

ADOPTION OF E-MARKETING IN PHARMACIES IN NAIROBI


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DECLARATION

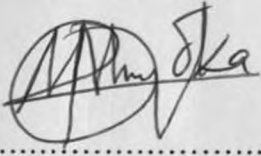
I declare that this research project is my original work and has not been presented to any other university for the award of degree.

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DEDICATION

This work is dedicated to the Almighty God for enabling me get this far and to my dear late mum and my dad who taught me that any task can be accomplished if I put my heart in it.

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Dr. Raymond Musyoka has been a helpful mentor and supervisor. His advice, positive criticism and patient encouragement aided me with this research project in innumerable ways. His support and that all my friends and relatives is deeply appreciated.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

With globalization and liberalization of economies, combined with the severe global downturn, the pressure to reduce costs and retain margins is huge. This coupled with demands from investors and consumers for increased productivity, efficiency, innovation and quality of products and services, result in increasingly more competitive national and global markets. In this competitive era, profits are declining and organizations are focusing more on customers and designing marketing mixes that enables easier reach of potential customers' worldwide (Strauss, Frost and Stone, 2008). However, the era of computer technologies has drastically changed society and business in recent years. In the 1980s and 1990s, microcomputers emerged as a new technology that promised to change every aspect of lives. As computer technology has advanced, the Internet has created a flood of interesting & innovative ways to provide customer value (Strauss et al, 2008). It has become a dominant aspect of computer use by individuals and businesses worldwide. Individuals use the Internet for different reasons, including social interaction, obtaining information, and purchasing goods and services more particularly on accessing services and good that pertains to their health status (Day, Janus, and Davis 2005).

1.1.1 E-Marketing

E-marketing refers to the application of marketing principles and techniques via electronic media and more specifically the Internet (Ball and Duval, 2001). As the Internet's technologies have advanced, businesses have adopted it as a sales and marketing medium. E-marketing is used by businesses to reduce transaction costs associated with conducting business, such as providing information about products and services. In addition, companies can use the worldwide web to offer a wider variety of products to a larger audience at lower prices compared to products found in a physical setting (Couclelis, 2004). E-marketing affects the traditional marketing, increasing efficiency and effectiveness in traditional marketing functions and also transforming the traditional marketing strategies. This transformation results in new business models that add value and/or increase company profitability (Strauss *et al.*, 2008).

Kotler and Pfoertsch (2007) describe E-marketing as a company's efforts to inform buyers, communicate, promote and sell its products and services over the Internet. If a

company does its e-mail campaign right, not only will it build customer relationships but also reap additional profits. It includes both direct response marketing and indirect marketing elements and uses a range of technologies to help connect businesses to their customers. By such a definition, E-marketing encompasses all the activities a business conducts via the worldwide web with the aim of attracting new business, retaining current business and developing its brand identity. Ball and Duval (2001) stated that the Internet and other technologies have been catalysts in propelling the world forward into new ways of doing business and in the process empowering the customer.

When implemented correctly, the return on investment from E-marketing can exceed that of traditional marketing strategies employed in the pharmaceutical industry (Teva, 2008). E-marketing is relatively inexpensive when compared to the ratio of cost against the reach of the target audience. Pharmaceutical companies can reach a wide audience for a small fraction of traditional advertising budgets. In the pharmaceutical industry, e-marketing will reduce cost through automation and the use of electronic media, enable faster response to both the marketers and end users, increase ability to measure and collect data and also increase interactivity between marketers and doctors (Petersen, 2005). Organizations are also able to distribute information via the Internet and increase interactivity between marketers and doctors, a way of building and maintaining customer relationships.

The pharmaceutical industry's commercial strategy has long been dominated by the sales force. The combination of an over-reliance on traditional sales and marketing methodology and a naturally conservative industry mindset has seen the industry remain a slow adopter of new technologies (Teva, 2008). Yet, as usage among customers and patients alike continues to increase, the need to exploit the e-channel grows with it. According to Datamonitor (2007), the pharmaceutical industry ought to develop a new approach beyond the field force and deliver on the undoubted promise of e-marketing.

The pharmaceutical industry has made limited progress with online marketing and e-detailing. Pilot programmes have increased significantly in number, but despite their undoubted success, national roll-outs remain rare (Kodakanchi et al, 2006). Equally, Walsh and Godfrey (2000) allege that as the sector becomes more familiar with

customer relationship management (CRM) and its benefits, and the coordination and integration of e-marketing initiatives into traditional strategies improves, widespread support for the e-channel has yet to emerge. The e-approach is producing true, demonstrable results, yet uptake remains sluggish.

Porter (2001) conferred that E-marketing has its own approaches and tools that can contribute to the achievement of marketing goals and objectives in the pharmaceutical Industry. E-marketing, worldwide has had a large impact on several previously retail-oriented industries including music, film, pharmaceuticals, banking as well as the advertising industry. The Internet has a number of tools to offer to the marketer: organization can distribute information via the Internet (Herbig and Hale, 2007) e.g. Amazon.com; organizations use the Internet as a way of building and maintaining customer relationships; and, internet can also be used for advertising.

1.1.2 Adoption of E-marketing

The adoption process which was first described by Bourne (1959) has stood the test of time and remained an important marketing tool ever since. It describes the behaviour of consumers as they purchase new products and services. The individual categories include innovators, early adopters, early majority, late majority and laggards. There are three different levels of E-marketing adoption in organizations: the communication level (basic adoption), the transaction level (moderate adoption), and the transformation level (advanced adoption).

E-marketing can be viewed in evolutionary stages with new comers to the Internet starting by developing a basic presence and ending at advanced level of involvement. Companies follow a natural progression in developing their web presence from level zero, no website, till level five, fully interactive website (Chaffey et al, 2000). The Internet has the potential to reduce the costs of coordination, communication and information processing between and within service firms and their consumers, thus dramatically changing the way in which service providers serve their customers (Voss 2000, Boyer, Hallowell and Roth 2002; Yip 2000, Rust 2001, Feeny 2001). The other main driver of new practice adoption is the “bandwagon” effect. Bandwagons are diffusion processes whereby organizations adopt innovations, often without using any rational efficiency assessment of the practice, but because of external pressure caused

by the large number of organizations that have already adopted (or are considering adopting) the new technology (Tolbert and Zucker 1983, Reinganum 1981).

1.1.3 Pharmacies in Nairobi

The pharmacies dispense and sell drugs manufactured by pharmaceutical firms. Operating within the pharmaceutical industry, pharmacies are going through turbulent times; the only thing protecting the pharmaceutical industry in Kenya from invasion by very advanced R&D companies from Asia and the Far East is the large number of regulations and bylaws. At the same time, the regulations and bylaws in the developing markets are less strict, so cheap generic alternatives and traditional herbal medicines are becoming highly competitive. The pharmaceutical industry comprises research-based multinational companies, generic manufacturers, drug importers, distributors, wholesalers, retailers and consumers. Naikuni (2001) observes that the pharmaceutical industry in Kenya has undergone tremendous growth largely due to growing demand for better health care, the increasing need for better disease management and the ever-increasing population.

Just like in the other parts of the world, the pharmaceutical industry in Kenya exhibits some uniqueness. This is evidenced by the regulation of the marketing of the pharmaceutical products. The pharmaceutical industry in Kenya is specifically regulated in accordance with Cap 244 (Pharmacy and Poisons Act 2000) Laws of Kenya. This law regulates the importation, manufacture, marketing, stocking and distribution of pharmaceutical products in Kenya (Hassan and Wanyanga, 2010). The law also requires that advertising of prescription drugs can only be done in printed professional journals. The Pharmacy and Poisons Board must register all players in the industry including pharmacists, pharmaceutical products, technologists and medical sales representatives. The growth of the industry has also experienced intense competition, which has led organizations to look for new strategies of doing business.

According to Kimani (2003), the pharmacies sell three categories of drugs: over the counter (OTC) drugs (these drugs are purchased over the counters of pharmacies, shops, supermarkets and even in some kiosks. They are mainly taken for minor day to day ailments like headaches, stomach upsets, colds and flu), pharmacy assisted medicines (these drugs are only available at pharmacy outlets, however a patient does not require a doctor's prescription to purchase them, since the pharmacist's guide is

adequate) prescription only medicines (these are medicines available only at pharmacies and chemists upon presentation of a duly signed prescription form from a registered medical practitioner. These usually treat more complicated indications and care should be exercised while consuming the same, hence the necessity of doctor's advice on their use).

The concept of e-marketing in pharmaceutical industries is similar to that of other industries. However, the pharmaceutical industry has its own peculiarities and thus requires a modified marketing approach that fit with today technology change. Naikuni (2001) observes that in the industry, promotional activities include detailing to doctors, sponsorship of and to symposia, seminars, continuous medical education and product sampling. However, other newer promotional activities are evolving in the market place and this requires a new way of thinking about how promotion should be implemented and carried out and even delivering of the products. E-marketing is one such new way of thinking and could be adopted by pharmacies in Kenya as part of their marketing activities.

1.2 Statement of the Problem

Computer technologies have drastically changed society and business in recent years (Baer and Brown, 2007). Individuals use the Internet for several different reasons including social interaction, obtaining information, and purchasing goods and services. Currently, seventy-eight percent of Internet users utilize the Internet to get information on products or services, and over fifty-four percent purchased products or services online (Day *et al*, 2005). As the Internet's technologies have advanced, businesses have also adopted it as a sales and marketing medium. One of the benefits that accrue to businesses that adopt e-marketing is reduction of transaction costs associated with conducting business, such as providing information about products and services. In addition, other companies use worldwide web to offer a wider variety of products to a larger audience at lower prices compared to products found in a physical setting (Couclelis, 2004).

According to Whitten and Hellmich, (2001) advances in information and communications technology and greater understanding of the working both in healthy and disease drive the change within the pharmaceutical industry while regulatory, economic and social pressures mould it from the outside. The roles of traditional and

herbal forms of healthcare are important and cannot be underestimated in Kenya's healthcare system. The government is looking at ways to bring some practices used in traditional medicine into mainstream healthcare. Already, the government offers licenses to herbal dealers from China and India to open traditional health-care practices (Waithaka & Noah, 2005). Firms such as Tianshi health Products Company, Tabibu Cures International, Swiss Garde Internationsl and GNLD have entered the pharmaceutical market in Kenya; making pharmacies look at new ways to maintain existing customers and attracting new ones.

The harsh economic times have led to busy lifestyles with patients using services like the partnerships between Safaricom and Call-a doc Limited to access information. However, the service only gives advice to callers on appropriate level of care and does not offer diagnosis or prescriptions over the phone. This offers an opportunity to pharmacies to embrace e-marketing in offering their services into retail or personal use and e-purchasing. Kenya Online Drug Purchase Pharmacy in Kenya Services is available for free delivery of medicine within the Nairobi city centre and delivery at a fee to other towns.

Local studies have been conducted in the pharmaceutical industry such as Naikuni (2001); Ndiho (2001); Vinayak (2001); Kimani (2003); Ongubo (2003); Gitobu (2004) conducted studies covering the areas of promotion, marketing practices, strategic marketing, key opinion leader management, brand loyalty and distribution intensity. They have covered certain aspects of marketing but none of the above studies focuses on the adoption of e-marketing in pharmacies. It is also not known if the pharmacies in Kenya do practice e-marketing hence there exist a gap that the proposed research seeks to close by seeking answers to the following research question: To what extent have pharmacies in Nairobi adopted E-marketing?

1.3 Objective of the Study

The study sought to establish the extent to which e-marketing has been adopted in pharmacies in Nairobi and the challenges faced in adopting e-marketing in the pharmacies.

1.4 Importance of the Study

The study findings are expected to be of great importance to various academic scholars and researchers. The documented report of this study will be readily available in the library and it will equip the learners with more knowledge and skills on adoption of e-marketing. The study will further make a myriad contribution to the literature on e-marketing, which will be part of articles that will be useful to researchers who want to further research and to other wider stakeholders in academic circles.

