their current market share but also achieve customer growth.

Whereas most research and studies focus on consumer behaviour when examining multichannel marketing, there is also a need to observe that this form of marketing can also be used to address the challenges of increasing competition on the market. In reference to Pan (2016), there is a significant increase in competition among businesses across the globe leading to intrabrand competition in some cases. Whereas this is the case, Pan (2016) observes that the use of multichannel marketing can help alleviate the impact of increasing competition and help businesses to remain competitive in their respective niches. Therefore, the author is of the opinion that when selecting a channel of communication with the target consumers, businesses need to establish whether such a channel provides competitive advantage or not. In this regard, this researcher's analysis suggests that when a business uses multiple channels, it is able to easily determine the products and/or services that sell better through a specific channel and capitalise on it to enhance its profitability.

Similarly, multichannel marketing can be used as an approach to transcend geographical limitation. According to Currah (2002) technology such as the internet has made it possible for customers to place their orders online and have them delivered at their doorsteps or at designated areas for pick up. Currah (2002) analysed how multichannel marketing has evolved in Toronto Canada and concludes that through the use of this approach to marketing, businesses can overcome a lot of spatial barriers such as geographical location of their premises and storage facilities among others. For instance, through the use of ecommerce, businesses can be able to

reach global markets from a single location. In other words, multichannel marketing that relies on technology such as the internet can help improve market penetration by bridging the distance between the buyer and the seller. Whereas this is the case, the reliance on ecommerce and other online technologies to bridge the gap between pharmaceutical companies and consumers is in its infancy stage in Kenya. This means such an approach may not necessarily result in enhanced competitive advantage for manufacturers.

Despite the benefits that multichannel market provides in supporting market penetration, there is a need to observe that there are challenges that marketers need to address to achieve better results. In reference to Rangaswamy and Van Bruggen (2005), whereas marketers can use different multichannel marketing approaches to execute their market penetration campaign, the success of such campaigns depends entirely on the ability of the marketers to identify seamless multichannel approaches to serve their target customers. In addition to this, Kalyanam and Tsay (2013), multiple distribution channels have created a form of shopping called hybrid shopping where consumers uses different channels to make decisions on a single purchase. In this regard, once a customer receives an offer on a particular product, he or she uses multiple channels to compare and contrast factors such as quality, features and even price from different sellers before making a purchase decision. This means that unlucky sellers may fail to capture a sale even after customers use their multiple marketing channels to make purchase decisions on a particular item.

2.4 Summary of Literature Review and Knowledge Gap

Multichannel marketing plays an instrumental role in the 21st century marketing environment and in this case, the Kenyan pharmaceutical market. The above study

findings tend to agree that the changing customer behaviour on the Kenyan market requires pharmaceutical companies to employ multiple marketing channels to enhancing their ability to engage customers and improve their level of satisfaction. Furthermore, different technological breakthrough such as the internet and social media has transformed the way customers seek information and make purchase decisions on their desired products and/or services. This means that to capture their attention, companies need to employ multiple communication media. In comparison to conventional marketing, multichannel marketing provides immense benefits to pharmaceutical firms in the changing customer environment of the modern business world.

Multinational pharmaceutical companies can enhance their marketing strategy by going beyond reliance on salespeople to market their product. They can utilize an array of communication channels to reach out to their target consumers on the Kenyan market. While this is the case, these multinational pharmaceutical corporations will first need to understand the customer behaviour of different customer niches before making a decision on the appropriate combination of communication to use in their marketing campaigns. The reviewed literature has therefore provided a foundation to identifying knowledge gap. The identified knowledge gap and how the current study seeks to fill such gap is summarized in Table 2.1.

Table 2.1: Summary of knowledge gap

Study	Focus	Methodology	Findings	Knowledge gap	Focus of current study
Akter (2016)	Multichannel Buying Behavior of Consumers Within the Value Clothing Market in United Kingdom	Case study Explanatory research design	Consumers do online shopping because of ease access, time saving whereas instore because of touch and feel, size and fit issues problem	Companies other than those in clothing business were not considered	Study focuses on Pharmaceutical MNCs in Kenya
Szolnoki and Hoffmann (2014)	Consumer Segmentation Based on Usage of Sales Channels in German Wine Market	survey	Segmentation was found useful and there was significant difference established between the six surveyed consumer groups	None of the surveyed groups included the healthcare providers	Study focuses on how Pharmaceutical MNCs are using MCM to reach the healthcare providers who are their main customers
Pan (2016)	Retailers Product Line Choice with Manufactures Multichannel Marketing in Japan	survey	Use of MCM help alleviate the impact of increasing competition and help business remain competitive	Did not consider the influence of Multichannel marketing	Study looks at the influence of MCM on Market penetration
Currah (2002)	Organizational and spacial evolution of multichannel retailing in Toronto	Survey	Internet has made it possible for customers to place their orders online and goods delivered to door step	Study was done in the year 2002 in Toronto	Study is current and focuses on local context

Kalyanam and Tsay (2013)	Free riding and conflict in hybrid shopping environment: implication for retailers, manufactures and regulators in Califonia	survey	Multiple distribution channels have created hybrid shopping-jumping across channels in the path to a single purchase	The study did not take into account the pharmaceutical industry	Study focuses on Pharmaceutical industry
Shane et al 2016	Internet marketing capabilities and international market growth in United Kingdom	survey	Internet has been shown to positively facilitate internationalization and network opportunities	The study considered the international context if business	Study focuses on the local context and specifically of Pharmaceutical industry
Jeff et al 2016	Impact of value congruence on marketing channel relationship in China	survey	Values are fundamentally influence interfirm business relationships	The study considered the impact of value congruence on MCM relationships	Study focuses on the influence of MCM on market penetration
Sean et al 2016	Segmenting multichannel consumer across search purchase and after sale in United States	Survey	Multichannel consumer preference and behaviors continue to evolve in line with new emerging retailing channels	The study did not consider the pharmaceutical industry	Study specifically focuses on pharmaceutical industry

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was used to gather, analyze and report on collected data. It explains the research design, target population, data collection, data analysis and the adopted analytical model.

3.2 Research Design

Cooper and Shindler (2003) defined research design to be the framework that specifies the association among identified study variables by outlining the specific research procedures that are to be used for each and every research activity. A descriptive research design gives a precise account of the population characteristics under scrutiny by the researcher (Mugenda, 2008). This study adopted a descriptive research design whose purpose was to determine and report the way things are. This approach assisted the researcher in collecting detailed information through descriptions on the state of affairs already existing in the field and without manipulating any variables, be able to generalize the findings to larger population.

The researcher used cross-sectional study in order to understand different aspects of multichannel marketing in multinational pharmaceutical companies. In reference to Levin (2006), cross-sectional studies are conducted at a specific point in time or over a short period of time to establish the prevalence of the outcome of interest for a particular purpose. Levin (2006) affirms that cross-sectional study is crucial in a case where the researcher uses a descriptive study to evaluate different elements under study. This study therefore conducted a cross-sectional study in the form of a survey

to establish how multinational pharmaceutical corporations are using multichannel marketing to penetrate the Kenyan market.

3.3 Target Population

Population refers to the entire group of events, individuals and even objects that have a common observable trait. It describes the specific parameters which the study intends to describe (Kothari, 2004). Jacobsen (2011) describes target population as the overall population from which the researchers desires to pick a sample. Therefore, the target population for this study was ten multinational pharmaceutical companies that have functional sales and marketing department locally. At least six officers per company were considered thus making the total target population to be 60. This target population was appropriate for the study since they were aware of the marketing channels adopted by their organizations to market the diverse sold pharmaceutical products. These individuals are better placed to reveal imperative information in regards to the adopted multichannel techniques within the organization.

Whereas identifying the target population is among the first steps when conducting a study, this does not guarantee that the researcher will identify a sample from the population. According to Sim and Wright (2000), a sample cannot be picked directly from the target population but from accessible population. In reference to Sim and Wright (2000), an accessible population is a section of the population that a researcher can access considering the factors such as geographical location of the population elements and logistics among others. The researcher's accessible population was therefore 60 officers from the sales and marketing department of the 10 pharmaceutical MNCs.

3.4 Data Collection

The study used both primary and secondary data. Secondary data was obtained from books, journals, websites, and other publication by the companies under study in addition to data obtained from PPB website. Primary data was collected via structured questionnaires which had both open and closed ended questions. The closed ended questions were used to limit the respondents to give variables in which the researcher is interested; open ended questions were used to give respondents room to express their views in a more pragmatic manner. A drop and pick later method was used to distribute the research questionnaires to the target respondents. A five point Likert scale was used.

Similarly, while identifying the target population was critical, there was need to identify the sample population in order to collect the desired data. According to Scheaffer et al. (2011), the sample population should be a true representative of the target population, thus enabling the researcher to make inferences concerning the population from the selected sample. Therefore, the sample population for this study was composed of commercial directors, sales and marketing managers and sales executives of ten multinational pharmaceutical firms in Kenya which had functional sales and marketing departments.

