St. Mary's University

School of Graduate Studies

**MARKETING CHALLENGES AND PROSPECTS OF
SELECTED PHARMACEUTICAL MANUFACTURING
COMPANIES IN ETHIOPIA:
THE CASES OF *EPHARM, CADILA AND APF***

BY: LEMI DABA

SGS1/0017/2004

FEBRUARY 2014

ADDIS ABABA, ETHIOPIA

1

MARKETING CHALLENGES AND PROSPECTS OF SELECTED PHARMACEUTICAL MANUFACTURING COMPANIES IN ETHIOPIA: THE CASES OF *EPHARM, CADILA AND APF*

LEMI DABA KUMSA
SGS1/0017/2004

A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

FEBRUARY 2014

ADDIS ABABA, ETHIOPIA

MARKETING CHALLENGES AND PROSPECTS OF SELECTED

PHARMACEUTICAL MANUFACTURING COMPANIES IN ETHIOPIA: THE CASES OF *EPHARM, CADILA AND APF*

BY

LEMI DABA KUMSA

SGS1/0017/2004

APPROVED BY BOARD OF EXAMINERS

_____   _____

Dean, Graduate Studies   **Signature**

_____   _____

Advisor   **Signature**

_____   _____

External Examiner   **Signature**

_____   _____

Internal Examiner   **Signature**

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of _____. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been

submitted either in part of in full to any other higher learning institution for the purpose of earning any degree.

_____
_____

Name   Signature

St. Mary University, Addis Ababa   May 2014

ENDORSEMENT

The thesis has been submitted to St.Mary's University, School of Graduate Studies for

examination with my approval as a University advisor.

_____

_____

Advisor   Signature

St. Mary University, Addis Ababa   May 2014

Acknowledgments

ABSTRACT

The pharmaceuticals industry is defined as all those who contribute to the discovery, creation and Supply of pharmaceuticals products and services, including prescription medicines and vaccines. Generic medicines companies are in the middle of an unprecedented growth opportunity arising from the large number of patent expirations of high revenue medicines. This is giving the sector access to larger and more lucrative markets. Pharmaceutical production in

Ethiopia involves secondary manufacturing of generic drugs. This involves combination of various active ingredients and processing of bulk medicines into dosage forms. Even if the Ethiopian pharmaceutical market is growing around 85% of the medicines are imported from different parts of the world.This study assessed marketing challenges and prospects of local pharmaceutical manufacturing companies in Ethiopia focusing on EPHARM, CADILA and APF. Information was gathered through self administered questionnaire to manufacturing companies marketing employers, wholesalers and pharmacies. In addition interview was made with the three companies marketing managers. It was found out that local products have price advantage over imported ones while their biggest challenge is customers/consumers negative perception about local pharmaceutical products.

Key Words: *Pharmaceutical products, Price, Promotional activities, Competition, Challenges, Prospects*

Figures

LIST OF ACRONYMS

APF	Addis Pharmaceutical Factory
API	Active Pharmaceutical Ingredients
CHC	Consumer Health Care
EPHARM	Ethiopian Pharmaceutical Manufacturing
FMHACA	Food,Medicine, Health Administration and Control Authority
GMP	Good Manufacturing Practice
IFPMA	International Federation of Pharmaceutical Manufacturers & Associations
MNC	Multinational Companies
NCD	Non Communicable Diseases
NGO	Non government Organization
OTC	Over the Counter
R&D	Research and Development
USD	United States Dollar
WHO	World Health Organization

CHAPTER 1

INTRODUCTION

1.1. Background of the Study

Ever since the beginnings of history, medicine and pharmacy have intertwined in man's effort to overcome the biological limitations of the human organism. Both have accompanied humanity on the way from magic and divine to rational and science-based practices. The formation of the pharmaceutical industry in the second half of the 19th century marked the beginning of standardization of pharmaceutical products and regulation of the industry, and subsequently the sale and application of medicines. Now, 150 years later, the industry is one of the most vital global industries functioning on a specific market. The total global expenditure of health was more than 4.7 trillion USD a year, according to the World Health Organization, and health expenditure as a percentage of GDP has been increasing among all major economies. This comprises of the healthcare and pharmaceutical industries which are interdependent and are subject to similar trends (QFINANCE 2013).