Pharmacies may have a better understanding and insight into the extent to which the adoption of e-marketing may lead to more profitability. Such pharmacies need to weigh the value of utilizing technology to gain return on their investment and generate sales via e-marketing rather than traditional marketing channels, if they do not wish to fall behind in an increasingly competitive environment. The study is of utmost importance in enlightening the pharmacy owners/entrepreneurs to adopt e-marketing as a strategy for future sustainability.

The findings of the study will provide policy makers with the challenges that organizations encounter in the process of adopting e-marketing hence enabling favorable conditions to comply with; and this will encourage growth and economical development. Additionally, the government, particularly ministries of trade, health and also science and technology will be provided with reliable information that will enhance the strategies to adopt in order to effectively improve the welfare of the public.

The study is also expected to have a great impact to the customers as more businesses will understand the importance of e-marketing hence adopt the same as a strategy of competition thus enlightening more potential customers of the variety of products and

services that various organizations offer thus making access to these products and services more convenient.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents and discusses the literature relating to the subject matter of the study. The specific areas covered here include theoretical review, e-marketing practices (e-product, e-price, e-place, e-promotion, e-processes, e-people and e-physical evidence) and challenges in the adoption of e-marketing.

2.2 E-Marketing

E-marketing is traditional marketing using information technology but with increased efficiency in established marketing functions (Strauss et al, 2008). E-marketing is a company's efforts to inform buyers, communicate, promote and sell its products and services over the Internet (Kotler and Keller 2000). E-marketing reaches far beyond the web. Many e-marketing technologies exist including software and hardware used in customer relationship management and supply chain management. The use of the Internet by businesses and consumers has grown very rapidly. Virtually all firms in the USA now have some type of Internet presence, which means that in order to do business with them, their customers and suppliers must also have access to the Internet (Stanton and Stone, 1994). The Internet provides individuals with convenient and continuous access to information and if information is power individuals and organizations have more power than ever before. For instance they compare product features and prices using online search engines, and read product reviews from other consumers at websites (Strauss et al, 2008).

Marketing as it is practiced today was introduced around the 1960s, and the concept of the marketing mix and four P's of marketing- Product, Price, Place and Promotion began to appear in marketing literature (Kotler, 1997). Marketing mix is the combination of controllable marketing variables that a firm uses to pursue the desired level of sales in the target market. Marketing strategies consist of selecting a target market and developing a marketing mix to satisfy the market's needs. Successful marketing is market driven; focuses on and addresses customer needs and desires. The E-marketers' goal is to build a position on one or more bases that are relevant and important to the consumer. An organization can include people, processes and physical evidence when marketing planning for an online service (Strauss et al 2004).

Firms can achieve marketing success by developing a consistent, integrated marketing mix that satisfies the needs of the target market better than competitors. Marketing is largely concerned with identifying market opportunities and responding to them by developing and executing effective marketing strategies. The practice of successful marketing requires constant assessment of the marketing environment to identify opportunities and to determine the best way to capitalize on them (McFarlane, Chembezi and Befecadu, 2003). E-Marketing first appeared under the form of various techniques deployed by pioneer companies selling their products via the Internet in the early 90's. The frenzy around these new marketing techniques created by E-tailers and supported by the Internet rapidly gave birth to a new dimension of what we knew as Marketing: the E-marketing.

Traditionally the marketing mix is coordinated so that efficient product, price, promotion and place strategies are developed for products purchased over the counter. The internet is changing the way organizations sell products and services. Consumers now use the Internet to research and purchase products and services online. Organizations now need online strategies to attract and retain such customers. The e-marketing mix considers the elements of presenting the marketing mix online. E-marketing encompasses: e-product, e-price, e-place and e-promotion, e-processes, e-people and e-physical evidence.

2.2.1 E-Product

To capitalize on e-marketing opportunities, marketers must make five general product decisions that comprise its bundle of benefits to meet customer needs: attribute, branding, support services, labeling and packaging (Strauss *et al*, 2008). Stanton *et al* (1994) state that a product is a set of attributes assembled in an identifiable form; each product is identified by a commonly understood descriptive (or generic) name. However, consumers are not really buying a set of attributes, but rather the benefits that satisfy their needs. Seemingly minor product changes can be the key to success (or failure) in international markets. Since consumers want satisfaction in the form of the benefits they expect to receive from the products or services, to design effective marketing programs, organizations need to know what kinds of products and services they are offering consumers. The idea of 'product' as potential customer satisfaction or benefits is very important. Burke (2004) argues that the basic point about any

product is that it is a bundle of attributes. These attributes have to be brought out with the result that greater emphasis is given to creating subjective differences between competitive products through service and promotional efforts.

Gonul (2001) observed that in addition to detailing, doctors are often supplied with substantial amounts of free products for direct assessment on the effectiveness of the drug, which they can dispense to patients at no cost. Research based pharmaceutical companies mainly give free samples to doctors only when introducing a drug into the market for the first time. However, both research based pharmaceutical companies and generic manufacturers concur that dispensing samples in the health care industry is different from doing so in non-pharmaceutical markets because drug samples are often accompanied by detailing and accepting them might imply some commitment to prescribe the product in the future (Gonul, 2001). Samples can be the only visible reminder of the product after the medical sales representative has left the doctor's office. Samples can have a more lasting influence on the doctor because they add tangibility to the sales presentation hence the need to combine the product offer with a free sample to be given to the pharmacists.

Smith (2003) explains that the product has always remained the key component of marketing mix. Demand can be influenced by making the firm's e-product appropriate, attractive and easily available to target consumers. Designers have been adding value to pharmaceuticals for years. Kabiru (2004) argues that based on perception rather than reality, value is a trade-off between price that is the customer's investment and benefits that is what the customer gets. Customers will only buy a product if they determine that it's perceived value exceed the price they have to pay for it.

Naikuni (2001) notes that increased consumption and faster diffusion have resulted in the shortening of product life cycles. Because of enormous costs and risks involved, new product launches are infrequent and are more thoroughly planned. He further observes that product development is a key marketing function. It includes planning and developing the right products to be marketed. Naikuni (2001) also observes that in the pharmaceutical industry in Kenya, especially among the multinational companies, there is very little they undertake locally, since most of the product developments are done in their mother countries where they have their research

centers. Feedback is however forwarded to their headquarters and thus however small the role, they still are involved in the design and development of new product or improvements of existing products. The local teams' feedback will help in e-product development.

Marketers are also involved in designing strategies needed to change existing products, add new ones, branding or packaging. Ronoh (2002) explains that in the pharmaceutical industry, manipulating the product features such as formulation can offer great competitive advantage. According to Naikuni (2001), new products are important for the long-term survival of the pharmaceutical firms. It is quite evident that the successful firms currently are those who have had new products in the last two decades, and also having others in the pipeline. Branding is also becoming quite important whereby line extension or product improvements are being done on some brands and therefore increases their lifespan. These product developments influence doctors' decision. For their continued survival, pharmaceutical companies have to come up with newer innovative e-products.

2.2.2 E-Pricing

Price is the amount of money and/or other items with utility needed to acquire a product or service. As an allocator of resources, price determines what will be produced and who will get the goods and services provided (Stanton, *et al*, 1994). Price affects a firm's competitive position and its market share hence has a considerable bearing on a company's revenues and net profits. Kabiru (2004) argues that price is a perception of value, which is never constant. The challenge therefore is to always position the e-product with the value going up i.e. firms can either lower price, or increase benefits more than increasing price. Strauss *et al* posit that the Internet puts upward pressure on prices due to added expensive software such as online customer service, where customers expect firms to return e-mail promptly, provide thorough help on frequently asked questions functions online, and give telephone and other contact information. In the pharmaceutical industry, the pharmacist, who is the consumer, when presented with a prescription can infer a patient's willingness and ability to pay a higher price from either the type of insurance held or other cues revealed during the discussion with the patient (Gonul, 2001). It might often be sufficient to make the patients believe that their price concerns have

been addressed in the best possible way given their condition, which thus becomes a credence issue (Day *et al*, 2005). Consumer advocates often criticize pharmaceutical firms for what they consider excessive and wasteful expenditure in detailing and promotion. These expenses, the critics argue, unnecessarily raise the prices of prescription drugs.

Traditionally, pricing was about finding and including costs, discovering how much consumers are willing to pay, taking into account competition pricing then setting price. The Internet has made pricing very competitive. Many costs i.e. store costs, staff cost have disappeared for complete online stores, placing price pressures on traditional retailers. The Internet gives consumers the power to shop around for the best deal at a click of a button. Websites such as www.kelkoo.com compare products from different websites informing consumers of where the best deal is. Such easy access to information helps to maintain prices within the online world. E-pricing can also easily reward loyal customers. Technology allows repeat visitors to be tracked, easily allowing loyalty incentives to be targeted towards them. Payment is also easy. Currently, in e-banking, payments made over the Internet are almost exclusively conducted through existing payment instruments and networks (Ongubo, 2003). PayPal, Pesapal, M-pesa or online credit cards use allows for easy payments. However, the downside to this is Internet fraud, which is growing rapidly around the world.

According to Misumi (2003), different pharmaceutical companies employ various strategies while pricing their drugs. New entrants into the industry often price their drugs low to penetrate the market and gain customers. Naikuni (2001) observes that when research based companies acquire registration of a new drug in Kenya, they price it high to gain maximum amount of profit per unit in the shortest time possible before the generics flood the market because of the weak patency protection in the industry. Generic manufacturers quite often price their products deliberately low so as to crush their competitors or push them out of the market. Some companies will set a price that is seen by doctors as honest and reasonable hoping to gain mileage from this. Like in any other industry, companies hoping to remain competitive and be considered for any proposal will always set market-determined prices. Companies need to set their e-prices for maximum profit and maximum sales, hence must ensure

that they have the ability to differentiate their e-products so as to reduce the price sensitivity of the consumers.

Gonul (2001) noted that intense personal detailing to pharmacists by OTC drug marketers is an honored practice. Drawing a natural parallel between detailing drugs and advertising consumer goods, it can be argued that detailing similar to advertising is both a market power tool and an information source. It is useful to gain insights into the mechanisms' driving product choice in the prescription drug market and to study these mechanisms' effects on price sensitivity. Gonul (2001) observes that doctors have strong incentives to keep their patients satisfied with the provided medical service. Accommodating patients' price sensitivity while accounting for their medical conditions along with giving free samples to some needy patients may be considered a tangible indication of care and involvement that can further enhance the relationship between the doctor and patients (Day *et al*, 2005).

Kotler (1997) observes that multinational pharmaceutical companies face several specific pricing problems when selling abroad. This is the same case observed with multinational pharmaceutical companies operating in Kenya. They must deal with price escalation, transfer prices, dumping charges and gray markets (Naikuni, 2001). Pharmaceutical firms operating in Kenya have also to contend with parallel importations of their own brands that come with far much lower prices, making it almost impossible for them to offload their stocks into the market (Kimani, 2003).

Vinayak (2001) observes that although non-price factors have become relatively more important in buyer choice behavior in recent decades, in developing nations, for majority of the people especially with commodity type of products, price has remained the major determinant of buyer choice. Stanton *et al* (1994) argue that every marketing activity including pricing should be directed toward a goal. The management should decide on its pricing objective before determining the e-price itself. To be useful, the e-pricing objective that management selects must be compatible with the overall goals set by the company and the goals for its marketing program.

Ferrell and Pride (1996) argue that price is intertwined with all the marketing mix variables yet it is one of the most convenient variables to change. The manipulation of

price permits a marketer to adjust the marketing strategy to current demand and supply situations. Price is often used symbolically to emphasize quality or it can be used to attain a desired profit level. Pharmaceutical companies price their products with the aim of recouping their research and development expenses within the period the drug is still under patent (Naikuni, 2001). E-pricing is therefore one of the most important components of the e-marketing mix.