3.5 Data Analysis

The data collected was both quantitative and qualitative. Qualitative data which is data that makes general statements on how categories of data are related, was analyzed through content analysis. Content analysis involves analyzing information collected by a researcher in a systematic way in order to come up with useful conclusions and recommendations about the phenomenon under study and then

establish patterns, trends and relationships thereof (Mugenda and Mugenda, 2003). Quantitative data was coded to facilitate easy referencing and data entry. Descriptive statistics such as means, percentages, frequencies and standard deviation were used. Descriptive statistics enable the researcher to meaningfully describe a distribution of measurements (Kothari, 2004). The collected data was then analyzed by use of Statistical Package for Social Science (SPSS) Version 20.0 Programmer. The data once analyzed was presented inform of tables, pie charts and bar graphs. Percentages were used to present the data in a clear and more understandable way. Qualitative data was presented inform of explanatory notes.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents findings and results that were obtained from both primary and secondary research on the use of MCM and its influence on market penetration by pharmaceutical MNCs in Kenya. The section therefore presents the data analysis, results and discussion of key findings.

4.2 Target Group Response Rate

The study identified ten multinational pharmaceutical firms that have established their presence on the Kenyan market. Commercial directors, sales managers, product managers and sales executives in these pharmaceutical MNCs formed the target population from which a sample was picked for this study.

Figure 4.1: Response Rate
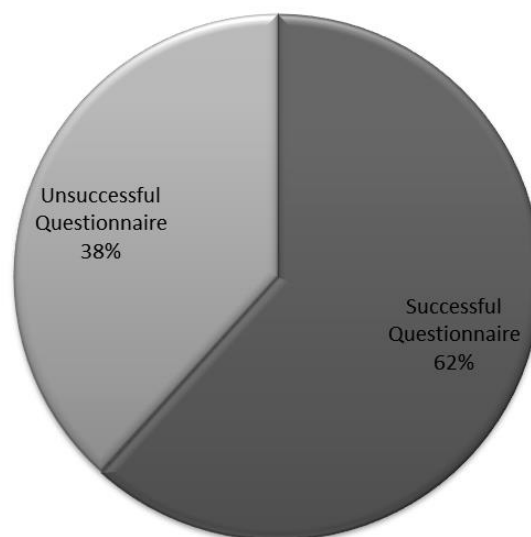
Source: Researcher (2016)

Out of the 60 respondents targeted, only 37 respondents successfully completed this study's questionnaire. Some of these questionnaires were filled halfway while others were not completed at all. In this case 62 per cent of the respondents successful completed the questionnaire while 38 per cent were not duly filled. The results are presented in Figure 4.1.

4.3 Demographic Information

One of the main steps in conducting a research that require primary data is to understand the demographic information of the target respondents and as a result, determine whether they meet the sample requirements. The respondents consisted of employees of ten multinational pharmaceutical companies in Kenya in four job positions namely commercial directors, sales managers, marketing managers and sales executives (Figure 4.2).

Figure 4.2: Ratio of the respondents

Source: Researcher (2016)

Figure 4.2 illustrates the respondents who successfully completed the survey questionnaires consisting of 4 commercial directors, 7 marketing managers, 8 sales managers and 18 sales executives. These target respondents were assumed to be quite knowledgeable with respect to their respective companies' marketing operations and as a result, their responses had a high degree of reliability on valid data. In their position, these respondents directly dealt with different marketing aspects of their respective companies, which include making critical marketing decisions and directly engaging the market using different marketing channels. Therefore, they could be relied on to provide accurate and authoritative data for this research since at such levels, they had a deep understanding of the marketing operations. The availability of authoritative data sources in any research is critical to making informed and significant conclusion on the subject of study.

There was a significant level of difference between marketing and sales managers, and the commercial directors and sales executives. Marketing and sales managers had access to large volume of data that influenced the choice of the marketing channels for their respective companies as compared to the commercial directors and sales executives. This was because their managerial job positions gave them access to market data such as sales, the relationship between the marketing channel and sales, as well as the marketing decision framework that their respective companies relied on to make informed decisions on the right marketing channel for each target market. Therefore, as opposed to commercial directors and sales executives, who in most cases just executed the already existing marketing strategy, the marketing and sales managers that were interviewed for this study were well informed concerning the factors that informed their choice of a specific marketing channel for a particular market as well as the expected results from such a marketing channel. Despite

targeting a higher number of respondents in the marketing and sales managerial positions, these respondents only represent 40 per cent of the total number of respondents.

Figure 4.3: Gender composition of the respondents
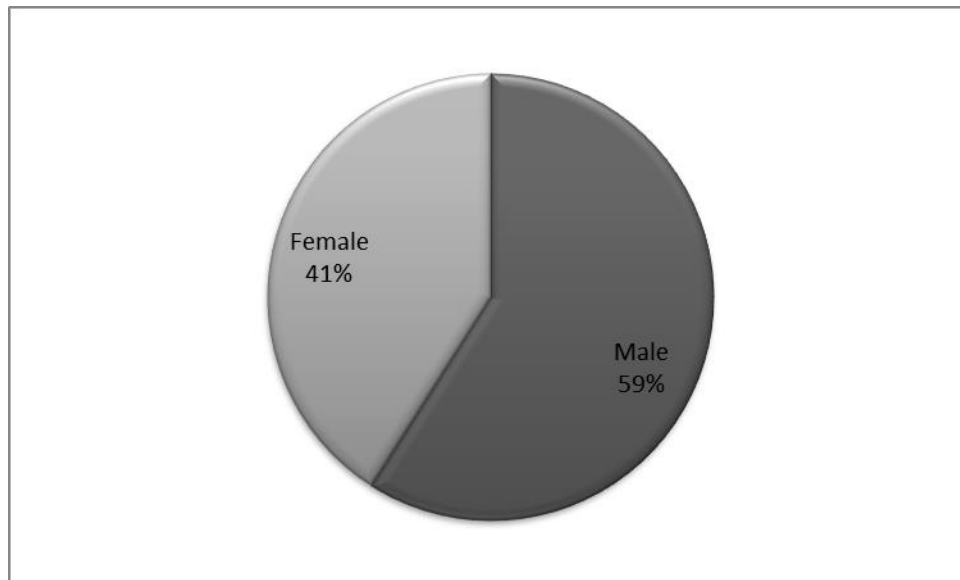
Source: Researcher (2016)

Figure 4.3 demonstrates the gender composition of the respondents. There were a total of 22 male respondents and 15 female respondents for this study. Past research and studies indicate that men and women have different thinking processes that affect their perception of different issues in their environment (Walsh, 2003). Therefore, men and women respondents are likely to have varying responses regarding the same issue under study, which could have a significant impact on the data collected. The study's 59 per cent of the respondents were male while 41 per cent were female.

4.4 Application of MCM by pharmaceutical MNCs in Kenya

The respondents were asked to indicate the different traditional marketing approaches used by their companies. On a scale of: 1–Not at all; 2-Rarely; 3-Neutral; 4-

Sometimes; 5–Always use the channel in our marketing activities, the results are presented in table 4.1.

Table 4.1: Traditional Marketing Channels in the Company

Marketing Channels	1	2	3	4	5
Print Ads	0	0	2	30	5
Television/Radio Commercials	0	0	0	0	0
Face to face marketing	0	0	0	0	37
Billboards	0	0	0	0	0
Telephone	6	20	7	4	0
Mail order catalogues	3	13	18	3	0

Source: Researcher (2016)

Table 4.1 reveals that there are different traditional marketing approaches that pharmaceutical MNCs rely on to penetrate and reach out to their target markets. All the respondents noted that they rely on face to face marketing to not only reach out to the target market but also to penetrate new markets in Kenya. The respondents also noted that they occasionally use print ads and mail order catalogues, and hardly use telephone as a marketing channel.