The pharmaceuticals industry is defined as all those who contribute to the discovery, creation and Supply of pharmaceuticals products and services, including prescription medicines and vaccines. The stages of the value chain include discovery research, and basic R&D, through to clinical trials, and then the manufacturing of pharmaceuticals. It includes the originator medicine sector, the generic medicine sector and the medical biotechnology sector (PISG Australia 2009).

The pharmaceutical market is an important one. Besides being important it is surely one of the most interesting or most intriguing markets. Thinking and writing about it will surely be a hot topic for years to come. Through the troublesome last decade the pharmaceutical industry kept pace – staying above troubles that put other industries between the proverbial rock and a hard place. Good business results have turned in an optimistic prognosis (Stevan and Darko, 2010).

Companies in the pharmaceuticals industry are diverse and multi-faceted, and they use a variety of technologies to develop medicines for global markets. Nevertheless, most companies involved in or aspiring to sell medicines generally fit within four different business models. These are;

developers and/or manufacturers of originator small molecule medicines, developers and/or manufacturers of originator biological medicines research based biotechnology companies, developers and manufacturers of generic medicines. Other companies are also involved in servicing the development and manufacturing needs of the sector by offering contract manufacturing, clinical trials, and R&D services.

Generic medicine companies specialize in the production of medicines that have come off patent and are focused primarily on manufacturing, marketing activities, regulatory compliance and managing the legal and IP issues necessary to secure the earliest possible market access. The R&D done by this sector has lower levels of technical risk than the R&D undertaken by the originator sector, however, it does conduct some R&D including proving bio-equivalence (the ability of a new version of a medicine to have equivalent strength and activity of the originator medicine) and the development of new drug formulations and delivery mechanisms (ENL 2008).

Generic medicines companies are in the middle of an unprecedented growth opportunity arising from the large number of patent expirations of high revenue medicines. This is giving the sector access to larger and more lucrative markets. Manufacturing generic medicines requires the same skills as manufacturing originator medicines but it does not require the same types of IP protection. Therefore, competition for generic manufacturing is more intense and takes place in a greater number of locations. One consequence of the intense competition between generic companies is increasing consolidation and adoption of large scale, low-cost manufacturing operations in low-cost jurisdictions,a measure that is necessary to preserve margins (ENL 2008).

With due appreciation to the key idea of marketing, the consumer/patient remains the central element, but their decisions to purchase and use pharmaceutical products (especially prescription drugs) are not independent; they are primarily determined by the influence of both prescribers and payers. All three actors on the demand side are influenced by a large number of (macro-) environmental factors, determining their process of information gathering, decision making and behavior on the pharmaceutical market. At the same time, when designing marketing mix instruments, pharmaceutical companies strive to influence the agents on the demand side in a complex competitive environment (Dickov V 2011)

Ethiopia is an Eastern African country with estimated population of 90.8million. The Ethiopian healthcare system is characterized by a large public sector, made up of referral hospitals, zonal/regional hospitals and health centers, and a much smaller private sector. The private sector is composed of private hospitals and general and low-level clinics, which are all concentrated in urban centers. The bulk of the population is unable to afford treatment at private hospitals and so, there is a heavy reliance on traditional healers.

A major challenge facing the Ethiopian health system is the shortage of properly trained health personnel, inadequate healthcare infrastructure and lack of capacity in the public sector to cope with obligations. Out-of-pocket payment is the dominant source of financing for healthcare. Medical insurance coverage is limited to a small proportion of the population (Walsh J. 2010).