Ronoh (2002) argues that in the pharmaceutical industry, pricing is a very sensitive issue. When a company comes up with an innovative product and successfully patents, the pricing is such that they will be able to recoup their investment in research and development in the period that the patent runs. In the pharmaceutical industry, especially in generic products market, there is little differentiation in the products with the same chemical composition (Vinayak, 2001). He also explains that traditionally, Kenyan pharmaceutical products have remained high priced but with the increasing competition from low cost sources like India and China, the prices have become the most vibrant tool of competitive strategy. Owing to the state of the Kenyan economy and large number of competitive brands in the market, e-pricing is the main strategy for gaining market share.

2.2.3 E-Place

Distributors' role within a marketing mix is getting the product to its target market (Stanton *et al*, 1994). The most important activity in getting a product to market is arranging for its sale from producer to final customer. Other common activities are promoting the product, storing it and assuming some of the financial risk during the distribution process. A distributing channel consists of the interdependent set of people and firms involved in the transfer of title to a product as the product moves from the producer to the ultimate consumer or business user. A channel of distribution always includes both the producer and the final customer of the product in its present form as well as any middlemen such as retailers and wholesalers. The channel for a product extends only to the last person or organization that buys it without making any significant change in its form. Stanton *et al* (1994), observe that a company wants a distribution channel that not only meets customers' needs but also provides an edge on competition. Strauss *et al* (1994) state that the Internet has changed the way electronic data interchange is used to establish structural relationships between

suppliers and buyers, online intermediaries including wholesalers, retailers, brokers and agents.

In the developed countries, new communication technologies such as the Internet are enjoying particular attention by health researchers. Claims of the Internet's potential range from a promise to revolutionize the fundamental way health care is delivered to a tool for empowering patients through enhanced interaction with providers (Rice, 2001). Wherever web-based medicine eventually lands it generate excitement as a means of providing care for two segments, a wide range of health care services and a driving force behind the development of health care consumers (Mittman and Cain, 2001).

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Distribution channels in the Kenyan pharmaceutical industry however are uniquely narrow. Muiva (2001) reported that having an effective distribution network was considered most important to compete effectively in the local pharmaceutical industry, followed by a skilled marketing team and an effective product mix. The presence of a good distribution network enables products to penetrate widely into the market. This is due to the nature of marketing activities of prescription drug marketers. These companies regard the doctor as their customer since he is the one who makes the choice on behalf of the patient (Gonul, 2001). This means that the prescription drugs must be distributed in a way such that they will be available at places where the doctors need them, which is the pharmacy.

According to Kotler (1997) many multinationals think their job is done once the product leaves their factory. He argues that they should pay more attention as to how the product moves within the foreign country. Similarly, pharmaceutical firms operating in Kenya should take a whole channel view of the problem of distributing their products to the final users. Ferrell and Pride (1996) observe that distribution is one of the less flexible variables in the marketing mix. This is because decisions about distribution often result in long-term commitments to intermediaries or in commitments of resources to company owned vertically integrated systems. Stanton *et al* (1994) explains that place or distribution is one of the important marketing mix components that marketers use to select and manage the trade channels through which products will reach the right market at the right time. Rosenbloom (1999) observes that when the target market places a high level of emphasis on how a product is sold,

how timely and conveniently it is made available and where it is sold, distribution becomes the leading variable in the marketing mix.

In Kenya, the channels of distributing ethical products are narrow. The Pharmacy and Poisons Act (cap 244) clearly defines where these products should be dispensed. These premises should be registered with the board through a qualified pharmacist, permitted to physically handle the drugs. Ethical products can only be dispensed through licensed pharmacies or clinics. Vinayak (2001) observes that with increasing competition and product multiplicity, to make the product available in the pharmacies is an important but difficult task for any marketer. This is further complicated by the fact that pharmacies are hesitant to stock new drugs on their shelves for fear of becoming dead stock; while doctors want their patients to get a drug immediately it is prescribed without delay.

2.2.4 E-promotion

The Internet enhances promotional coordination among intermediaries. Promoting products and services online is concerned with a number of issues. Firms e-mail ads and other materials to each other, and all firms may view current promotions on a website at any time. Having a recognizable domain name is the first stage towards e-promotion. Organizations such as newegg.com have successfully positioned the brand in the online world as an online bank. It is through promotional activities that a firm communicates directly with potential customers. Stanton *et al* (1994), observes that promotion is the element in an organization's marketing mix that serves to inform, persuade and remind the market of a product and the organization selling it, in the hope of influencing the recipients' feelings, beliefs or behavior. The five forms of promotion include personal selling, advertising, sales promotion, public relations and publicity. The pharmaceutical industry in Kenya, mainly use personal selling and sales promotion in their marketing activities to doctors and pharmacies respectively (Musimi, 2003).

According to Stanton *et al* (1994) personal selling is the direct presentation of a product to a prospective customer by a representative of the organization selling it. In the pharmaceutical industry these marketers are known as medical sales representatives or pharmaceutical representatives, while the presentation to the doctor is known as detailing and the process is a 'call' (Gonul, 2001). There are special

pharmacy sales representatives that call on pharmacists for OTC drugs. Sales promotion is demand-stimulating activity designed to supplement advertising and facilitate personal selling. To be effective, promotional activities must also be coordinated with product planning, pricing and distribution; the other marketing mix elements. An effective promotional mix is a critical part of virtually all-marketing strategies. When deciding on the promotional mix, management should consider the nature of the market including the type of customer, the prospects readiness to buy and the geographic scope of the market, the nature of the product including unit value, the degree of customization required and the amount of presale and post-sale service, the stage of the product life cycle and the funds available for promotion (Stanton *et al.*, 1994).

Firm (2000) observes that as competition becomes more intense, consultancies such as PriceWaterhouse Coopers are teaching pharmaceutical companies to build relationships with doctors. Among other things, that means strong branding and making the drug look twice as good as an equally good rival. Gonul (2001) observes that there is a trade-off between the benefits acquired through time spent with pharmaceutical sales representatives and the opportunity cost of that time, which can be spent otherwise. Information about new drugs and their applications and side effects is largely available from other sources; doctors have access to medical symposia and conferences, research articles and medical journals. There is also anecdotal evidence that inertia and loyalty to specific drugs play some role in the choice of a drug prescribed by a doctor.

When used as a persuasive tool, promotion affects the doctor by focusing on the differentiating features and attributes of the product and thus reduces price sensitivity (Gonul, 2001). It is clear that doctors retrieve drug alternatives from memory before writing a prescription, this makes it even more important for pharmaceutical sales representatives to engage in reminder promotion; which requires them to 'call' on the doctors regularly (Smarta, 1994). He further observes that most of them will make a presentation of the drug to the doctor once or twice every month. With more drugs for treating similar indication coming into the market, we have seen the frequency of calls increase across the board. In the prescription drug industry, doctors receive visits from the representatives of competing pharmaceutical companies, it is expected that the

persuasive aspect of the pharmaceutical sales representatives will be mitigated by physicians' increased awareness of competitors prices (Gonul, 2001). He also notes that the persuasiveness of detailing and sampling activity will be cancelled out across the visits of different sales representatives, making the increased awareness of drug features and availability the only remaining effect to influence doctors.

Ndiho (2001) observes that the emergence of managed care has reduced the impact of pharmaceutical sales representative; however they are still a strong source of information in the promotion of drugs. It is still unresolved whether pharmaceutical promotion or detailing is a warranted or redundant promotional activity (Smarta, 1994). Pharmaceutical promotion or detailing is a valuable, though not unique or entirely accurate source of information for doctors providing them with useful product knowledge about drug toxicity, efficacy and cost to the patient, thus offering a more customized service and enhancing social welfare (Firn, 2000). In the pharmaceutical industry today, there has been a shift from the focus on 'calls' to one on relationships. Doctors and other customers like retail pharmacies and hospitals need to make long-term commitment to maintain brand relationships as marketing of brands provides updated quality, service and innovation (Smarta, 1994). Given the increased importance of long-term strategic relationships with both doctors and retail outlets, pharmaceutical companies increasingly have to place greater emphasis on relationship management skills. These skills are present in individual rather than being related to organization structures, roles or tasks, hence key marketing personnel who are able to acquire these skills become increasingly valuable as business assets. Establishing a relationship should be the outcome of a call and result from customer satisfaction.

Kotler (1997) explains that companies can run the same advertising and promotion campaigns used in the home market or change them for each local market i.e. communication adaptation. Ronoh (2002) argues that modern marketing calls for more than developing a good product, pricing it attractively and making it accessible. He observes that companies must also communicate with present and potential stakeholder and the general public. Ferrell and Pride (1996) observe that promotion mixes are methods of communicating with target markets about the values contained in an offering. Promotion is used for a variety of purposes and its symbolization aspects make direct contribution to increasing the value of an offering.

2.2.5 E-Process

Process is another element of the 7Ps of services marketing mix. Process is referred to the procedures, mechanisms and flow of activities by which the service is delivered i.e. the service delivery and operating systems. According to Normann, (2001) services are performances or actions done for or with the customers, they typically involve a sequence of steps and activities. The combination of these steps constitutes a service process which is evaluated by the customers. Furthermore, in a service situation customers are likely to have to queue before they can be served and the service delivery itself is likely to take a certain length of waiting time. It helps if marketers ensure that customers understand the process of acquiring a service and the acceptable delivery times. Creating and managing effective service processes are essential tasks for service firms.

Managing the process factor is essential due to the perish ability of services which means that services cannot be inventoried, stored for re-use or returned. As services are performances that cannot be stored, it is a challenge for service businesses to manage situations of over or under demand. Another distinctive characteristic of the service process that provide evidence to the customer is the standardized or customized approach based on customer's needs and expectations (Edvardsson, 2005). Since services are created as they are consumed, and because the customer is often involved in the process, there are more opportunities for customizing the service to meet the needs of the customers. The first concerns the extent to which the characteristics of the service and its delivery system lend themselves to the scope of customization; the second relates to the extent of flexibility the contact employees are able to exercise in meeting the needs of the customers. As services are dynamic and experiential, and frequently co-produced in real time by customers and employees, service firms use "service blueprinting" to better manage the service encounter and to allow clearer visualization of the service processes.

2.2.6 E-people

People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are altered to meet the individual needs of the person consuming it. In Booms and Bitner's 7Ps services marketing framework, people are all directly or

indirectly involved in the service encounter, namely the firm's contact employees, personnel and other customers. Due to the inseparability of production and consumption for services which involves the simultaneous production and consumption of services, service firms depend heavily on the ability of contact employees to deliver the service. Contact employees contribute to service quality by creating a favorable image for the firm, and by providing better service than the competitors (Korkman, 2006). Service providers (such as hair stylists, personal trainers, nurses, counselors and call centre personnel) are involved in real time production of the service. They are the “service”. Much of what makes a service special derives from the fact that it is a lived-through event.

Service firms must find ways in which they can effectively manage the contact employees to ensure that their attitudes and behaviors are conducive to the delivery of service quality. This is especially important in services because employees tend to be variable in their performance, which can lead to variable quality i.e. heterogeneity in the performance of services. The quality of a service (a visit to a hospital for medical check-up, having a meal at the restaurant, accountancy and consulting services) can vary from service providers and customers among many other factors (Normann, 2001). This lack of homogeneity in services creates difficulties for the service firms. As delivery of services occurs during interaction between contact employees and customers, attitudes and behaviors of the service providers can significantly affect customers' perceptions of the service. This is important, because customers' perceptions of service quality and its value can influence customer satisfaction, and in turn, purchase intentions.

2.2.7 E-Physical Evidence

Services are largely intangible when marketing. However, customers tend to rely on physical cue to help them evaluate the product or service before buying. Therefore marketers develop physical evidence to replace these physical cues in a service. The marketers design and implement such tangible evidence (Grönroos, 2000). Physical evidence is the material part of a service. The e- physical evidence as part of marketing mix elements must work together and support each other if the company is to have a successful online marketing strategy. It's easy to fall into the trap of thinking that everything which is happening in terms of marketing is all about digital

marketing. Physical marketing is what marketing was prior to the digital age, and exploits tried and tested methods of marketing and marketing communications.