Figure 4.4: Level of Extent in the Use of Traditional Marketing Channels
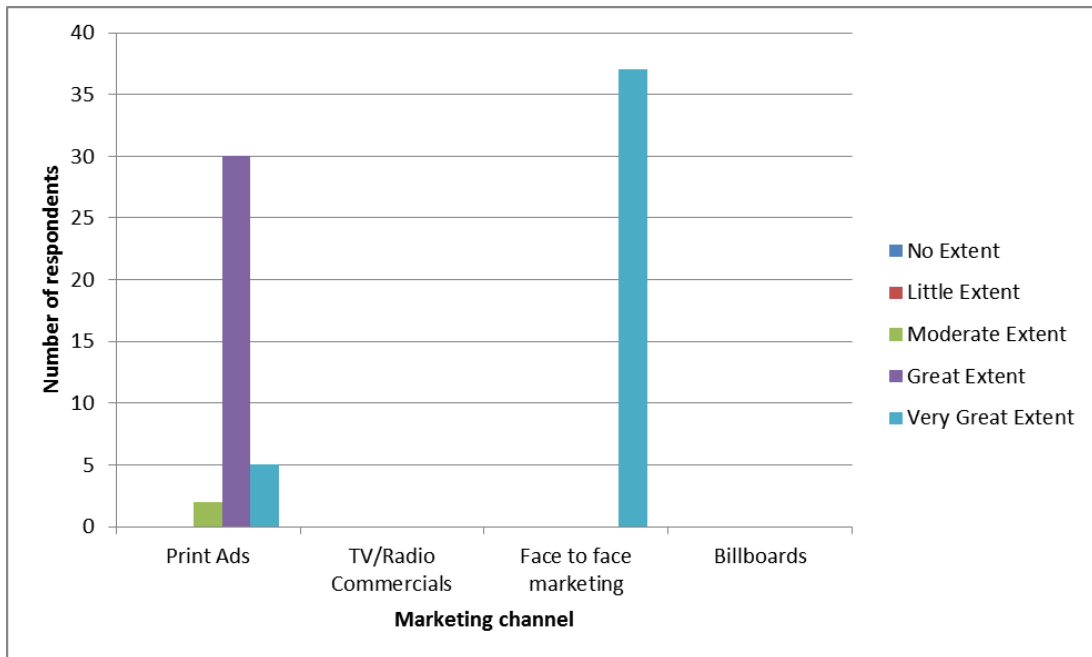
Source: Researcher (2016)

Figure 4.4 explains the extent to which traditional marketing channels are used by pharmaceutical MNCs. The respondents observed that they do not use other marketing channels such as television/Radio Commercials and billboards at all to market prescription medicines. When asked to comment on the extent to which they use these marketing channels, all the respondents noted that they use face to face marketing to a "very great extent" and print ads and mail catalogues to a "moderate extent". However, all the respondents observed that they do not use bill boards and TV and radio commercials to reach out to their target customers at all for prescription medicine.

Table 4.2: Contemporary Marketing Channels in the Company

(1–Not at all; 2-Rarely; 3-Neutral; 4-Sometimes; 5–Always use the channel in our marketing activities)

Marketing channel	1	2	3	4	5
Social media	0	0	0	0	0
Email	4	10	12	8	3
Blogs	0	0	0	0	0
Website	0	0	5	24	8
Client newsletters	31	3	2	1	0
Videos	7	23	3	3	1
Direct mail	11	13	5	8	0

Source: Researcher (2016)

Table 4.2 shows the responses on use of contemporary marketing channels in pharmaceutical MNCs. The respondents reported that they occasionally use emails, websites, videos and direct mail to reach out to their target market. Nonetheless, the respondents reported that they hardly use client newsletters while blogs and social media are not used at all to reach out to their target market. Similarly, when asked to respond to what extend their companies use email, website, video and direct mail in their marketing campaign, the respondents noted that they use these marketing communication channels to a little extent. Furthermore, the respondents noted that while email, website, direct mails and videos as marketing channels have a low level of effectiveness blogs, client newsletters and social media are were not used at all.

Figure 4.5: Effectiveness of Contemporary Marketing Channels
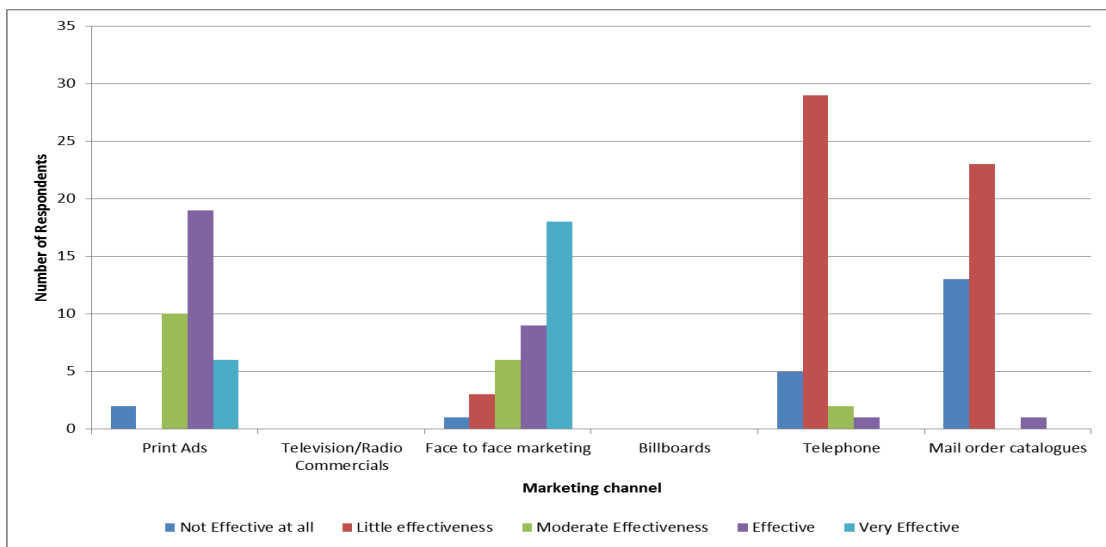
Source: Researcher (2016)

Figure 4.5 elaborates effectiveness of contemporary marketing channels used by pharmaceutical MNCs. The respondents reported that face to face was the most effective marketing channel that pharmaceutical companies rely to reach out to their target customers followed by print ads, mail order catalogue and telephone. TV/radio commercials and billboards were not used at all and as a result therefore, for the channels that were not used, it is difficult to determine their level of effectiveness in helping pharmaceutical companies reach out to their target customers.

Following the research findings, it is evident that the multinational pharmaceutical companies in Kenya rely more on traditional marketing channels than on the contemporary marketing channels. Research and studies point out that the marketing environment has gone through serious transformations over the last few years as a result of the introduction of a number of marketing channels that rely mainly on the existing innovative technology (Berthon, Pitt, Plangger & Shapiro, 2012). While this is the case, it is vital to mention that the pharmaceutical market in Kenya is yet to

experience the marketing revolution that the new communication channels have brought on the scene. One of the factors that contribute to the low use of contemporary marketing communication by multinational pharmaceutical companies is embedded in the current regulations in the pharmaceutical industry in Kenya. In reference to the Kenya Law Reports (2009), the Pharmacy and Poisons Act Section 36(1) states that "Subject to the provisions of this Act, no person shall advertise any drug or poison except with the written permission of the Board". Similarly Section 37(1) of this act states that "Subject to this Act, no person shall take part in the publication of an advertisement referring to a drug, appliance or article of any description in terms which are calculated to imply that the drug, appliance or article may be effective for any of the purposes specified in the Schedule" (Kenya Law Reports, 2009).

Figure 4.6: Factors Influencing Choice of Traditional Marketing Channels
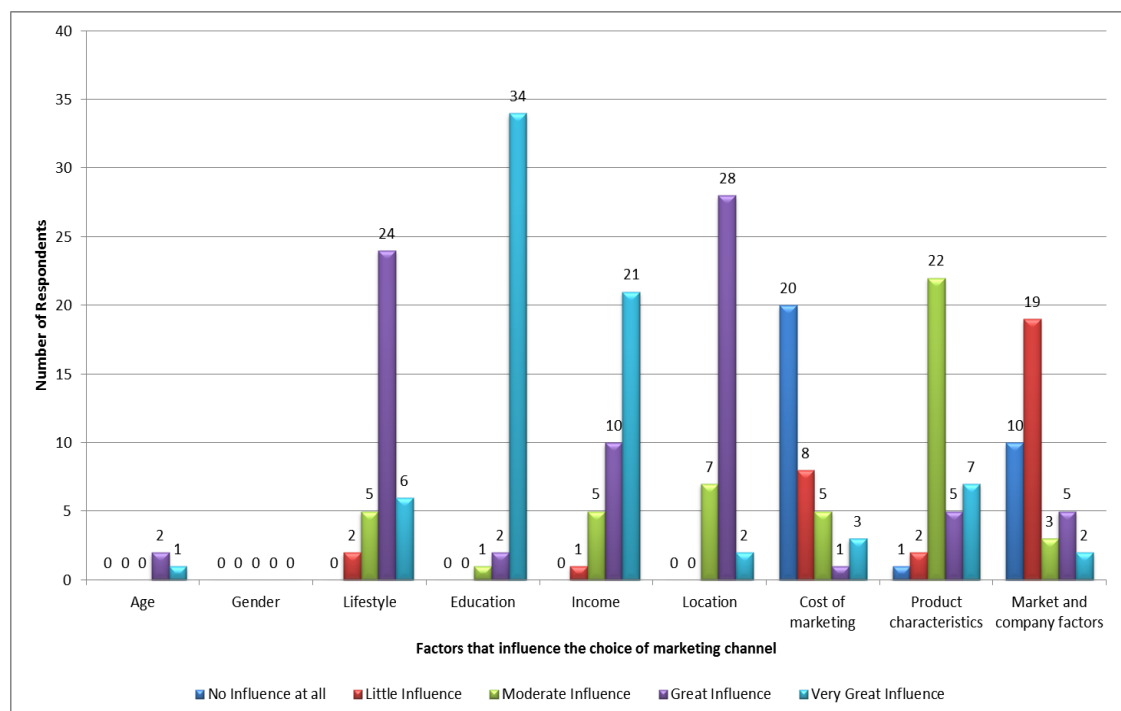
Source: Researcher (2016)

The study also considered the factors that pharmaceutical companies take into account when selecting the most appropriate marketing channels to reach out to their target customers. Figure 4.6 shows the factors that influence choice of traditional marketing channels where it indicates that these companies considered the level of income, lifestyle, level of education and geographical location of the target customers as the most critical factor while age, gender of the target customers, product characteristics, cost of marketing and market and company factors are the least critical factors.