Ethiopia has a far more effective regulatory system than most sub-Saharan African countries. Better regulations have been one of the most important factors that contributed to Ethiopia's thriving pharmaceutical industry growth in the pharmaceutical market will be driven by increased government spending and higher demand for medicines due to rising disease burden. Generic drugs will take the lead as they are more affordable than the branded ones. Pharmaceutical production in Ethiopia involves secondary manufacturing of generic drugs. This involves combination of various active ingredients and processing of bulk medicines into dosage forms (*Walsh J. 2010).*

According to data from IFHA (Investment Fund for Health in Africa, 2009), Ethiopian market for pharmaceuticals was estimated around 200million USD and 85% of all medications were imported from abroad. That means the domestic manufacturing companies covered only 15%. And in the fiscal year which ended in 2011 data from engineering capacity building program(ecbp) shows that turnover from local pharmaceutical manufacturer was birr 625million and export of one million USD. In addition to this the market has been showing growth (375million 2008/09, 556million 2009/10, 635million 2010/11) bases on sales data of leading eight companies. In the 2011 FY the total pharmaceutical market of Ethiopia was estimated to be between USD 250-300million (ecbp, 2011).

In Ethiopia there are around eighteen pharmaceuticals and medical supplies manufacturing companies. These are Addis Pharmaceuticals Manufacturing, ASM Industry, East African

Pharmaceuticals, Ethiopian Pharmaceutical Manufacuring Sh.Co, Faws Pharmaceuticals PLC, pharmacure Pharmaceuticals Manufacturers PLC, RX Africa (Ethiopia) Pharmaceuticals, Cadila Pharmaceutical, Addis Pharmaceutical Factory PLC (IV Solutions) Parental solutions Manufacturer, Julphar Pharmaceuticals pvt.ltd.co, MedSol pharmaceuticals Manufacturing, Sino-Ethiopia Associate Hard Gelatin Capsule Manufacturer PLC, Fanus Meditech, Disposable Plastic Syringe Manufacturer, Access Bio, Inc (Ethiopia Branch), Q-Diagnostics Plc, Medical Device Manufacturer, Sun Optical Technologies Private Limited Company, Arfab Engineering Medical Equipment Manufacturing, Bishan Gari Purification industry Plc, water disinfectant manufacturer. Of these companies the major ones are Ethiopian Pharmaceutical Manufacturing S.C (EPHARM), CADILA pharmaceuticals, and Addis Pharmaceuticals. Ethiopian Pharmaceutical Manufacturing Sh. Co(APF) (FMHACA, 2013).

EPHARM which was used to be known as the Ethiopian Drug Manufacturing was established as a joint venture in 1964 by then Ethiopian government and a British company, Smith and Nephew. In 1971, a change in its form of ownership occurred and consequently, one of the partners; Smith and Nephew was superseded by Teva Jerusalem of Israel. Few years later, in December 1975, the company was fully nationalized by the state. In February 1994, based on Council of Ministers Regulation No. 1167/1994, it was established as a Public Enterprise. Since January 2002, it has been reorganized as Ethiopian Pharmaceuticals Manufacturing Share Company with paid capital of birr 122,963,000. The company produces around forty eight products in ten therapeutic categories and twenty three sub-therapeutic categories. The products are presented in about eighty three strengths and presentations forms; Capsules, Tablets, Vials (sterile powders), Ampoules (Small volume injectable), I.V fluids, Syrups, Ointments and Oral powders.

CADILA Pharmaceuticals Ethiopia PLC (CPEL) is a joint venture between Cadila Pharmaceuticals Limited PLC of India (60%) and Almeta Impex PLC (40%) share with the total investment of 10million USD started production in 2008. CPEL is one of the few large state of the art pharmaceuticals manufacturing plants in the country, with the Capacity to manufacture 390 million tablets, 165 million capsules and 1.44 million liters per liter per year in 3 shifts of 8hours each. The company has three people on the management level and sixteen sales and medical representatives.

Addis Pharmaceuticals Factory (APF) PLC was established in 2007 with initial capital of 300 million birr and started production with 20 products of different presentations. Now a day the company is producing products with more than ninety presentations in ten production lines of which nine are in Adigrat and one in Addis Ababa. The marketing department has around eighteen employees in four different branches; Hawassa, Mekelle, Bahirdar and Addis Ababa.