Physical evidence refers to the environment in which the service is assembled and in which the seller and customer interact, combined with tangible commodities that facilitate performance or communication of the service. The physical evidence of service includes all the tangible representations of service such as brochures, letterhead, business cards, reports, signage, internet presence and equipment. For example, in the hotel industry, the design, furnishing, lighting, layout and decoration of the hotel as well as the appearance and attitudes of its employees will influence customer perceptions of the service quality and experiences. Because of the simultaneous production and consumption of most services, the physical facility i.e. its servicescape can play an important role in the service experience.

As services are intangible, customers are searching for any tangible cues to help them understand the nature of the service experience. The more intangible dominant a service is, the greater the need to make the service tangible. Credit cards are another example of the use of tangible evidence that facilitates the provision of (intangible) credit facilities by credit card companies and banks (Gummesson, 2002). In fact, the physical environment is part of the product itself. In summary, physical evidence serves as a visual metaphor of what the company stands for, and facilitates the activities of customers and employees.

2.3 Challenges in the Adoption of E-Marketing

Adoption of E-Marketing effectively and efficiently by business enterprise changes both the characteristics and nature of the business. As a result, the increased usage of the Internet and other Electronic marketing tools (Intranets, Extranets and Mobile phones) in conducting electronic transactions not only creates opportunities for business but also eliminates growing businesses from competition due to the cost of the purchasing those modern equipment hence resulting to difficulty in adopting it (Mulhern, 1995). The adoption of new technologies has attracted a lot of interest from researchers and practitioners during the last two decades to gain a better understanding of how they can be used more effectively. Unlike new technological innovation, which often appears to occur as a single event or jump, the adoption or diffusion of technology into practice appears as a continuous and rather slow process

(Hall and Khan, 2003). It is crucial for an organization to keep customers coming back. It is often difficult to facilitate excellent customer communication via the Internet, so often there's need to utilize offline methods to achieve greater customer satisfaction.

Some researchers attempted to relate determinants of innovation adoption to the type of innovation. Damanpour (1987) studied the organizational factors that influence three different types of innovations that are technological, administrative and ancillary innovations. The factors that influence radical versus incremental innovations have also been studied and similar results were found enforcing the argument that the factors that affect innovation adoption are influenced by the type of the innovation. Product versus process innovations also varied in terms of their adoption determinants (Gopalakrishnan and Damanpour, 2000).

Daniel and Grishaw (2002) attempted to relate adoption of e-marketing to the size of the organization. Daniel and Grishaw found that adoption intentions and benefits realized vary between large and small companies. The use of e-commerce for responding to competitors, providing enhanced customer services and improving relations with suppliers was more significant for small companies than for larger ones. As for the benefits realized, they found that a significantly greater proportion of smaller companies thought that the Internet has helped them find new customers, improve and personalize their customer interactions and be more available than larger companies

According to Brand and Huizingh (2008) since the introduction of disruptive technologies such as the Internet and e-commerce is often followed by a series of incremental innovations, the adoption of such technologies is not a binary process, but one that involves multiple levels. Brand and Huizingh (2009) concur that complex innovations like the Internet and e-commerce are considered as multi-level phenomena and their adoption involves many levels of the organization. The Internet is viewed as a cluster of innovations (Prescott and Conger, 1995) and thus different innovations consist of different levels of adoption (Daniel *et al.*, 2002; Jones *et al.*, 2003; Teo and Pian, 2003). These studies explain that a more basic use of the web is adopted before more advanced applications are developed. There is a significant

difference between basic and advanced use of the web and this difference impacts the adoption process (Bengtsson et al., 2007).

2.4 Summary of Literature Review

The revolution in computer science, the Internet, information technology (IT), media and communications has changed the ways of conducting business today. In the last two decades, growing numbers of companies and enterprises have been using the Internet and other electronic communications to conduct marketing efforts and activities, giving the chance for E-marketing. It is one aspect of organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. Technological changes, continuous reduction in hardware, improvement in data storage capabilities and advances in software have made computing more accessible, easier to use and more exciting.

Organizations have started to look towards technology to drive down costs, improve performance and revolutionize traditional systems of production. Global competition, pressures of customization and restructured market places led to companies turning to Internet to help them differentiate, be more flexible and create niches (April and Cradock, 2000). Use of internet was widespread but its benefit was questionable, with little sales being generated directly as a result of online marketing activities; although many were predicting that it would have a positive impact in the future (Gallagher and Gilmore, 2004).

In Kenya, the pharmacies play an important role in the economy. It is only a healthy population that can be able to fully participate in the development activities of any nation. Kimari (2006), states that typical structures of the pharmaceutical distribution in Kenya consist of the manufacturers (producers), distributors and end-users. The industry as such employs a large number of people in pharmacies and indirectly supports millions of others. The configuration of competitive forces such as intensity of competition, new entrants, substitute products, suppliers and buyers have transformed the environment a great deal creating the need for firms to change their competitive positions (Ongubo, 2003).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents methods that the study adopted in obtaining the research data. The chapter is outlined into research design, population of the study, sample design, data collection and data analysis.

3.2 Research Design

The study used descriptive survey research design. A survey collects data from members of a population in order to determine the current status of that population with respect to one or more variables and could be descriptive, exploratory or involving advanced statistical analysis (Mugenda and Mugenda, 2003). Descriptive study establishes the what, why and how and a phenomenon. The descriptive survey approach would be most suited in bringing out the e-marketing practices adopted by pharmacies in Nairobi.

3.3 Target Population

The study targeted all population pharmacies operating in Nairobi Central Business District (CBD). The Central Business District of Nairobi takes a rectangular shape, around the Uhuru Highway, Haile Selassie Avenue, Moi Avenue and University Way (refer to Appendix II). The list of pharmacies (Appendix III) will be sourced from Pharmacy and Poison Board (PPB). PPB is chosen as the source of data because it is the institution charged with licensing pharmacies.

According to PPB, (2012) there were seventy five (75) licensed pharmacies within Nairobi city centre. The pharmacies within Nairobi CBD are diversified in their set up and in the services they deliver. Secondly, pharmacies are found to be more representative to answer the research questions amongst the other emerging businesses in E- marketing, and lastly they are easily accessible and their employees are knowledgeable concerning the research questions.

3.4 Sampling

The study selected 30 pharmacies from a total of 75 pharmacies with the study population being owners of the pharmacy or the pharmacy managers. The study used stratified random sampling technique in coming up with a sample size of 30

pharmacies within Nairobi CBD; from each pharmacy one respondent was expected to participate in the study. Mugenda and Mugenda (2003) advocated 10-40% of target population as representative. With this stratified random sampling, subjects will be selected in such a way that the existing sub-groups in the target population are more or less represented in the sample, Mugenda and Mugenda (2003).

Table 3.1 Sample Size and Sampling Techniques

	Population	Sample Ratio	Sample Size	Percentage
Koinange Street	7	40	3	9
Moi Avenue	17	40	7	23
Haile Sellasie	9	40	4	12
Muindi Mbingu Street	5	40	2	7
Kenyatta Avenue	11	40	4	15
Harrabee Avenue	9	40	4	12
Loita street	5	40	2	7
Kimathi street	7	40	3	9
Monrovia street	5	40	2	7
Total	75	40	30	100

3.5 Data Collection

The researcher and research assistants' administered a survey questionnaire to the sample population as a primary data source. The research assistants were trained on how to carry out the administration of the questionnaire. The questionnaire had both open and close-ended questions. The close-ended questions provided more structured responses and reduce the number of related responses in order to obtain more varied responses. The open-ended questions provided additional information that may not have been captured in the close-ended questions. The questionnaire was carefully designed and tested with a few members of the population for further improvements. This was done in order to enhance its validity and accuracy of data to be collected for the study.

The researcher together with research assistants administered the questionnaire individually to all respondents of the study who will be the pharmacy owners or the pharmacy managers. The researcher exercised care and control to ensure all questionnaires issued to the respondents are received and to achieve this, the

researcher maintain a register of questionnaires that were sent, and which were received and evidence of being filled out like were required.

3.6 Data Analysis

The study generated both qualitative data through open-ended questions and quantitative data through close-ended questions. Quantitative data was coded and entered into Statistical Packages for Social Scientists and analyzed using descriptive statistics. Qualitative data was analyzed based on the content matter of the responses. Responses with common themes or patterns were grouped together into coherent categories.

Descriptive statistics involved the use of absolute and relative (percentages) frequencies, measures of central tendency and dispersion (mean and standard deviation respectively). Quantitative data was presented in tables and graphs while the explanation to the same was presented in prose. Cross tabulation of the data was done to enable the researcher to establish trends in adoption of e-marketing in the pharmacies.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents analysis of the data on the adoption of e-marketing by pharmacies in Nairobi. This chapter presents the findings of the study and discussion of the findings. The findings are intended to answering the study's research question. Data collected was collated and reports produced in form of tables and figures and qualitative analysis.

4.2 Response Rate

Table 4.1 illustrates the response rate of the respondents that participated in the survey. The study targeted 30 respondents from Nairobi pharmacies specifically in the CBD. However, 26 respondents completely filled and returned the questionnaires contributing to 80%. This complied with Mugenda and Mugenda (2003) who suggested that for generalization a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent.

This response rate can be attributed to the data collection procedure, where the researcher engaged research assistants to administer questionnaires and wait for respondents to fill in. The research assistants kept reminding the respondents to fill in the questionnaires through frequent phone call and picked the questionnaires once fully filled. The 20% questionnaires that were not returned were due to reasons such as, the respondents not being available to fill them in at that time and with persistent follow-ups there was no positive response from them. The response rate demonstrates a willingness of the respondents' to participate in the survey that the study sought.

Table 4.2 Response Rate

Response Rate	Frequency	Percentage
Filled questionnaires	24	80
Non response questionnaires	6	20
Total	30	100

4.3 General Information

study found it crucial to ascertain broad information regarding the respondents. analysis relied on this information of the respondents so as to classify the different results according to their knowledge and responses.

4.1 Duration of Business Existence

The study sought to investigate the duration that the businesses have been existence in market. Table 4.2 summarizes the study findings.

Table 4.3 Duration of Business Existence

Duration of Business Existence	Frequency	Percentage
5 years	10	42
10 years	7	29
11-15 years	4	17
16-20 years	2	8
More than 21 years	1	4
Total	24	100

As indicated in the table 4.2 below, most of the businesses have been in operation for a period not exceeding five years (42%), followed by those in operation for a period six to ten years (29%) while those in operations for eleven to fifteen years, sixteen to twenty years and more than twenty one years were 17%, 8% and 4.2% respectively. This depicts therefore that, majority of the businesses had been in operation for a long duration of about 1-10 years and thus stable firms to give reliable information with regard to adoption of e-marketing in pharmacies.

4.2 Distribution of Pharmacy Branches

The study sought to find out whether the businesses have other branches within the region. The findings are as shown in table 4.3 below.

Table 4.4 Distribution of Pharmacy Branches

Distribution of Pharmacy Branches	Frequency	Percentage
	14	58
	10	42
Total	24	100

From the findings, majority of the pharmacies, 14 representing 58.3% have branches within Nairobi while 10 (41.7%) do not. This indicates that majority of the pharmacies have expanded in size since their inception thus needed to adopt new marketing strategies like e-marketing to remain competitive.

4.3.3 Number of Branches

Further the study sought to find out the number of branches the businesses had within the Nairobi area. The results are as shown in table 4.4 below.

Table 4.5 Number of Branches

Number of Branches	Frequency	Percent
One	7	29.2
Two	11	45.8
Three	2	8.3
Four	3	12.5
More than five	1	4.2
Total	24	100.0

From the findings, most of the pharmacies have two branches (45.8%) followed by those with one branch (29.2%), four branches (12.5%), while 8.3% and 4.2% had three and more than five branches respectively. This illustrates that majority of the pharmacies have registered growth since their establishment as reflected by the number of branches that they have opened.

4.3.4 Business Legal Ownership

The study requested the respondents to indicate the business legal ownership. The findings of the study are as indicated in the table 4.3 below.