Figure 4.7: Factors Influencing Choice of Contemporary Marketing Channels
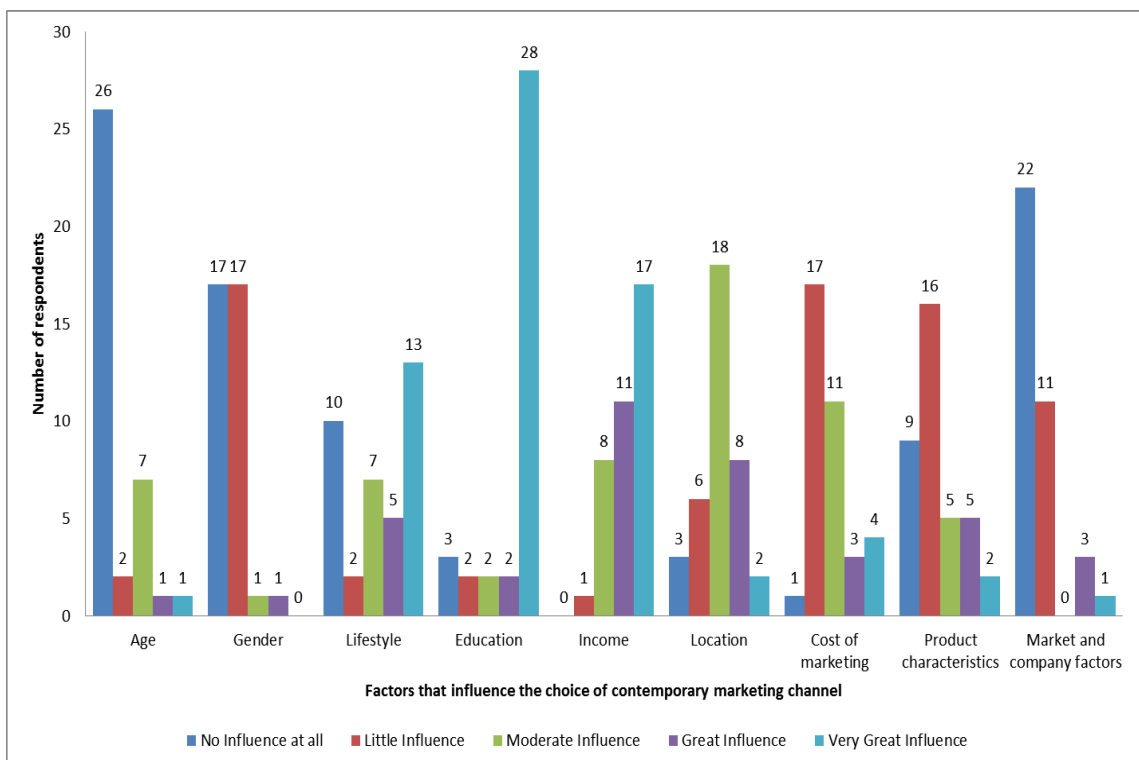
Source: Researcher (2016)

Figure 4.7 illustrates factors that influence choice of contemporary marketing channels by multinational pharmaceutical companies. It was found that most of the companies considered level of education, income, age and gender as critical factors while the lifestyle, geographical location of customers, product characteristics, market and company factors and the cost of the market channels as of little influence on the

choice of the marketing channel. Both the traditional and contemporary marketing channels consider education and the level of income to be of critical importance to the company. This is established on the fact that most multinational pharmaceutical companies consider major hospitals in Kenya as their main target market and as a result, most of the marketing campaigns are based on business to business (B2B) transactions (Santoro & Gorrie, 2005). This implies that their target customers must meet a particular income threshold. In addition, the level of education of their target consumers is instrumental in both traditional and contemporary marketing campaigns. The main point of contacts between hospitals and the multinational pharmaceutical companies are the healthcare providers, who must be well-educated and informed to grasp the range of benefits that the pharmaceutical products in question presents to their clients and the community at large. Furthermore, the level of education plays a critical role with respect to determining how the target customers can be reached since well-educated customers were likely to use both traditional and contemporary marketing channels effectively.

Figure 4.8: Likely future traditional marketing communication channels
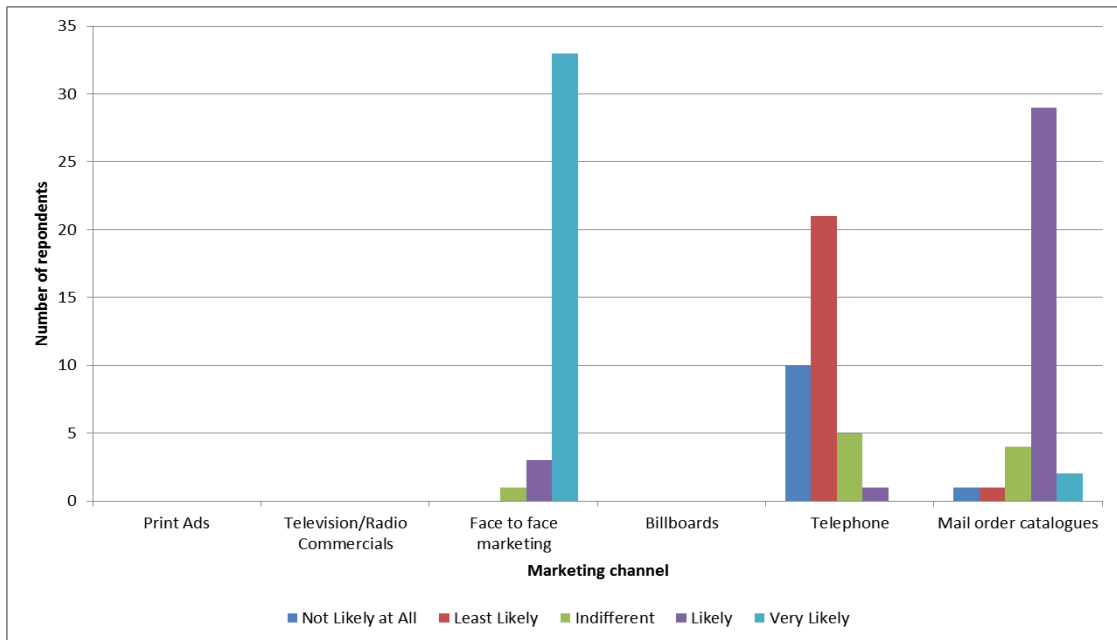
Figure 4.8 brings out the traditional marketing communication channels that the pharmaceutical companies were likely to use in their future marketing campaigns. The study established that these companies were likely to use face to face, mail order, print and telephone but were highly unlikely to use TV/radio commercials and billboards as their choice traditional marketing communication. Evidence from past research and studies supports the fact that mail order, print, telephone and face to face marketing communication channels were instrumental in supporting critical marketing frameworks in the pharmaceutical industry (Morgan, Vorhies& Mason, 2009). As mentioned earlier, the greatest impediment to using TV and radio commercials and billboards is the existing laws and regulations. Furthermore, the nature of the pharmaceutical products and industry factors limit the type of marketing channels that pharmaceutical companies can use to market their products. In addition, the respondents observed that there are a number of objectives that pharmaceutical companies intend to achieve when considering certain marketing channels. In this

case, the pharmaceutical companies would use emails, websites, videos, direct mail and client newsletter to reach out to their target customers; blogs and social media could be a good opportunity however it is prohibited by law as stated earlier. Therefore, while penetrating new markets is critical, most contemporary marketing channels are mainly considered when reaching out to an already existing customer base.

4.5 Sales Performance and the Future Strategies

One of the most important reasons of adopting different market communication channels is to create awareness and as a result, improve sales performance. To begin with, the respondents observed that the main objectives of using market penetration strategies are to enhance product reach and increase customer base.