1.2 Statement of the Problem

The pharmaceutical market is growing fast everywhere in the world. In today's competitive market, pricing and reimbursement strategies are key to maximizing brand success and return on investments. Because every country's healthcare system is different and every product situation is unique, every brand requires a specific access plan, tailored to each market. And it is a must to support each plan with effective messaging that ensures strong product acceptance and uptake. (John M. 2008)

It is visible that the pharmaceutical market in Ethiopia is growing, even if around 85% of the medicines are imported from abroad, implying that the existing local pharmaceutical manufacturing companies are only providing 15% of the countries medicine demand. This shows that there is a lot to be done. Whatever the cause is local pharmaceutical manufacturing companies are in competition with foreign pharmaceutical firms. Since any business firms success depends on the marketing strategies it employs to use the existing opportunities and means it devises to overcome challenge faced in the market, this gives ample reason to undertake this study.

1.3 Research Questions

In line with the statement of the problem the following questions are expected to be answered.

- What are Ethiopian local pharmaceutical manufacturing companies marketing practice?
- What are the major challenges encountered by the local pharmaceutical manufacturing companies operating in Ethiopia?
- What are the major opportunities to be exploited by local Ethiopian Pharmaceutical manufacturing companies?

1.4 Objective of the Study

1.4.1 General Objective

The primary objective of this study is to examine major marketing challenges and prospects of selected pharmaceutical manufacturing companies in Ethiopia

1.4.2 Specific Objectives

- To assess the current marketing practices of the selected pharmaceutical manufacturing companies in Ethiopia
- To identify the challenges of Marketing in the selected pharmaceutical manufacturing companies in Ethiopia.
- To identify the prospects of Marketing in the selected pharmaceutical manufacturing companies
- To provide an input for local pharmaceutical manufacturing companies in order to develop appropriate marketing strategy.

.

1.5 Scope and Limitation of the Study

1.5.1 Scope of the Study

This study will cover marketing challenges and prospects of selected local pharmaceutical manufacturing companies specifically EPHARM, CADILA and APF. The rationale behind selecting these three companies is depending on their market presence, range of products (Antibiotics, NCD medicines, CHC products, Anti-pains etc) they produce and production line they have (Tablets, Capsule, Syrups, Injections and fluids). The study incorporated the major sectors involved in the marketing of the locally manufactured products; this includes the manufacturer themselves, wholesalers and retail outlets (pharmacies).

1.5.2 Limitation of the Study

The big limitation is unavailability of previously done similar studies in this area on Ethiopian local pharmaceutical companies.

1.6 Significance of the Study

This study helps to provide recommendations to local pharmaceutical manufacturing companies' management with regard to major challenge and opportunities to be surmounted and exploited respectively. In addition to this it serves as a spring board for other researchers to undertake a research on marketing challenges and opportunities of the local pharmaceutical manufacturing companies or related ones. As a junior researcher it adds knowledge about the existing local pharmaceutical marketing practice.

1.7 Organization of the study

This study will be organized under five chapters. Chapter one contains introduction and background of the study in addition to the statement of the problem, objectives of the study, significance, scope and limitations of the study. Chapter two contains literature review. The methodology encompassing; study design, sampling and method of analysis is discussed in the third chapter. Chapter four contains result analysis and discussion. At last, chapter five presents conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

In this chapter different literatures related with pharmaceutical marketing are presented. For convenience categorization of perspectives has been made.

Marketing has always existed and the principles of pharmaceutical marketing will bear application throughout the (producer) industry; because the products of the pharmaceutical industry affect people's health, some of the influencing factors assume greater importance than that attached to the stimulation of sales. Today, in modern pharmaceutical companies the current practice is that medical research is working hand in hand with marketing research in selecting product characteristics that best suit patient characteristics (Irina P. et al 2009)

2.1 Pharmaceutical products

According to definition of International Federation of Pharmaceutical Manufacturers & Associations "pharmaceutical product" means all pharmaceutical or biological products (irrespective of patent status and/or whether they are branded or not) which are intended to be used on the prescription of, or under the supervision of, a healthcare professional, and which are intended for use in the diagnosis, treatment or prevention of disease in humans, or to affect the structure or any function of the human body (IFPMA 2012).

The package is the buyer's first encounter with the product. A good package draws the consumer in and encourages product choice. In effect, they can act as "five-second commercials" for the product. Packaging also affects consumers' later product experiences when they go to open the package and use the product at home. Some packages can even be attractively displayed at home (Kotler P. 2012).