Table 4.6 Business Legal Ownership

Business Legal Ownership	Frequency	Percent
Sole trader	9	38
Partnership	4	16
Private limited company	11	46
Total	24	100

From the findings, most of the firms were private limited companies, eleven (45.8%) while nine (37.5%) were operated by sole traders and four (16.7%) are partnerships. This shows that the firms were stable businesses which had the capacity to increase their market share by adopting marketing strategies hence maximizing their profit.

4.3.5 Respondents Level of Education

The study sought to investigate the highest level of education that the respondents had acquired. The results of this investigation are summarized in the table 4.6.

Table 4.7 Respondents Level of Education

Respondents Level of Education	Frequency	Percent
Diploma	6	25.0
Post graduate	4	16.7
Master degree	5	20.8
Undergraduate	9	37.5
Total	24	100.0

According to the study finding, most of the respondents nine (37.5%) were undergraduates, six (25%) had diplomas while five (20.8%) and four (16.7%) of the respondents were those who had a master's degree and postgraduate degree respectively. This shows that majority of respondents have attained higher education thus have sufficient knowledge on the extent to which e-marketing has been adopted in pharmacies in Nairobi and the challenges faced in adopting e-marketing in the pharmacies.

4.3.6 Number of Employees in the Firm

The study sought to find out the number of employees that the business had employed. The findings are as shown in table 4.7 below.

Table 4.8 Number of Employees in the Firm

Number of Employees in the Firm	Frequency	Percent
1-5	11	46
6-10	2	8
11-15	6	25

Above 16	5	21
Total	24	100

From the findings, most of the businesses, eleven, have one to five employees representing 45.8%, six (25%) of the businesses have employed eleven to fifteen employees while those which have employed above sixteen and six to ten employees were five (20.8%) and two (8.3%) respectively. This shows that majority of the firms have employed few employees which could be attributed to the fact that pharmacies had embraced technology in their operations and thus required a small number of employees.

4.3.7 Embracing E-marketing

Further the study was inquisitive to investigate whether respondents respective businesses embrace E-marketing as a means of marketing their products. The study findings are summarized in table 4.8 below.

Table 4.9 Embracing E-marketing

Embracing E-marketing	Frequency	Percent
Yes	17	71
No	7	29
Total	24	100

According to the study findings, 71% pharmacies agreed while 29% denied embracing e-marketing in their businesses. This indicates that e-marketing is being used in many businesses within the study.

4.4 E-PRODUCT

4.4.1 E-product Service

The study asked the respondents to indicate whether the respective organizations offer e-products in the businesses.

Table 4.10 E-product Service

E-product Service	Frequency	Percent
Yes	13	54
No	11	46

Total	24	100
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From the findings, 54.2% pointed out that they offer e-product while 11 (45.8%) were not offering e- product. This is an indication that more than half of the pharmacies in Nairobi have adopted e-marketing by offering e-product.

4.4.2 Consumer Satisfaction

The study further sought to find out the level of satisfaction of the customers with e-products. Finding of the study are as depicted in table 4.10.

Table 4.11 Consumer Satisfaction

Consumer Satisfaction	Frequency	Percent
Poor	1	4.2
Fair	6	25.0
Average	5	20.8
Good	7	29.2
Excellent	5	20.8
Total	24	100.0

From the findings, most of the respondents, seven (29.2%) described it as good, six (25%) as fair, five (20.8%) as average and five (20.8%) as excellent while one (4.2%) as poor. From these findings, the level of consumer satisfaction in pharmacies in Nairobi is good and thus e-product has been adopted in and few challenges were faced in adopting e-product in the pharmacies.

4.4.3 Supply of Medicine to Doctors in Different Locations

The study asked the respondents to indicate whether their firms supply medicine to doctors in different locations in order to dispense to their patients.

Table 4.12 Supply of Medicine to Doctors in Different Locations

Supply of Medicine to Doctors in Different Locations	Frequency	Percent
Yes	19	79
No	5	21
Total	24	100

From the findings, nineteen pharmacies (79.2%) did while five (20.8%), denied supplying medicine to doctors located in different locations. This indicates that majority of the businesses supply medicine to doctors in different locations in Nairobi thus they have good relations with the doctors and have a ready market for their products.

4.4.4 Influence of E-product on Organization Profitability

Table 4.12 shows the study finding on the Influence of e-product on profitability the organization.

Table 4.13 Influence of E-product on Organization Profitability

Influence of E-product on Organization Profitability	Frequency	Percent
Very low extent	3	12
Low extent	4	17
Moderate extent	6	25
Great extent	6	25
Very great extent	5	20
Total	24	100

From the findings, most of the respondents, six (25%) rated it as having influence to a great extent and to a moderate extent, with five (20.8%) rating to a low extent, four (16.7%) to a very low extent while three (12.5%) rated to a very great extent.

4.4.5 E-marketing Adoption and the Utilization of E-product by Pharmacies

The study sought to establish the relationship between the adoption of e-marketing and the utilization of e-product by pharmacies.

Table 4.14 E-marketing Adoption and the Utilization of E-product by Pharmacies

		Influence of e-product on profitability					Total
		Very low extent	Low extent	Moderate extent	Great extent	Very great extent	
Adoption of e-marketing	yes	2	3	3	6	3	17
	no	2	2	3	0	0	7
Total		4	5	6	6	3	24

According to the findings, most of the companies that adopted e-marketing 6 out of 17 indicated that the utilization of e-products influenced their profitability to a great extent, while 3 out of 17 pharmacies using e-marketing posited that utilization of e-product influenced profitability to either a very great extent or moderate extent or to a low extent.

4.5 E- PRICING

4.5.1 Stating of Products Price on E-marketing

The study asked the respondents to indicate whether they stated the price of the products when practicing e-marketing

Table 4.15 Stating of Products Price on E-marketing

Stating of Products Price on E-marketing	Frequency	Percent
Yes	12	50
No	12	50
Total	24	100

From the findings it shows there is equal proportions twelve (50%) who state the price of the products when e-marketing.

4.5.2 Realization of Profitability Increase

The study sought to investigate whether the organization had realized profitability as a result of engaging price tag through e-pricing. The findings are as shown in table 4.15.

Table 4.16 Realization of Profitability Increase

Realization of Profitability Increase	Frequency	Percent
Yes	13	54
No	11	46
Total	24	100

According to the findings, thirteen (54.2%) of the businesses have increased in profitability since launching price tags. This shows that there is an advantage in stating prices of the products when practicing e- marketing especially in pharmacies.

4.5.3 Carrying out Research before setting On-line Price

Table 4.16 shows the study findings on whether sampled organization conduct research before setting online price.

Table 4.17 Carrying out Research before setting On-line Price

Carrying out Research before setting On-line Price	Frequency	Percent
Yes	14	58.3
No	10	41.7
Total	24	100.0

From the study, majority (58.3%) of the organizations conduct research before setting a fair price to consumers before placing it on-line. Since they consider fair prices to consumers, profitability has increased since launching of on-line prices.

4.5.4 Payment Mode

The study asked the respondents to indicate the mode of payment the organization encourages potential consumers to use when making payments

Table 4.18 Payment Mode

Payment Mode	Frequency	Percent
PayPal	5	21
Pesa-pal	1	4
M-pesa	16	68
Online Credit Cards	2	8
Total	24	100

. From the findings sixteen (66.7%) organizations use M-pesa followed by PayPal with five pharmacies (20.8%), while two (8.3%) use online credit cards and one (4.2%) uses Pesa-pal. This shows that M-pesa is the most utilized and most convenient mode of payment for both the customers and the organizations.

4.5.5 Extent that E- pricing Increases Sales Volume

Table 4.15 on the next page shows the extent to which e- pricing increases sales volume.

Table 4.19 Extent that E- pricing Increases Sales Volume

Extent that E- pricing Increases Sales Volume	Frequency	Percent
Very low extent	1	4
Low extent	6	25
Moderate extent	5	20
Great extent	10	42
Very great extent	2	9
Total	24	100

According to the findings, most of the respondents, ten (41.7%) indicated that e-pricing increases sales volume to a great extent while six (25%) felt that e-pricing increases sales to a low extent. Those who felt that e-pricing has a moderate effect on sales are five (20.8%), followed by two pharmacies (8.3%) to a very low extent while one (4.2%) felt that e-pricing increases sales to a very great extent. This indicates that e-pricing has a moderate effect on sales.

4.5.6 Adoption of E-marketing and Utilization of E- pricing by Pharmacies

The study sought to establish the relationship between the adoption of e-marketing and the utilization of e-pricing by pharmacies. The findings are as illustrated in table 4.19 below.

Table 4.20 Adoption of E-marketing and Utilization of E- pricing by Pharmacies

		Effect of e- pricing on increasing sales volume					Total
		Very low extent	Low extent	Moderate extent	Great extent	Very great extent	
Adoption of e-marketing	yes	0	4	2	10	1	17
	no	2	2	3	0	0	7
Total		2	6	5	10	1	24

According to the findings, majority of the pharmacies that adopted e-marketing 10 of the 17 indicated that the utilization of e-pricing increased their sales volume to a great extent, while 4 of 17 pharmacies using e-marketing posited that utilization of e-pricing increased their sales volume to a low extent.

4.4 E- PLACE

The study asked the respondents to indicate whether there are any intermediaries during the process of delivering the products.

4.6.1 Intermediaries in the Process of Delivery of the Products

Table 4.21 Intermediaries in the Process of Delivery of the Products

Intermediaries in the Process of Delivery of the Products	Frequency	Percent
Yes	13	54
No	11	46
Total	24	100

From the findings thirteen (54.2%) of the organizations do have intermediaries and the rest (45.8%) do not, thus making it easier for the organization to make deliveries. This reduces the chain of distribution hence increasing the profit of the organization.

4.6.2 Middlemen in Distribution Channel

The study sought to find out the intermediaries used by the organizations in the channel of distribution for those that used middlemen.

Table 4.22 Middlemen in Distribution Channel

Middlemen in Distribution Channel	Frequency	Percent
Wholesalers	2	8.3
Retailers	5	20.8
Brokers	6	25.0
Agents	11	45.8
Total	24	100.0

According to the findings most of the organizations use agents, that is eleven pharmacies, six use brokers while five use retailers as channels of distribution. This shows that majority of the organizations use agents and brokers as middlemen in channel of distribution.

4.6.3 Extent that Timely Product Delivery Increases Customer Loyalty

The researcher further investigated the extent to which timely delivery of the products to customers increased customer loyalty. Finding of the study are as shown in table 4.22 on the next page.

Table 4.23 Extent that Timely Product Delivery Increases Customer Loyalty

Increase of Customer Loyalty due to Timely Product Delivery	Frequency	Percent
Very low extent	1	4
Low extent	2	8
Moderate extent	4	17
Great extent	10	42
Very great extent	5	21
Total	24	100

From the findings, ten (41.7%) of the respondents were of the opinion that timely delivery of the product increases customer loyalty to a great extent, five (20.8%) to a very great extent, four (16.7%) to a moderate extent, two (8.3%) to a low extent while one was of the opinion that timely delivery of product increases customer loyalty a very low extent.

4.6.4 Adoption of E-marketing and Utilization of E-Place by Pharmacies

The study sought to establish the relationship between the adoption of e-marketing and the utilization of E-Place by pharmacies. Table 4.23 shows the summary of the study findings.

Table 4.24 Adoption of E-marketing and Utilization of E-Place by Pharmacies

		Influence of e-physical evidence on effective delivery of the product				Total
		Low extent	Moderate extent	Great extent	Very great extent	
Adoption of e-marketing	yes	3	1	7	6	17
	no	1	2	2	2	7
Total		4	3	9	8	24

According to the findings, most of the pharmacies that adopted e-marketing (7 out of 17) indicated that the e-physical evidence influenced effective delivery of the product to a great extent while 6 out of 17 pharmacies indicated that e-physical evidence influenced effective delivery of the product to a great very extent.

4.5 E-PROMOTION

4.5.1 On-line Promotion

The study asked the respondents to indicate whether they offer online promotion in their businesses. Response of the study are as depicted in table 4.24.