Figure 4.9: Objectives of the Marketing Communication Channels
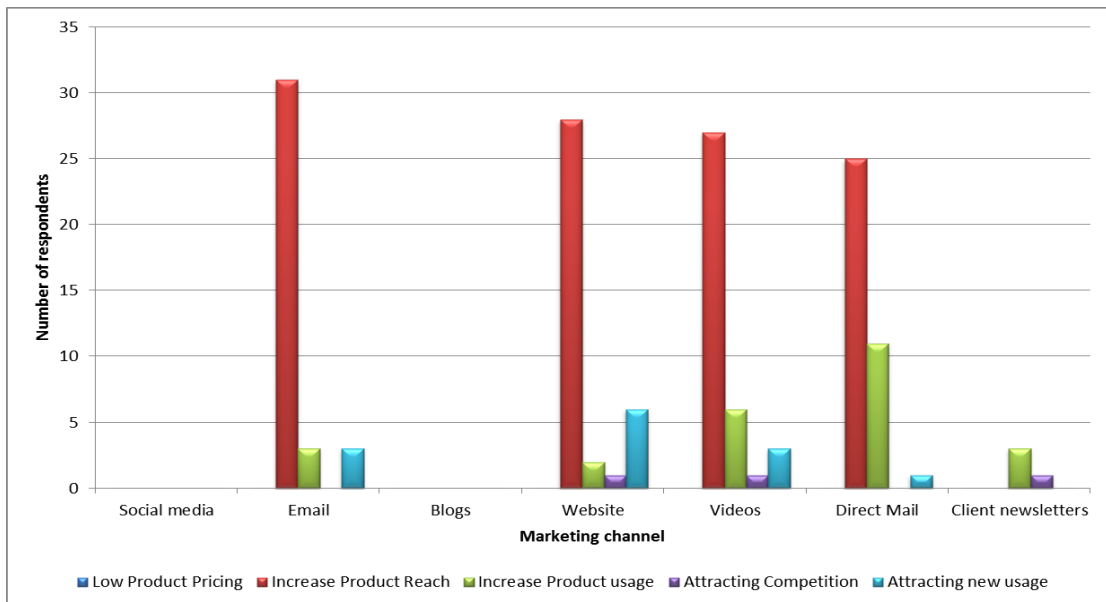
Source: Researcher (2016)

Figure 4.9 demonstrates the main objective of communication channels as being market penetration aimed at increasing sales. The observations of these respondents

are consistent with the past research and study findings that indicate that most businesses focus on increasing sales and customer base, and enhancing their customer base as their main marketing objectives (Arnett& Wittmann, 2014). Whereas this is the case, countering increasing competition and enhancing brand awareness are not considered the main objectives of pharmaceutical companies when developing and implementing marketing penetration strategies. These findings are inconsistent with the past research findings that indicate that most businesses rely on market penetration strategies to counter competition and enhance brand awareness on the market (Swayne, Duncan & Ginter, 2012).The major factors that account for this inconsistency include the nature of the pharmaceutical products and the existing regulations, which hampers the reliance on brand awareness and the ability to outwit competitors as the main foundation to achieve success in this industry.

Figure 4.10: Effectiveness of Contemporary Marketing Channels
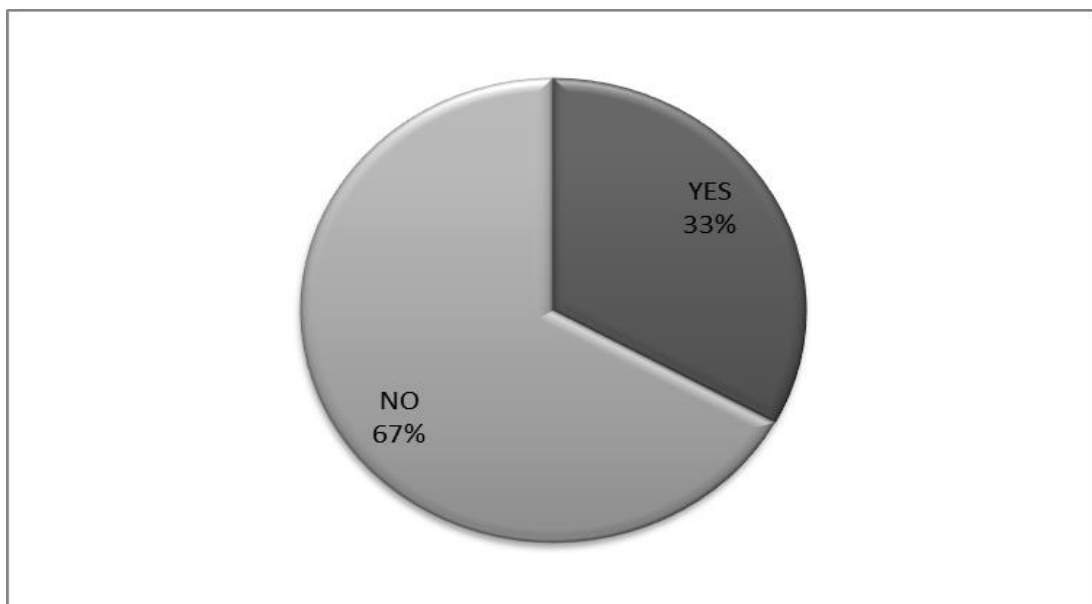
Source: Researcher (2016)

Figure 4.10 presents respondents' assessment on effectiveness of contemporary marketing channels. One of the questions that continue to arise with regard to market

penetration by multinational pharmaceutical corporations regards to whether these companies can rely solely on contemporary marketing communication channels to achieve their marketing objectives. Whereas past research and studies emphasize that contemporary marketing channels are the future of the marketing industry, the respondents who were interviewed in this study think otherwise (Johnson, 2015). 66.7 per cent of the respondents think contemporary marketing channels are not effective without support from the traditional marketing strategies, while only 33.3 per cent of these respondents think that these marketing communication channels are effective with the traditional marketing channels. The inconsistency between the findings in this study and past research and study findings stems from the fact that the latter do not focus on a specific industry while the former focuses on the pharmaceutical, which has a marketing environment that is influenced by different industry factors such as laws and regulations (Berthon et al. 2012).

Figure 4.11: Response on the Need to Combine Contemporary with Traditional Marketing Channels
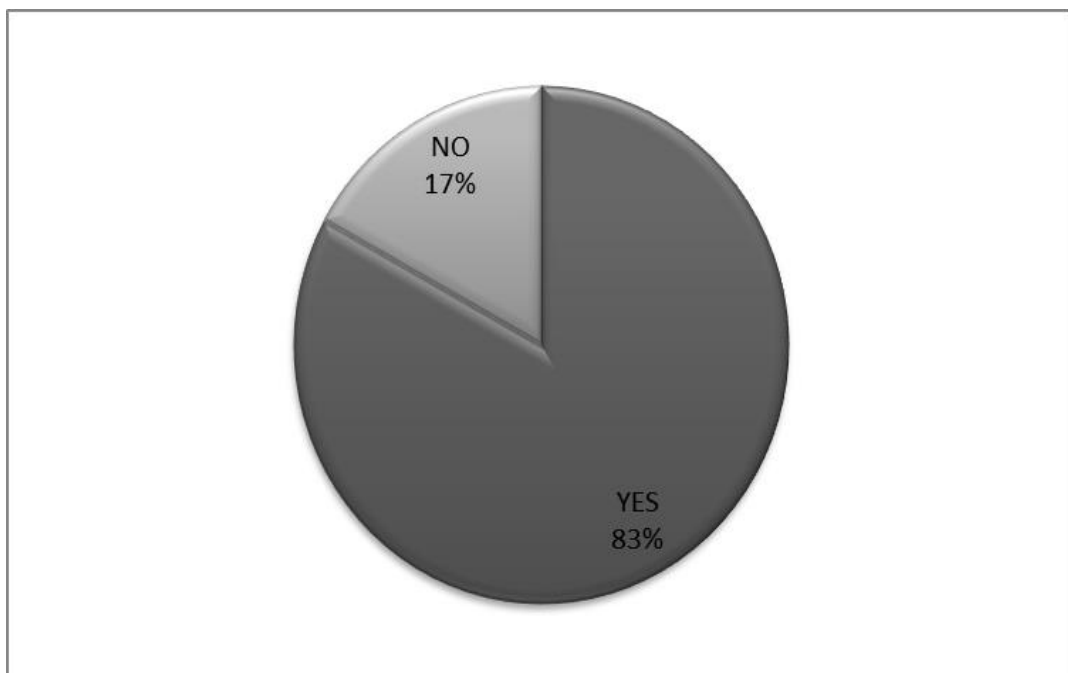
Source: Researcher (2016)

Figure 4.11 indicates the responses on the need to combine contemporary with traditional marketing channels. 83.3 per cent of the respondents noted that the effectiveness of the contemporary market communication channels mixed with the traditional marketing channels is huge thus need not to be underestimated. These findings agree with the findings of (Wierenga et al. 2012), who observed that mixing both traditional and contemporary marketing channels can help strengthen the market penetration strategies of pharmaceutical companies. This is because using multiple marketing channels can help businesses access customers in the market with different behaviours.