All medicinal products need to be protected and consequently need to be packaged in containers that conform to prescribed standards, particularly with respect to the exclusion of moisture and light and the prevention of leaching of extractable substances into the contents and of chemical

interaction with the contents. The packaging material choice drives the pharmaceutical product's appearance and consumer attributes. It determines how a product is manufactured, filled, sterilized, labeled, bundled, distributed, and presented to the customer. It can influence where a customer looks for a package in a retail store, how the customer uses the product at home, and how a hospital, nursing home, or retailer handles a product through their inventory and distribution system. Consumers demand for better features and convenience in packaging products. Child-resistant, senior friendly, tamper evident, and anti-counterfeit packaging are in great demand worldwide. (Markets&Markets 2014)

2.2 Price of pharmaceutical products

The definition of price; according to Philip Kotler 2012 is "the amount of money charged for a product or service." Price is considered to be the most significant factor that affects consumer's choice. Price is the element of the marketing mix which might be stable in certain period but at one moment it might increase or decrease. Drug pricing is influenced by a variety of factors, and the complexity can be overwhelming for health care professionals as well as the public. Out-of-pocket spending on pharmaceuticals accounts for a much larger share of total pharmaceutical spending in poor countries.

2.3 Promotional activities

IFPMA defines "promotion" as any activity undertaken, organized or sponsored by a member company which is directed at healthcare professionals to promote the prescription, recommendation, supply, administration or consumption of its pharmaceutical product(s) through all methods of communications, including the internet. Promotional information should be clear, legible, accurate, balanced, fair, and sufficiently complete to enable the recipient to form his or her own opinion of the therapeutic value of the pharmaceutical product concerned. Promotional information should be based on an up-to-date evaluation of all relevant evidence and reflect that evidence clearly. It should not mislead by distortion, exaggeration, undue emphasis, omission or in any other way (IFPMA 2012).

Physicians in hospitals and/or physicians attending uninsured patients are often well aware of the budgetary cost of their prescription decisions. In the same line some doctors/patients are almost oblivious to promotional effort in all forms, whereas others tend to be more influenced by face to face meetings and prescribe/consume what they are most familiar with. In the absence of promotional effort doctor/patients choices would solely be driven by price and intrinsic drug characteristics. (Frutos M.A et al 2013)

2.4 Competition

In contrast to situations where a person consuming a good is also the person choosing and paying for the good, the pharmaceutical industry is characterized by a more complex structure of decision making and payment. The choice of which drug is consumed by a patient to treat a particular condition is largely made by the treating physician.2 Pharmacists cannot substitute a different branded drug within the same therapeutic category without the physician's permission. Pharmacists can, however, substitute generic equivalents of branded drugs—indeed, they are often mandated to do so. (Guha R. et al 2008)

When there are multiple generic versions available for a branded drug, wholesalers and pharmacies decide which generic version is substituted for the brand. Thus, generics have an incentive to provide price discounts directly to wholesalers and pharmacies so that their version is stocked on pharmacy shelves. It has generally been observed that generic prices fall as more generic competitors enter. (Reiffen D & Ward R. M. 2005)

2.5 Distribution of pharmaceutical products

The pharmaceutical supply chain depicts how medicinal products are delivered to patients. According to the basic supply chain model for prescription drugs, pharmaceutical companies distribute the products to wholesalers, which sell it to pharmacies. Pharmacies represent in most cases the ultimate contact to the patient / consumer. Players and their relationships in the supply chain vary depending on product type (e.g. prescription / OTC; drug / medical device; hospital product / pharmacy product), regulatory environment and other factors. Numerous

pharmaceutical supply chain variations result in significant price variability across different types of consumers and markets.