Table 4.25 On-line Promotion

On-line Promotion	Frequency	Percent
Yes	13	54
No	11	46
Total	24	100

From the findings, thirteen agreed while eleven denied offering online promotion in their businesses. This indicates that majority of the businesses do carry out on-line promotions.

4.5.2 Use of Website in Promotions

The study sought to find out whether the organizations have a website where promotions are posted. Findings are as depicted in table 4.25.

Table 4.26 Frequency of Conducting Online Promotion

Frequency of Conducting Online Promotion	Frequency	Percent
Yes	12	50
No	12	50
Total	24	100

According to the findings equal proportion of the respondents, twelve have website while twelve do not have a website where promotions are posted. This indicates that pharmacies within Nairobi have websites where promotions are posted but not all.

4.5.3 Frequency of Conducting Online Promotion

The study sought to find out the frequency with which organizations conduct online promotion. Table 4.26 on the next page shows the summary of the findings.

Table 4.27 Frequency of Conducting Online Promotion

Frequency of conducting online promotion	Frequency	Percent
Once per year	2	8
Twice per year	4	17
Thrice per year	4	17
Quarterly per year	5	21
None	9	38
Total	24	100

From the findings, most of the organizations nine do not conduct online promotions, five conduct online promotions quarterly per year while four conduct online promotions thrice and twice per year, while two of the organizations conduct online promotions only once a year.

4.5.4 E-marketing Adoption and E-Promotion by Pharmacies

The study sought to establish the relationship between the adoption of e-marketing and the utilization of E-Promotion by pharmacies.

Table 4.28 E-marketing Adoption and E-Promotion by Pharmacies

		Frequency of conducting online promotion					Total
		Once per year	Twice per year	Thrice per year	Quarterly per year	None	
Adoption of e-marketing	yes	2	4	4	5	2	17
	no	0	1	2	0	4	7
Total		2	4	4	5	9	24

According to the findings, most of the pharmacies that adopted e-marketing, that is, 5 out of 17 indicated that they conducted online promotion on Quarterly per year basis, while 4 out of 17 pharmacies that had adopted e-marketing conducted online promotion either two or three times per year.

4.6 E-PROCESS

4.6.1 Effect of E-marketing on Service Delivery

The study sought to find out whether adoption of E-marketing eases service delivery and operating systems within the organizations.

Table 4.29 Effect of E-marketing on Service Delivery

Effect of E-marketing on Service Delivery	Frequency	Percent
Yes	15	63
No	9	37
Total	24	100

Majority of the respondents, 63% agreed that adoption of E-marketing did ease service delivery and operating systems within the organization while 37% disagreed. This indicates that organizations have adopted E-marketing to ease service delivery.

4.6.2 Accountability of Staff to Effective Process of Product Delivery

The study sought to find out who is responsible in ensuring there is an effective process in delivery of the products in the organizations.

Table 4.30 Accountability of Staff to Effective Process of Product Delivery

Accountability of Staff to Effective Process of Product Delivery	Frequency	Percent
Management	3	12.5
Supervisor	7	29.2
Attendant	6	25.0
Agents	8	33.3
Total	24	100.0

According to the findings, agents (33.3%) are mostly responsible in ensuring there is an effective process in delivery of the products in the organizations while supervisors (29.2%) and attendants (25%) are responsible. This indicates that majority of the organizations use agents and attendants while management is left to carry out the managerial duties.

4.6.3 Customized Approach and Customers' Satisfaction

The study sought to find out the frequency with which organizations customize the approach it applies to meet customers' needs and expectations.

Table 4.31 Customized Approaches and Customers' Satisfaction

Customized Approaches and Customers' Satisfaction	Frequency	Percent
Once per year	6	25
Twice per year	2	8
Thrice per year	2	8
Quarterly per year	10	42
None	4	17
Total	24	100

From the findings most of the organizations (ten) customize the approach applied to meet customers' needs and expectations quarterly per year; six do it once per year while two customize the approach thrice and twice per year. This indicates that majority of the organizations customize the approach to meet customers' needs and expectations.

4.6.4 Extent to which E-processing Influences Firm's E-marketing Adoption

The study sought to find out the extent to which e-processing influences the firm's adoption of E-marketing.

Table 4.32 Extent to which E-processing Influences Firm's E-marketing Adoption

E-processing Influence Firm's E-marketing Adoption	Frequency	Percent
Very low extent	2	8
Low extent	2	8
Moderate extent	3	13
Great extent	14	58
Very great extent	3	13
Total	24	100

Majority of the respondents (fourteen) indicated that e-processing influences the firm's adoption of E-marketing to a great extent while three felt it influences adoption of e-marketing to a moderate extent. This indicates that e-processing has a great influence on the firm's adoption of e-marketing.

4.5 E-marketing Adoption and E-processing by Pharmacies

The study sought to establish the relationship between the adoption of e-marketing and the utilization of e-processing by pharmacies.

Table 4.33 E-marketing Adoption and E-processing by Pharmacies

		Influence of e-processing on adoption of E-marketing					Total
		Very low extent	Low extent	Moderate extent	Great extent	Very great extent	
Adoption of e-marketing	yes	2	0	1	12	2	17
	no	1	2	2	2	0	7
Total		3	2	3	14	2	24

According to the findings, majority of the pharmacies that adopted e-marketing (12 out of 17) indicated that e-processing influenced adoption of E-marketing to a great extent while 2 out of 17 pharmacies that adopted e-marketing indicated that e-processing influenced adoption of E-marketing to either a very great extent or to a very low extent.

4.6 PEOPLE

4.6.1 Consideration of Customer Satisfaction with On-line Service Delivery

The study also sought to find out on how the firms consider customer satisfaction with on-line service delivery. Findings are as shown in table 4.33.

Table 4.34 Consideration of Customer Satisfaction with On-line Service Delivery

Consideration of Customer Satisfaction with On-line Service Delivery	Frequency	Percent
Yes	14	58
No	10	42
Total	24	100

From the findings, 58% of the respondents agreed that firms consider customer satisfaction with on-line service delivery while 42% disagreed. This indicates that majority of the organizations consider customer satisfaction with on-line service delivery.

4.6.5 E-marketing Adoption and E-processing by Pharmacies

The study sought to establish the relationship between the adoption of e-marketing and the utilization of e-processing by pharmacies.

Table 4.33 E-marketing Adoption and E-processing by Pharmacies

		Influence of e-processing on adoption of E-marketing					Total
		Very low extent	Low extent	Moderate extent	Great extent	Very great extent	
Adoption of e-marketing	yes	2	0	1	12	2	17
	no	1	2	2	2	0	7
Total		3	2	3	14	2	24

According to the findings, majority of the pharmacies that adopted e-marketing (12 out of 17) indicated that e-processing influenced adoption of E-marketing to a great extent while 2 out of 17 pharmacies that adopted e-marketing indicated that e-processing influenced adoption of E-marketing to either a very great extent or to a very low extent.

4.7 E-PEOPLE

4.7.1 Consideration of Customer Satisfaction with On-line Service Delivery

The study also sought to find out on how the firms consider customer satisfaction with on-line service delivery. Findings are as shown in table 4.33.

Table 4.34 Consideration of Customer Satisfaction with On-line Service Delivery

Consideration of Customer Satisfaction with On-line Service Delivery	Frequency	Percent
Yes	14	58
No	10	42
Total	24	100

From the findings, 58% of the respondents agreed that firms consider customer satisfaction with on-line service delivery while 42% disagreed. This indicates that majority of the organizations consider customer satisfaction with on-line service delivery.

4.7.2 Means of Communicating with Consumers

The study also sought to find out on how organizations reach their consumers. The response of the study findings are as depicted in table 4.34.

Table 4.35 Means of Communicating with Consumers

Means of Communication	Telephone	SMS	Emails	Online Banners on news websites	Online Banners on other sites
	Yes	83.3	54.2	41.7	20.8
No	16.7	45.8	58.3	79.2	87.5

From the findings 83% of the organisation use telephone, 54.2% uses SMS, 41.7% uses Emails, 20.8% uses online banners on new websites while 12.5% use online banners on other sites. This shows that telephone is the most used medium of communication by the organizations to reach customers.

4.7.3 E-marketing Adoption and E-People by Pharmacies

The study sought to establish the relationship between the adoption of e-marketing and the utilization of E-People by pharmacies.

Table 4.36 E-marketing Adoption and E-People by pharmacies

		Whether firm consider customer satisfaction with on-line service delivery		Total
		Yes	No	
Adoption of e-marketing	Yes	13	4	17
	No	1	6	7
Total		14	10	24

According to the findings, majority of the pharmacies that adopted e-marketing 13 out of 17 indicated that their firm considered customer satisfaction with on-line service delivery while 4 out of 17 pharmacies that adopted e-marketing indicated that their firm never considered customer satisfaction with on-line service delivery.

4.8 E-Physical Evidence

4.8.1 Use of Physical Cues for Customer to Evaluate Product before Buying

The study also sought to find out whether organizations use physical cues for customer to evaluate the product before buying.

Table 4.37 Use of Physical Cues for Customer to Evaluate Product before Buying

Use of Physical Cues for Customer to Evaluate Product before Buying	Frequency	Percent
Yes	17	71
No	7	29
Total	24	100

From the findings majority of the respondents (70.8%) agreed that their organizations use physical cues for customer to evaluate the product before buying while 29.2% disagreed.

4.8.2 Respondents' Level of Agreement on E- physical Evidence Aspects

This Section is a likert scale that rated the extent to which physical evidence affects e-marketing. The respondents were required to rate their level of agreement in a scale of 1-5 where 1= strongly disagree, 2= disagree, 3= moderately agree, 4= agree and 5= strongly agree.

Table 4.38 Respondents' Level of Agreement on E- physical Evidence Aspects

Respondents' Level of Agreement on E- physical Evidence Aspects	Mean	Std. Dev
Our organization encourages interaction of seller and customer, combined with tangible commodities with an aim of facilitating performance or communication of the service	3.83	1.007
Our marketers design and implement tangible evidence that works together with other element of market mix to support each other in order for the company to have a successful online marketing strategy	4.04	.751
Most of our potential customers search for our tangible cues to help them understand the nature of the service experience	3.04	1.398
The mode of payment of the product on e-marketing facilitates the provision of (intangible) credit facilities by use of credit cards and e-banking.	3.25	1.113

From the findings, majority of the respondents agreed to a great extent that our marketers design and implement tangible evidence that works together with other element of market mix to support each other in order for the company to have a successful online marketing strategy (M=4.0417). In addition, the majority of the respondents agreed to a moderate extent that Our organization encourages interaction of seller and customer, combined with tangible commodities with an aim of facilitating performance or communication of the service (M=3.8333), the mode of payment of the product on e-marketing facilitates the provision of (intangible) credit facilities by use of credit cards and e-banking (M=3.2500) and that most of our potential customers search for our tangible cues to help them understand the nature of the service experience (M=3.0417) respectively.

4.8.3 Extent that E-physical Evidence ensures Effective Product Delivery

The study sought to find out the extent to which e-physical evidence ensures that there is effective delivery of the product.

Table 4.39 Extent that E-physical Evidence ensures Effective Product Delivery

Extent that E-physical Evidence ensures Effective Product Delivery	Frequen cy	Perce nt
Low extent	4	17
Moderate extent	3	13
Great extent	9	38
Very great extent	8	33
Total	24	100

According to the findings, most of the respondents (nine) indicated that e-physical evidence ensures that there is effective delivery of the product to a great extent; while eight felt that e-physical evidence ensures effective delivery of the product to a very great extent. This indicates that E-physical evidence ensures that there is effective delivery of the product

4.8.4 E-marketing Adoption and Physical Evidence by Pharmacies

The study sought to establish the relationship between the adoption of e-marketing and the utilization of physical evidence by pharmacies as shown in Table 4.39.