Figure 4.12: Changes in Sales Volume Arising from Use of Different Marketing Channels
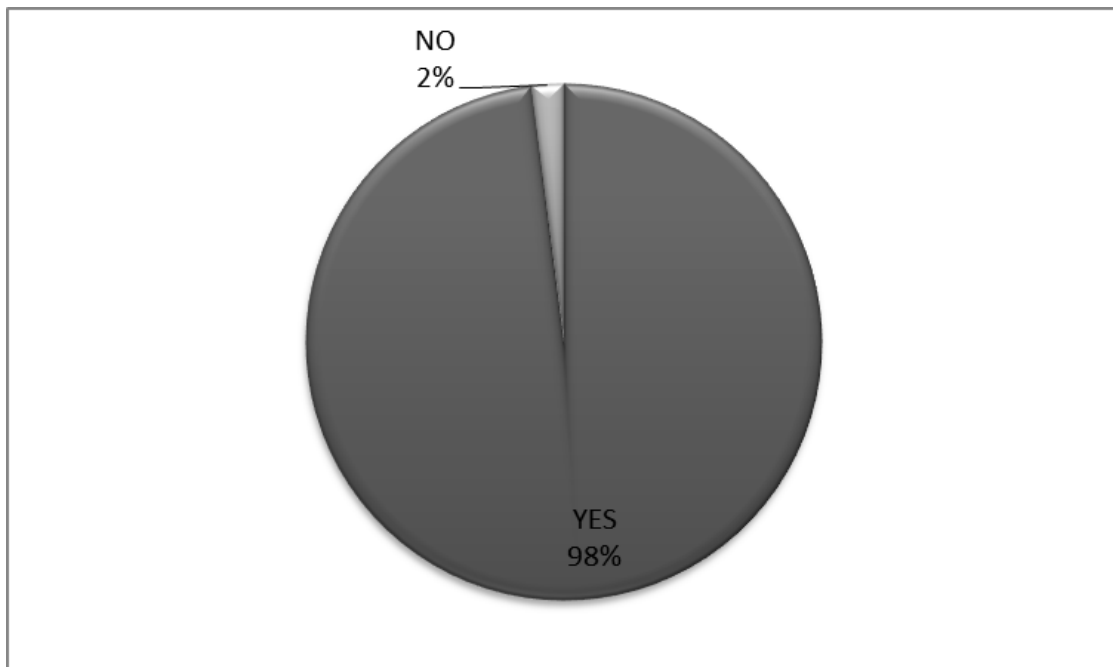
Source: Researcher (2016)

The study also sought to understand how multichannel marketing influence market penetration in a number of areas. Figure 4.12 therefore illustrates changes in sales volume arising from use of different marketing channels. It was established that

multichannel marketing has a significant impact on the product and product usage in the market. This data is consistent with past research and studies that affirm that multichannel marketing creates an opportunities for businesses to effectively reach different types of consumers on the market with ease. Whereas this is the case, the respondents reiterated that multichannel marketing has a low influence on the ability of the firm to ward off competition. These findings are not coherent with the previous findings by Pan (2016), who reiterates that multichannel marketing is instrumental in helping address the challenges of increasing competition on the market. This implies that using multichannel marketing in the pharmaceutical world with the aim of dealing with increasing competition could fail to deliver the desired results.

Despite the popularity of different marketing channels, it is necessary to establish whether such methods are effective and as a result, have an impact on the sales and growth of the company in question. In this regard, this study examined whether the multinational pharmaceutical companies that participated in this research had experienced positive changes in sales volume. 98% of respondents who participated in this study noted that their companies had experienced changes in sales volume within the past five years.

Figure 4.13: Changes in Sales Volume
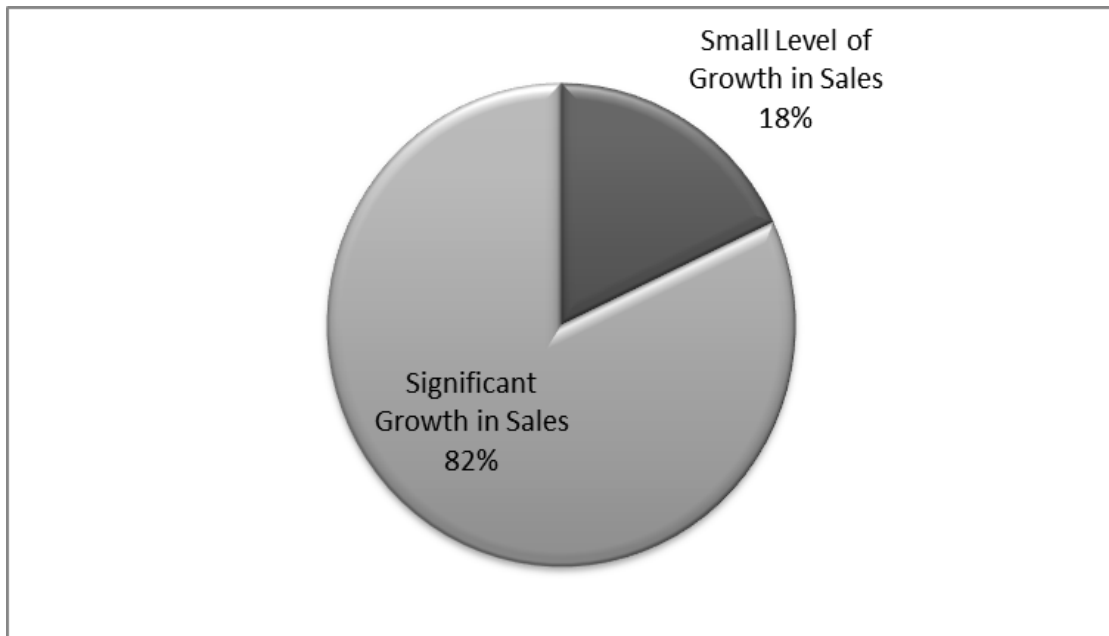
Source: Researcher (2016)

Figure 4.13 explains the percentage change in sales volume. 82% respondents reported that their sales volume had shown significant growth since they began using different market penetration tactics while 18% had observed small levels of growth in sales. One of the questions that emerge with respect to the changes in the companies' sales volume is whether such changes can be attributed to the marketing communication channels that these respondents' companies were using. In other words, what is the level of influence do these marketing channels on the growth of the sales volume of these companies?

Figure 4.14: Extent to which Growth is attributed to Multichannel Marketing
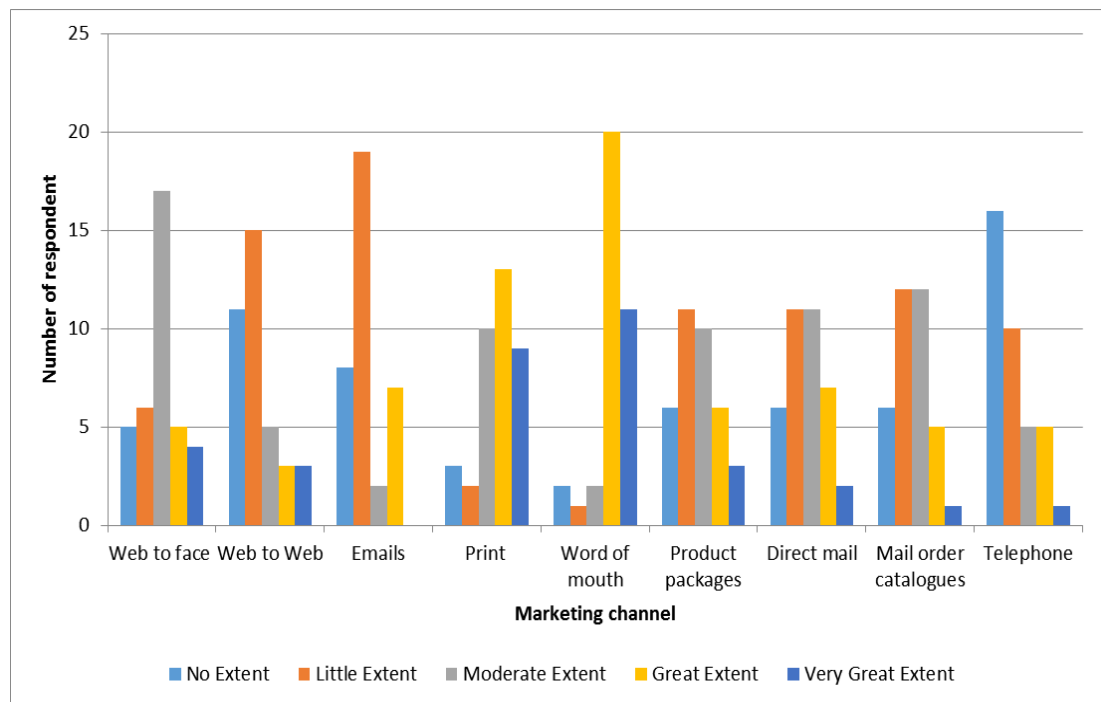
Source: Researcher (2016)

Figure 4.14 shows the analysis of the extent to which growth is attributed to multichannel marketing. The survey indicates that word of mouth or rather face to face, web to face and print ads has a significant impact on the growth of the sales volumes of these companies. After considering the nature of the pharmaceutical industry in Kenya, it is evident that the face to face marketing channel is a vital component of the market penetration strategy in this industry. This is particularly the case considering the fact that the success of any pharmaceutical products on the market depends on the word of mouth due to legal limitations on marketing in the pharmaceutical industry. Similarly, the study established that web to face and print ads have moderate impact on the marketing campaigns of companies in the pharmaceutical industry. On the other hand, telephone, mail order catalogues, product packages and email marketing have little or no impact at all on the sales volumes of the respondents' companies.