The community pharmacists receive sometimes the complaints, while at other times is criticized the whole industry and, as a consequence, there is no right price – only a "too high" price (or a "soaring" price); that is why what that price should be is a part of the task of the marketing department (wanting to know: expected sales of the product; price of competing products; cost of R&D; nature of the market etc.) to determine; for a given product several prices will be set in practice, the price per capsule for a given antibiotic, for example, might differ: as sold in varying quantities, as sold to retailers, as sold to the wholesalers, as sold to hospitals or when sold in foreign countries. (Irina P. et al 2009)

2.6 General overview of pharmaceutical industry

The pharmaceutical industry is highly capital and technology intensive. The survival of companies in this industry is highly dependent on their research and development competence, as well as the ability to sell products, where remaining within national boundaries is not a sustainable strategy. The development potential of the pharmaceutical industry, the pace of change, high competition levels and forthcoming restructuring leave enough space for thinking about the specific aspects of pharmaceutical product marketing. The pharmaceutical market will continue to change and adapt to the new economic reality '...in which growth is shifting from mature markets to emerging ones; new product adoption is not keeping pace with the loss of patent protection by established products; specialty and niche products are playing a larger role; and regulators, payers and consumers are more carefully weighing the risk/benefit factors of pharmaceuticals'. (Aitken 2007)

The pharmaceutical industry and demographic changes stand in a direct and dual relationship. At the dawn of the 21st century, we are witnessing a demographic transition which will have changed the demographic map of the world significantly by 2050. On the one hand, changes in the availability of health protection (and access to pharmaceuticals), together with other factors, have directly contributed to the change in demographic parameters. The course of changes in the demographic structure, on the other hand, opens new potential for the pharmaceutical industry.

The urbanization trend is significantly changing the social and economic picture of mankind. By 2030, 60% of the earth's population will be living in an urban setting which will also bring about a specific change of pathogen demography. 'Western drug makers have their eye on the rising urban middle classes of India, China, Brazil and other emerging economies, with their increasing incidence of diabetes, cardiovascular disease and other rich-country afflictions'. The positive effects of urbanization in developing countries are also accompanied by the concentration of population in small areas without elementary sanitary, hygienic or health care conditions, which, basically, multiplies the spread rate and scope of infectious diseases. (Aitken 2007)

The marketing concept starts from the consumer. The goal of marketing is to use a careful analysis of consumers' needs to create a value proposition that will be able to fully meet their expectations (better than that of competitors). On this task, marketing uses sophisticated methods for researching the market, consumer behavior and competition, seeking to disperse the care of consumer satisfaction throughout the whole organization through a process of internal marketing. Modern marketing is value-driven, where the consumers and other constituents of the environment are regarded as partners, and marketing itself is focused on creating and maintaining long-term relationships with the target environment, surpassing a relationship based on a simple transaction.

Pharmaceutical Marketing is not a substitute for a product's therapeutic value, but may make an impact so as to realize this therapeutic value. It's obvious that developing new drugs is one thing; making them successful in the marketplace is another.

2.7 Experiences of different parts of the globe

2.7.1 Europe

Though the pharmaceutical industry is playing a critical role in restoring Europe to growth; besides the additional regulatory hurdles and escalating R&D costs, the sector has been severely hit by the impact of fiscal austerity measures introduced by governments across much of Europe in 2010 and in 2011. Besides this, there is rapid growth in the market and research environment in emerging economies such as Brazil, China and India, leading to a migration of economic and research activities outside of Europe to these fast-growing markets. In 2011 the Brazilian and

Chinese markets grew by more than 20% (20.0% and 21.9% respectively) compared with an average market growth of 2.6% for the five major European markets and 3.6% for the US market (source: IMS).

In 2011, North America accounted for 41.8% of world pharmaceutical sales compared with 26.8% for Europe. According to IMS data, 56% of sales of new medicines launched during the period 2006-2010 were on the US market, compared with 24% on the European market. The fragmentation of the EU pharmaceutical market has resulted in a lucrative parallel trade. This benefits neither social security nor patients and deprives the industry of additional resources to fund R&D. Parallel trade was estimated to amount to € 5,100 million (value at ex-factory prices) in 2010. (EFPIA, 2012)

After Romania acceded to the convention on the elaboration of the European Pharmacopoeia in 2003 the quality of pharmaceuticals products has increased since the entry into force of GMP (Good Manufacturing Practice) on 1st January 2004. However, the number of producers of drugs has decreased from 71 to 31. Among the causes that have led to growing pharmaceutical market in Romania by mid-2008, it can be mentioned: high treatment needs, but also the increased level of sensitivity of population regarding health and the need to protect it, increasing access of the population, particularly those with low purchasing power, to medicines on prescription, pharmaceutical companies activity, which; beside the classical actions of promotion, play an important role in the identification and awareness of the role of certain diseases and / or treatments, both for the public and to health system professionals, physicians and pharmacists.