Table 4.40 E-marketing Adoption and Physical Evidence by Pharmacies

		Extent to which e-physical evidence ensure that there is effective delivery of the product				Total
		Low extent	Moderate extent	Great extent	Very great extent	
Adoption of e-marketing	Yes	3	1	7	6	17
	No	1	2	2	2	7
Total		4	3	9	8	24

According to the findings, most of the pharmacies that adopted e-marketing (7 out of 17) indicated that e-physical evidence ensured that there is effective delivery of the product to great extent while 6 out of 17 indicated that e-physical evidence ensured that there is effective delivery of the product to a very great extent.

4.9 Barriers to E-marketing Adoption

The research further sought to establish the constraints, if any, experienced by pharmacies in adoption of e-marketing

4.9.1 Constraints Experienced in E-marketing Adoption

Table 4.41 Constraints of E-marketing Adoption

Constraints of E-marketing Adoption	Percentage
Financial constraints	66.7
Organizational obstacles	25.0
High competition	41.7
Products offered	20.8
Poor communication	33.3
Lack of specialist skills	54.2
Tiresome process in E- marketing policy	33.3
Practical implementation and maintenance issues	58.3

According to the findings, 66.7% of the respondents posited that their firms experienced financial constraints in adoption of e-marketing, 58.3% experienced practical implementation and maintenance issues, 54.2% experienced lack of specialist skills, 41.7% high competition while 33.3% experienced poor communication.

CHAPTER FIVE: SUMMARY CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the summary of the data findings on adoption of e-marketing by pharmacies in Nairobi, the conclusions and recommendations drawn there to. The chapter is therefore structured into summary of findings, conclusions, recommendations and suggestions for further research.

5.2 Summary of the findings

The study established that majority of the pharmacies in Nairobi use e-product in e-marketing, and offer e-products to their clients. The customers' level of satisfaction with e-products was good thus e-marketing adoption enhanced customer satisfaction in the pharmacies. Majority pharmacies supply medicine to doctors in different locations in Nairobi thus they had an established supply network. The study also established that the use of e-product by the pharmacies influenced profitability to a great extent. On the relationship between the adoption of e-marketing and the utilization of e-product by pharmacies, the companies that adopted e-marketing indicated that the utilization of e-product influenced their profitability to a great extent.

Majority of the firms stated the price of the products when practicing e-marketing and that they have increased in profitability since launching price tags. Further the study found that majority of the organizations conducted research to set a fair price to consumers before placing prices on-line as it was critical in helping the firms to offer their products to their customers at competitive prices compared to other firms. On the mode of payment that the organization encouraged potential consumers to use when making payments, the study established that the majority of the organizations encouraged their clients to use M-pesa and PayPal. The e-pricing increased sales volume to a great extent thus adoption of e-marketing by the pharmacies in Kenya was a great milestone in increasing their market share in the pharmaceutical industry. The relationship between the adoption of e-marketing and the utilization of e-pricing by pharmacies, the study established that the majority of the pharmacies that adopted

e-marketing indicated that the utilization of e-pricing increased their sales volume to a great extent.

The study also revealed that the majority of the pharmacies used intermediaries to link them to their clients. This illustrates that the pharmacies outsourced for services to reduce their operational cost and enhance their efficiency in linking with the customers through intermediaries hence increasing the firms' profit. The intermediaries used by the organization in the channel of distribution were agents, brokers and retailers. On the relationship between the adoption of e-marketing and the utilization of E-Place by pharmacies, the researcher found out that most of the pharmacies that adopted e-marketing indicated that the e-physical evidence influenced effective delivery of the product to a great extent. The findings further illustrate that the utilization of e-physical evidence in e-marketing enhanced the organizations' efficiency in delivery of services to their clients.

The study established that majority of the firms investigated conducted online promotion of their products. Thus the implementation of e-promotion enhanced the efforts of the firms in e-marketing. The majority of the pharmacies have websites where they conduct online promotions. This further augments the findings that pharmacies in Nairobi had adopted e-marketing to enhance their operations and gain a competitive edge in the industry. Relationship between the adoption of e-marketing and e-promotion by pharmacies, the study established that most of the pharmacies that adopted e-marketing conducted online promotion on quarterly per year basis, while other pharmacies conducted online promotion either two or three times per year. This depicts that the firms offer to the clients up to date information by conducting e-promotion at least four times a year. This emphasizes the fact that e-marketing is a key strategy in ensuring that the firms gained a competitive edge in the market.

The study established that the adoption of E-marketing eases service delivery and operating systems within the organization. The agents and supervisors are responsible in ensuring there is an effective process in delivery of the products in the organizations. This indicates that majority of the organizations use agents and supervisors in guiding the implementation of e-marketing in their firms. With the support of the management of the companies, e-marketing programs are likely to be effective. The study found out that most of the firms customized the approach applied

to meet customers' needs and expectations on quarterly basis per year. This depicts that the pharmacies were keen to meet their customers' needs through e-marketing by regularly reviewing their marketing approach. The study established that e-processing influences the firm's adoption of E-marketing to a great extent. On the relationship between the adoption of e-marketing and e-processing by pharmacies, the majority of the pharmacies agreed that e-processing influenced adoption e-marketing to a great extent.

The study established that firms considered customer satisfaction with on-line service delivery. The study also found out that organizations communicated with their consumers through telephone, SMS, emails, and online banners; with the telephone being the most used communication medium by the organizations to reach customers. On the relationship between the adoption of e-marketing and e-people by pharmacies, the study established that majority of the pharmacies that adopted e-marketing indicated that their firms considered customer satisfaction with on-line service delivery. Organizations encourage interaction of seller and customer, combined with tangible commodities with an aim of facilitating performance or communication of the service. The mode of payment for the products is facilitated by the provision of (intangible) credit facilities by use of credit cards and e-banking.

The e-physical evidence ensures that there is effective delivery of the product to a great extent. On the relationship between the adoption of e-marketing and the utilization of physical evidence by pharmacies, most of the pharmacies that adopted e-marketing indicated that e-physical evidence ensured that there is effective delivery of the product to great extent.

On the barriers to e-marketing adoption, the study established that the firms experienced financial constraints in adoption of e-marketing, practical implementation and maintenance issues, lack of specialist skills, high competition and poor communication.

5.3 Conclusions

The study concluded that on the use of e-product in e-marketing, majority of the pharmacies in Nairobi offer e-products to their clients. The level of consumer satisfaction with e-products was good. From these findings, the level of satisfaction in

pharmacies in Nairobi is good and thus e-marketing adoption has enhanced customer satisfaction in the pharmaceutical industry. The majority of the pharmacies supply medicines to doctors located in different locations in Nairobi thus they have an established supply network. The study concluded that the use of e-product by the pharmacies influenced profitability to a great extent. On the relationship between the adoption of e-marketing and the utilization of e-product by pharmacies, the companies that adopted e-marketing indicated that the utilization of e-products influenced their profitability to a great extent.

The study concluded that the majority of the firms stated the price of the products when practicing e-marketing. In addition, majority of the businesses have increased in profitability since launching price tags. The majority of the organizations conducted research to set a fair price to consumers before placing it on-line. The research thus was critical in helping the firms to offer their products to their clients at competitive prices compared to other firms. The e-pricing increased sales volume to a great extent thus adoption of e-marketing by the pharmacies in Kenya was a great milestone in increasing their market share in the pharmaceutical industry. The study concluded that the majority of the pharmacies that adopted e-marketing indicated that the utilization of e-pricing increased their sales volume to a great extent.

The study also concluded that the majority of the pharmacies used intermediaries to link them to their clients. This illustrates that the pharmacies outsourced for services to reduce their operational cost and enhance their efficiency in linking with the customers through intermediaries hence increasing the profit of the organization. The intermediaries used by the organization in the channel of distribution were agents, brokers and retailers respectively.

The study concluded that for most of the pharmacies that adopted e-marketing, e-physical evidence influenced effective delivery of the products to a great extent. The findings further established that the utilization of e-physical evidence in e-marketing enhanced the organizations' efficiency in delivery of services to their clients.

The study concluded that the majority of the firms investigated conducted online promotion of their products. Thus the implementation of e-promotion enhanced the efforts of the firms in e-marketing. The majority of the pharmacies have websites

where they conduct online promotions. This further augments the findings that pharmacies in Nairobi had adopted e-marketing to enhance their operations and gain a competitive edge in the industry. Further the study concluded that most of the pharmacies that adopted e-marketing conducted online promotion on quarterly per year basis, while other pharmacies conducted online promotion either two or three times per year.

The study concluded that the adoption of E-marketing eases service delivery and operating systems within the organization. The agents and supervisors are responsible in ensuring that there is an effective process in delivery of the products in the organizations. This indicates that majority of the organizations use agents and supervisors guided the implementation of e-marketing. With the support of the management of the firms, e-marketing programs were likely to be effective. The study concluded that e-processing influences the firm's adoption of E-marketing to a great extent.

The study also concluded that organizations communicated with their consumers through telephone, SMS, emails, and online banners. The study concluded that the telephone is the communication medium mostly used by the organizations to reach customers.

On the relationship between the adoption of e-marketing and e-people by pharmacies, the study concluded that majority of the pharmacies that adopted e-marketing indicated that their firm considered customer satisfaction with on-line service delivery

The study concluded that the majority of the firms used physical cues for customer to evaluate the product before buying. The majority of the respondents agreed to a great extent that the marketers design and implement tangible evidence that work together with other elements of the market mix to support each other in order for the company to have a successful online marketing strategy. In addition, the majority of the respondents agreed to a moderate extent that organizations encouraged interaction of seller and customer, combined with tangible commodities with an aim of facilitating performance or communication of the service. The mode of payment for products is facilitated by the provision of (intangible) credit facilities by use of credit cards and e-banking. Most potential customers search for tangible cues to help them understand

the nature of the service experience. E-physical evidence ensures that there is effective delivery of the product to a great extent. On the relationship between the adoption of e-marketing and the utilization of physical evidence by pharmacies, most of the pharmacies that adopted e-marketing indicated that e-physical evidence ensured that there is effective delivery of the product to great extent. On the barriers to e-marketing adoption, the study concluded that the firms experienced financial constraints in adoption of e-marketing, practical implementation and maintenance issues, lack of specialist skills, high competition and poor communication.

5.4 Discussion of the Findings

According to Strauss *et al* (2008), to capitalize on e-marketing opportunities, marketers must make five general product decisions that comprise its bundle of benefits to meet customer needs: attribute, branding, support services, labeling and packaging. The current study found that most of the pharmacies use e-product in e-marketing their products clients and ensures their level of satisfaction with the product is high. This conferred with Burke (2004) who pointed that the idea of 'product' as potential customer satisfaction or benefits is very important. Gonul (2001) observed that in addition to detailing, doctors are often supplied with substantial amounts of free products for direct assessment on the effectiveness of the drug, which they can dispense to patients at no cost. To this extent, the study established that majority of the pharmacies supplies medicine to doctors in different locations as they had an established supply network.

Kabiru (2004) argued that Internet gives consumers the power to shop around for the best deal at a click of a button. The current study established that the majority of the firms stated the price of the products when practicing e-marketing. The majority of the organizations conducted research to set a fair price to consumers before placing it on-line. Ongubo (2003) argued that payment of goods is made easy by technology where transactions are made online; the study established that organizations encourage their clients to use M-pesa and PayPal.

Stanton *et al*, (1994) conferred that the most important activity in getting a product to market is arranging for its sale from producer to final customer. However, most of the organization used intermediaries to link them to their clients. According to Vinayak (2001), a channel of distribution always includes both the producer and the final

customer of the product in its present form as well as any middlemen such as retailers and wholesalers. The intermediaries used by the organizations in the channel of distribution were agents, brokers and retailers.

Stanton *et al* (1994), observes that promotion is the element in an organization's marketing mix that serves to inform, persuade and remind the market of a product and the organization selling it, in the hope of influencing the recipients' feelings, beliefs or behavior. From the study most of the pharmacies that adopted e-marketing conducted online promotion on quarterly per year basis, while other pharmacies conducted online promotion either two or three times per year. According to Normann, (2001) services are performances or actions done for or with the customers, they typically involve a sequence of steps and activities. This study found that organizations communicated with their consumers through telephone, SMS, emails, and online banners.