The analysis of different marketing communication channels with respect to their impact on the sales performance is a critical eye-opener to understanding the methods that work and those that do not. To begin with, despite their low impact of the sales performance of multinational pharmaceutical companies in Kenya, some contemporary marketing channels such as websites, email and videos still play a critical role in the market penetration strategies of the pharmaceutical companies in Kenya. According to Wierenga et al. (2012), due to the rapid changing technology and the changing marketing environment, there is a need to observe that the contemporary methods are likely to fast gain traction and will play an instrumental role in influencing sales in the pharmaceutical industry in future. Therefore, apart from using the traditional marketing channels such as face to face and print ads, pharmaceutical companies should also consider integrating web to web and web to face marketing communication channels in their marketing strategies.

4.6 Discussion

The 21st century continues to experience a transformation in the way marketing communication is done. While this is the case, successful application of both the traditional and contemporary marketing communication channels heavily depends on the industry. This study conducted a survey among the commercial directors, sales managers, marketing managers and sales executives of multinational pharmaceutical companies and established that only a handful of marketing communication channels are effective. To begin with, some of the mostly used marketing communication channels in this industry include face to face communication, mail catalogues and print ads. Similarly, most marketing activities in the pharmaceutical industry rely on word of mouth communication, thus necessitating face to face communication. The nature of the products in this industry and safety concerns are some of factors that

confine this industry's marketing communication channels to print ads and mail catalogues among others. In other words, the number of communications channels that can help companies in this industry gain trust among the target consumers is limited.

The study established that despite the rapidly growing popularity of the contemporary marketing channels, their effectiveness in the pharmaceutical industry is limited. Only a handful of these marketing channels are used in this industry, which includes email, website, videos and direct mail. The inability of this industry to fully utilize the contemporary marketing channels is as a result of the existing laws and regulations in the industry that restrict how marketing activities are conducted. Whereas this is the case, the study findings indicate that by combining both traditional and contemporary marketing communication channels, multinational pharmaceutical companies are able to achieve growth in their sales volume. Additionally, the study recommends that multinational pharmaceutical companies need to focus on increasing product reach and usage when determining the marketing campaign mix. This is because multichannel marketing has a significant impact on product reach and usage. In conclusion, the study established that there is a need for pharmaceutical companies to integrate face to face and print ads with web to face and web to web when development market penetration strategies.

CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Market penetration strategies play an instrumental role in helping multinational pharmaceutical companies establish their presence on the Kenyan market. This chapter provides a summary of the findings from chapter four. The chapter will also make recommendations based on the objectives of the study. In this case, the objective of the study is to determine the influence of MCM on market penetration by multinational pharmaceutical companies in Kenya. The chapter further discusses the limitations of the study and makes recommendations for further research.

5.2 Summary of the Findings

The pharmaceutical industry is one of the most critical industries in Kenya with respect to the creation and distribution of medicinal products. To reach out to customers, a market penetration strategy with multichannel communication aspects is essential (Percy, 2008). Therefore, the study established that multichannel communication methods can be divided into two main categories namely the traditional marketing channels and the contemporary marketing channels. The research established that there are three main traditional marketing channels that the companies that were surveyed rely on to achieve their objectives. These are: face to face, print ads and mail order catalogue. Face to face marketing channel was perceived as the most appropriate and the most relied on marketing channel in reaching out to customers on the market with an aim of growing the sales volume.

The study findings point to the fact that multinational pharmaceutical companies occasionally use email, website, direct mails and videos to reach out to their target

customers as well as to enhance their products' usage on the market. Face to face marketing channel has a great impact on the growth of the sales volume while email, website, direct mails and videos have a little impact on growth of the sales volume. Further, the findings reveal that these companies do not use a number of popular contemporary marketing channels such as television/radio commercials, billboards, client newsletters, blogs and social media. This is as a result of the fact that the Pharmacy and Poison's Board prohibit certain forms of advertising of pharmaceutical products on the market, a factor that undermines the use of these popular marketing channels (Kenya Law Reports, 2009). As a result, the findings conclude that when compared to each other, the traditional marketing channels plays a critical role in market penetration strategies of multinational pharmaceutical corporations in the Kenyan market as compared to contemporary marketing channels.

The study also examined the factors that multinational pharmaceutical companies consider in the Kenyan market when developing and implementing their market penetration strategies. Among these factors include income, lifestyle, geographical location and the level of education of the target market when considering the type of traditional marketing channels. On the other hand, factors such as gender and age of the target consumers, product characteristics, market and company factors, and the cost of marketing have a little influence on the type of contemporary marketing channel that these companies chose to use. The study established in its findings that multinational pharmaceutical companies were likely to use telephone, print ads, mail order, face to face, emails, websites, videos, direct mail and client newsletter marketing channels in their market penetration strategies in future. The choice of their marketing strategies depended heavily not only on the effectiveness of these channels in reaching out to the target market and improving product usage but also on the

existing advertising and marketing laws in the pharmaceutical industry in Kenya (Kenya Law Reports, 2009). In addition, the traditional marketing channels were likely to be used to penetrate new markets while the contemporary marketing channels were likely to be used to reach out to already existing markets.

Lastly, contrary to what most businesses and organizations focus on when developing their market penetration strategies such as countering increasing competition, attracting new usage and enhancing brand awareness, the multinational pharmaceutical companies concentrate on increasing product reach and product usage (Estelami, 2009). This is because the nature of the industry has a limited framework to promote brand loyalty. Therefore, rather than developing marketing penetration strategies to enhance brand loyalty, these companies focus on increasing the usage of their products on the market. The study concludes that as a result of different internal and external factors that affect the marketing environment in this industry, the pharmaceutical companies are likely to integrate both traditional and contemporary marketing channels in their future market penetration strategies. This is necessary to strengthen their market penetration strategies and as a result, improve sales volume and product usage.

5.3 Conclusion

In conclusion, the MCM marketing is a critical marketing dynamic in the pharmaceutical industry. Despite the low use of contemporary marketing channels, it is imperative to observe that the nature of the pharmaceutical industry in Kenya provides a platform for multinational companies to use a number of marketing channels at ago to reach out to their target market. Apart from legal regulations, the choice of these multichannel marketing methods depends heavily on the objectives of

the company in question as well as the nature of the target consumers in terms of age, income, geographical location and level of education among other factors. Among the most critical marketing channels for multinational pharmaceutical companies include face to face, print ads, web to web, web to face, video and mail order catalogue are critical marketing channels for multinational pharmaceutical companies. In addition, multinational pharmaceutical companies can further enhance their market penetration strategies and the effectiveness of their marketing campaigns by using a combination of both traditional and contemporary marketing channels. This is because MCM has a significant impact on market penetration by pharmaceutical MNCs in Kenya.

5.4 Recommendations

The researcher established that whereas the contemporary marketing strategies were instrumental in other industries, they had little influence on the pharmaceutical industry. The researcher therefore recommends that there is a need for multinational pharmaceutical companies to establish ways of increasing their use of technology in reaching out to target consumers on the market. In this case, these companies need to establish a mechanism of not only using contemporary marketing channels most of which rely on technology to reach out to existing market but also in reaching out to new target markets that are yet to be explored. To achieve this, these companies can focus on increasing their use of web to web and web to face channels to market their product by announcing critical breakthroughs and significant quality improvements in their pharmaceutical products. For instance, these companies can use their website and email to announce new research breakthroughs, thus creating an opportunity to announce the introduction of new products on the market, as well as highlight quality improvements in their products.