Korkman (2006) posits that due to the inseparability of production and consumption for services which involves the simultaneous production and consumption of services, service firms depend heavily on the ability of contact employees to deliver the service the study established that majority of the pharmacies that adopted e-marketing indicated that their firm considered customer satisfaction with on-line service delivery. Credit cards are another example of the use of tangible evidence that facilitates the provision of (intangible) credit facilities by credit card companies and banks (Gummesson, 2002). Most organizations in the study encourage interaction of seller and customer. They combined tangible commodities with an aim of facilitating performance or communication of the service; the mode of payment for the product was facilitated by the provision of (intangible) credit facilities by use of credit cards, e-banking and mobile money transfer, m-pesa and effective physical cues because most potential customers search for tangible cues to help them understand the nature of the service experience.

5.5 Recommendations

The study recommends that pharmacies in Nairobi ought to review their e-marketing strategies and bridge the existing gaps to gain a higher market share in the pharmaceutical industry in Kenya.

The study also recommends that pharmacies in Nairobi could adopt a hybrid of e-marketing activities in order to remain profitable and competitive.

The study also recommends that the management of pharmacies in Nairobi should offer continuous training to the firm employees on e-marketing to equip them with skills that will help them in their mandates. This will assist the firms' human resource to work more efficiently and increase their productivity thus increase the firms' competitiveness.

5.6 Suggestions for further studies

The study suggests that further research be done on the factors hindering adoption of e-marketing within pharmacies in order to give both negative and positive results that can be reliable. The study also suggested further research be done on effects of adoption of e-marketing in pharmacies on the financial performance in order to depict reliable information that illustrates the real situation in the pharmaceutical industry in Kenya.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

SECTION A - BUSINESS DEMOGRAPHICS

- 1) Name of the Pharmacy (optional).....
- 2) How long has your business been in existence?
1 – 5 years [] 11- 15 years [] More than 21 years []
6- 10 years [] 16 – 20 years []
- 3) i) Do you have a branch within Nairobi?
Yes [] No []
- ii) If yes , how many?.....
- 4) What is the legal Business ownership of this firm?
a) Sole trader [] c) Private limited company []
b) Partnership [] d) Other (specify).....
- 5) What is the highest level of education that you have attained?
Certificate [] Diploma []
Post graduate [] Master degree []
Undergraduate []
Any other specify.....
- 6) How many employees work in this firm?
Below 5 [] 11-15 []
1- 5 [] Above 16 []
6- 10 []
- 7) Does your organization embrace e-marketing
Yes [] No []

If yes, in which way does the organization exercise this?

.....
.....
.....

SECTION B: E-PRODUCT

- 1) Does your organization offer e-product?
Yes [] No []

If yes, how satisfactory is the product to consumers?

Excellent	[]	Fair	[]
Good	[]	Poor	[]
Average	[]		

If no, is there a reason why the organization doesn't?

2) Does your pharmacy supply medicines to doctors located in different locations in order to dispense to patients?

Yes [] No []

If yes, how are the products delivered to the doctors?

If no, is there a reason why the organization doesn't?

What is the strategy adopted by your organization in designing e-product?

To what extent does e-product influence profitability of your organization?

Very low extent	[]	Great extent	[]
Low extent	[]	Very great extent	[]
Moderate extent	[]		

3) In your own opinion what is it your organization should do in order to improve supply/delivery of the product to potential customers?

SECTION C: E-PRICING

1) Does your organization state the price of the products when practicing e-marketing?

Yes [] No []

If yes, is there an increase in profitability since launching of online price tag?

Yes [] No []

If no, is there a reason why the organization doesn't?

2) Does your organization conduct research to set a fair price to consumers before placing it on-line?

Yes [] No []

3) Indicate the means of payment your organization encourages potential consumers to make payment.

PayPal	[]	M-pesa	[]
Pesa-pal	[]	Online Credit Cards	[]

Any other (specify).....

4) To what extent does e- pricing increases sales volume?

- | | | | |
|-----------------|-----|-------------------|-----|
| Very low extent | [] | Great extent | [] |
| Low extent | [] | Very great extent | [] |
| Moderate extent | [] | | |

SECTION D: E- PLACE

1) How does your organization ensure timely delivery of the products?

.....
.....
.....

Are there intermediaries during the process of delivering the products?

- Yes [] No []

If yes tick all those middlemen you engage in your channel of distribution?

- | | | | |
|-------------|-----|---------|-----|
| Wholesalers | [] | Brokers | [] |
| Retailers | [] | Agents | [] |

Any others (specify).....

If no, is there a reason why the organization doesn't?

.....

2) To what extent does timely delivery of the products to customers increase customer loyalty?

- | | | | |
|-----------------|-----|-------------------|-----|
| Very low extent | [] | Great extent | [] |
| Low extent | [] | Very great extent | [] |
| Moderate extent | [] | | |

SECTION E: E-PROMOTION

1) Does your organization conduct online promotion?

- Yes [] No []

If no, is there a reason why the organization doesn't?

.....

2) Does your organization have a website where promotions are posted?

- Yes [] No []

3) How frequently does your organization conduct online promotion?

- | | | | |
|-----------------|-----|-------------------|-----|
| Once per year | [] | Quaterly per year | [] |
| Twice per year | [] | None | [] |
| Thrice per year | [] | | |

SECTION F: E-PROCESS

- 1) Does adoption of E-marketing ease service delivery and operating systems within your organization?
Yes [] No []

- 2) Who are responsible to ensure there is an effective process in delivery of the product?
Management [] Attendant []
Supervisor [] Agents []
Any other (specify).....

- 3) How often does your organization customize the approach it applies to meet customers' needs and expectations
Once per year [] Quaterly per year []
Twice per year [] None []
Thrice per year []

- 4) To what extent does e-processing influence the firm's adoption of E-marketing
Very low extent [] Great extent []
Low extent [] Very great extent []
Moderate extent []

SECTION G: E-PEOPLE

- 1) Does your firm consider customer satisfaction with on-line service delivery?
Yes [] No []
If no, is there a reason why the organization doesn't?
.....

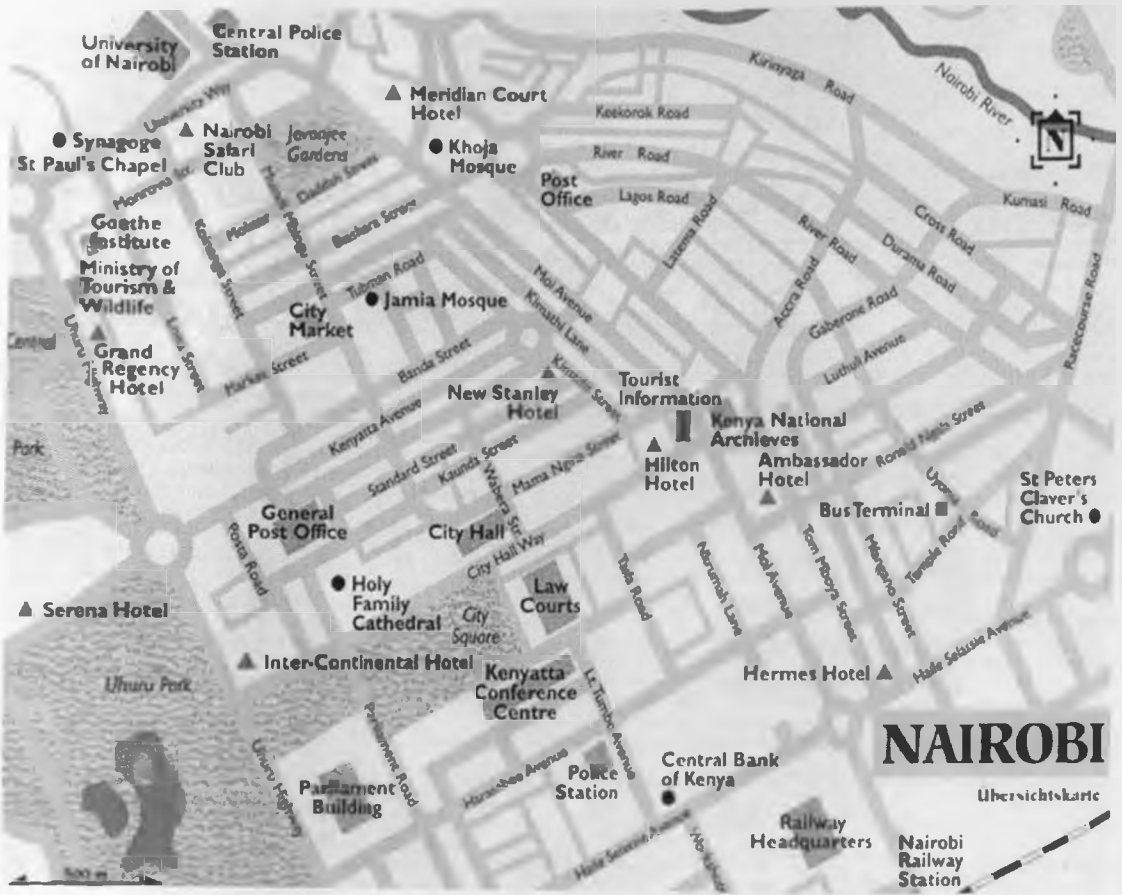
- 2) How does your organization reach consumers?
Telephone to customers [] Online Banners on news websites []
SMS to customers [] Online Banners on other sites []
Emails to customers []

SECTION H: E- PHYSICAL EVIDENCE

- 1) Does your organization use physical cues for customer to evaluate the product before buying?
Yes [] No []
If no, what does the organization use instead of the physical cue?
.....
.....

- 2) To what extent do you agree with the following sttement. Where 1=strongly disagree, 3=moderate and 5 strongly agree

APPENDIX II: MAP OF CBD NAIROBI



SOURCE: Map data @2012 Google

APPENDIX III: LIST OF THE PHARMACIES

	NAME OF PHARMACY:	LOCATION:
1	Damco Pharma Ltd	Koinange Street
2	Jaga Pharmacy	Koinange Street
3	Arrow Chemist	Koinange Street
4	Easton Pharmaceuticals Ltd	Moi Avenue
5	Eltons City Centre Pharmacy	Moi Avenue
6	Haltons Pharma Ltd	Moi Avenue
7	Inkamed Pharmaceuticals Ltd	Moi Avenue
8	Lemuma Apotheke	Moi Avenue
9	Malibu Pharmacy	Moi Avenue
10	Pharmatrade Ethicals Ltd	Moi Avenue
11	Njimia Pharmaceuticals	Haile Selassie Avenue
12	Texas Chemist Ltd	Haile Selassie Avenue
13	Trax Pharmacy Ltd	Haile Selassie Avenue
14	Clinic Healthcare	Haile Selassie Avenue
15	Montel Pharmacy	Muindi Mbingu Street
16	Westons Pharmacy	Muindi Mbingu Street
17	Panaceau Pharmaceuticals	Kenyatta Avenue
18	Family Care Medical Centre	Kenyatta Avenue
18	Shalina Laboratories(K) Ltd	Kenyatta Avenue
19	Synergy Healthcare Ltd	Kenyatta Avenue
20	Citylink Pharmacy	Harambee Avenue
21	Kam Pharmacy	Harambee Avenue
22	Nairobi Pharmaceuticals Ltd	Harambee Avenue
23	Ipa Chemist	Harambee Avenue
24	Metropolitan Chemists Ltd	Loita Street
25	Maxim Pharmaceuticals	Loita Street
26	Kilimanjaro Dawa Ltd	Kimathi Street
27	Batalo Pharmaceuticals	Kimathi Street
28	Jacaranda Chemist	Kimathi Street
29	Avenue Healthcare Ltd	Monrovia Street
30	Eurox Pharmaceuticals	Monrovia Street

SOURCE: PHARMACY & POISONS BOARD (2012)