The researcher further recommends that there is a need for the multinational pharmaceutical companies to create/sponsor forums that could be conducted either quarterly or biannually to discuss the improvements in their existing products and major breakthroughs. In addition, these forums can be used to help multinational pharmaceutical companies understand the challenges that medical practitioners and personnel in the health care industry face as far as accessing pharmaceutical products on the market is concerned. This will create an opportunity for these companies to not only increase their contacts in the medical world but also understand the most appropriate marketing channels to effectively reach their target market. This is particularly the case considering the fact that most of their marketing activities rely on face to face communication channel. Therefore, such forums will increase the level of interaction between multinational pharmaceutical companies and medical practitioners, thus creating an opportunity for them to increase sales volume and product usage.

5.5 Limitations

The research was conducted within a short period of time therefore, collecting data was a challenge since most of the respondents were required to complete the questionnaire within a short period of time. As a result most of the respondents did not take time to think critically through the questionnaire questions provide accurate responses. In other words, their responses were general in nature and only provide an overview of what is happening in the industry with respect to multichannel marketing. Furthermore, the researcher could not rely fully on open-ended questions to collect data. Open-ended questions provide a platform for the respondent to think critically through the question before answering the question. These questions could have

provided an accurate overview of what is currently happening in the industry as compared to close-ended questions.

The researcher only depended on the responses in the questionnaire and did not consider aspects such as budgetary allocation for different marketing channels. This was further complicated by the fact that obtaining data in the industry is a challenge due to its sensitive nature. In this regard, the researcher could not access the sensitive data such as financial data on sales and marketing activities, which was critical to establish the correlation between markets costs and the volume of sales. Therefore, responses that depict a particular marketing channel as effective could not be ascertained with evidence from the respondents. This means that the researcher had to depend on the data provided by the respondent, which could not be ascertained to establish whether it was a true representation of what was happening on the market. Therefore, the obtained research findings cannot be used to generalize what is happening in the rest of the pharmaceutical industry as far as market penetration strategies for multinational pharmaceutical companies are concerned.

5.6 Suggestion for Further Research

There is a need to conduct further research to refine the research findings in this study. To begin with, further research and study should be conducted to evaluate whether the marketing strategies of multinational pharmaceutical companies in their mother countries has an impact on their market penetration strategies on the Kenyan market. This is because some pharmaceutical MNCs prefer to use specific international marketing strategies rather than localising such strategies. Similarly, there is a need to conduct a research on how multinational pharmaceutical companies can increase their use of contemporary marketing channels that rely heavily on

technology. This is particularly the case considering that the population of the global community is growing rapidly and face to face may not be an effective marketing approach in a number of years from now.

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APPENDICES

Appendix i: Questionnaire

Section A: Demographic Information

(i)   Name (Optional)

…………………………………………………………………………………..

(ii)   Gender

Male   [ ]   Female   [ ]

(iii)   What position do you hold in your organization?

Commercial Director [   ] Marketing Director [   ] Product Manager [   ] Sales Manager [   ]   Sales Executive [   ]

Any other [   ] kindly specify…………………………………………………….

(iv)   What is the approximate average sales volume (in millions) by your organization for the last five years?

Between 1 - 100 [   ];   101-500 [   ];   501 - 1,000 [   ];   1,000 and over [   ]

Section B: Multichannel Marketing

(a)   Traditional methods

(i)   Which of the following ways of communication is commonly used by your organization to reach out to your target customers and create your brand awareness? (1 − Not at all; 5 − Always use the channel in our marketing activities)

Marketing Channels	1	2	3	4	5
Print Ads					
Television/Radio Commercials					
Face to face marketing					
Billboards					
Telephone					
Mail order catalogues					

(ii)   To what extend do you use these marketing channels to reach out to you target consumers?

	Print Ads	TV/Radio Commercials	Face to Face Marketing	Billboards
No Extent				
Little Extent				
Moderate Extent				
Great Extent				
Very Great Extent				

(iii)   Which of the following factors influence your choice of the marketing channel when reaching out to your target customers? (1 – Little or no influence at all; 5 – Great influence).

	1	2	3	4	5
Age of the target consumers					
Gender of the target consumers					
Lifestyle of the target consumers					
Level of education of target consumers					
Income of the target consumers					
Geographical location of target consumers					
The cost of the marketing channel					
Product characteristics					
Market and company factors					

(iv)   How would you rate the effectiveness of the following marketing channels in reaching out to your target market? (1 – Not effective at all; 5 – Very Effective)

Marketing channel	1	2	3	4	5
Print Ads					
Television/Radio Commercials					
Face to face marketing					
Billboards					
Telephone					
Mail order catalogues					

(v)   Which of the following marketing methods are you likely to include in your marketing campaign in future? (1 – Not likely at all; 5 – Very likely)

	1	2	3	4	5
Print Ads					
Television/Radio Commercials					
Face to face marketing					
Billboards					
Telephone					
Mail order catalogues					

(b)   Contemporary methods

i.   Which of the following contemporary marketing communication channels do you use from time to time to reach out to your target customers and create your brand awareness? (1 – Not at all; 5 – Always use the channel in our marketing activities)

Marketing channel	1	2	3	4	5
Social media					
Email					
Blogs					
Website					
Client newsletters					
Videos					
Direct mail					

ii. What factors do you consider when selecting contemporary marketing channels to use to reach out to target customers? Rank them according to their level of influence. (1 – No influence at all; 5 – Highly influential)

	1	2	3	4	5
Age of the target consumers					
Gender of the target consumers					
Lifestyle of the target consumers					
Level of education of target consumers					
Income of the target consumers					
Geographical location of target consumers					
The cost of the marketing channel					
Product characteristics					
Market and company factors					

iii. How effective are the marketing channels you use to reach out to your target customers? (1 – Not effective at all; 5 – Highly effective)

Marketing channel	1	2	3	4	5
Social media					
Email					
Blogs					
Website					
Client newsletters					
Videos					
Direct mail					

iv.   What objectives do you intent to achieve when you use the following marketing communication channels in your marketing strategies?

Market Penetration tactics	Social media	Email	Blogs	Website	Videos	Direct Mail	Client newsletters
Low Product Pricing							
Increase Product Reach							
Increase Product usage							
Attracting Competition							
Attracting new usage							

v.   Do you think contemporary marketing communication is an effective and efficient approach to increasing product reach?

YES	
NO	

Section C: Market Penetration

i.   What are your main objectives in your market penetration strategies?
(1 – Not the main objective; 5 – Main objective)

Objective	1	2	3	4	5
Enhance product reach					
Counter increasing competition					
Increase customer base					
Increase sales					
Enhance brand awareness in new markets					

ii.   Do you think the contemporary marketing communications channels are effective without support from the traditional market communication channels?

YES	
NO	

iii.   Do you think it is necessary to utilize both traditional and contemporary marketing communication channels in your marketing campaigns?

YES	
NO	

iv.   How would you rank the effectiveness of multichannel marketing options on the Kenyan market? (1 – Not effective at all; 5 – High effective)

Marketing channel	1	2	3	4	5
Social media					
Email					
Blogs					
Website					
Client newsletters					
Videos					
Direct mail					
Print Ads					
Television/Radio Commercials					
Face to face marketing					
Billboards					
Telephone					

v. What factors influence your choice of the marketing channels locally?
(Rank according to the level of influence. 1 – No influence at all; 5 –
Highly influential)

	1	2	3	4	5
Age of the target consumers					
Gender of the target consumers					
Lifestyle of the target consumers					
Level of education of target consumers					
Income of the target consumers					
Geographical location of target consumers					
The cost of the marketing channel					
Product characteristics					
Market and company factors					

vi. To what extent does multichannel marketing tactics influence market
penetration in the following areas?

Market Penetration tactics	No Extent	Little Extent	Moderate Extent	Great Extent	Very Great Extent
Low Product Pricing					
Increase Product Reach					
Increase Product usage					
Attracting Competition					
Attracting new usage					

vii.   With the use of any of the above Market Penetration tactics, has there been a change in terms of sales volume?

Yes   [ ]   No   [ ]

viii.   If yes, was there growth in sales or decline?

Growth   [ ]   Decline   [ ]

ix.   Indicate the extent to which either growth or decline can be attributed to the Multichannel Marketing Channels listed here under using the following scale:-

1. No Extent; 2. Little Extent; 3. Moderate Extent; 4. Great Extent; 5. Very Great Extent

No	Multichannel Marketing Channels	1	2	3	4	5
1.	Web to face					
2.	Web to Web					
3.	Emails					
5.	Print					
6.	Word of mouth					
7.	Product packages					
8.	Direct mail					
10.	Mail order catalogues					
11.	Telephone					

x.   Any other comment? Kindly explain

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Appendix ii: List of Multinational Pharmaceutical Companies

1. Pfizer Inc.
2. GlaxoSmithKline Pharmaceuticals Kenya Ltd
3. Sanofi Ltd
4. Novartis Pharmaceutical Corporation
5. Kulal International Ltd
6. Roche Pharma Ltd
7. Bayer East Africa Ltd
8. Servier Laboratories Ltd
9. Merck Serono
10. Boehringer Ingelheim

(Kenya Pharmaceuticals & Healthcare Report, 2016)