In Romania, competition on the pharmaceutical market is high and growing. It is increasingly difficult to grow or even to keep the market share. In this "struggle" will come out as winners those who have the tools to help them to collect and process data about customers, products, competition, to monitor the expenses and sales, to allocate resources according to the results, and to stimulate the sales and promotion force based on objective criteria. (P. IRINA et al 2009)

2.7.2 Pakistan

In Pakistan (Mohammed & Khalid, 2011) about 600 pharmaceutical companies exist of which 386 are operating units. In early nineties there was a scenario that the Pakistan pharmaceutical

industry was occupied by the MNC's, but during the last eighteen years or so, the picture has completely changed. The ration of MNC's and national companies is 45 percent and 55percent respectively. And the total volume of Pakistanis pharmaceutical market was 1.64 billion USD with annual growth of 11 percent. Currently 80 percent of the medicine need is covered by domestic companies while the rest 20 percent are covered by imports. According to data from Pakistan Pharmaceutical Sector (2008) Pakistan's 1.64billion USD pharmaceutical market is the 10th largest in Asia Pacific, behind the Philippines 2.58billion USD and ahead of Vietnam 1.53 billion USD.

2.7.3 India

The Indian pharma industry is today, the third largest market globally in terms of volume and 4th largest by value. Even In the year 2005 the "organized" sector of India's pharmaceutical industry consists of 250 to 300 companies, which account for 70 percent of products on the market, with the top 10 firms representing 30 percent. However, the total sector is estimated at nearly 20,000 businesses, some of which are extremely small. Approximately 75% of India's demand for medicines is met by local manufacturing. (KPMG 2006)

2.7.4 China

China's booming economy and high GDP growth make its pharmaceutical market the fifth largest and one of the most attractive in the world. With its volume and 20percent annual growth projection, it is set to overtake Japan as the world's second largest market by 2015. China's status as one of the world's largest markets rests mainly on the size of its population, rather than its maturity. Drug revenue has grown swiftly and the market was thought to double in 2013, hospital drug sales, retail pharmacy sales and rural drug sales are forecasted to grow 20 percent, 13 percent and 40 percent, as estimated in 2010.

Generic drugs are the backbone of China's pharmaceutical industry. China has more than 5000 pharmaceutical companies, about 98 percent of which produce generic drugs. By the end of 2009, the value of the generic drug sector was USD 29.3billion, forming 63 percent of the total pharmaceutical market. The radical health care reform plan of 2009 has almost impacted every aspects of china's pharmaceutical sector in fixing the ailing medical system for 1.3 billion citizens. These are, reducing the cost of medical services, upgrading infrastructure and facilities,

enlarging insurance coverage and reform of the distribution mode. All of these have direct and indirect impact on marketing of the pharmaceutical industries. (KPMG 2011)

2.7.5 Africa

By 2016, pharmaceutical spending in Africa is expected to reach US$30 billion. Spurred by a convergence of demographic changes, increased wealth and healthcare investment, and rising demand for drugs to treat chronic diseases, this market potentially represents a US$45 billion opportunity by 2020. The pharmaceutical growth is a reflection of economic strength accompanied by increasing healthcare spending. Sub-Saharan Africa (SSA), excluding South Africa, is notable in this regard: according to the Economist Intelligence Unit, its economies are growing faster than anywhere else in the world and this trend is expected to continue. (Economic Intelligence Unit 2012)

Africa presents a complex, multifaceted set of markets, which are highly heterogeneous in terms of pharmaceutical growth, language and trading blocs. Consequently, the opportunities they offer are also quite variable. Understanding the nuances and navigating the challenges are key to establishing successful and sustainable operations. To date, three types of pharmaceutical industry players have a track record of success, defined as sustainable revenue-generating business operation: innovative multinational companies (MNCs), Indian and Chinese pharmaceutical companies, and local manufacturers. (IMS 2012)

The expanding presence of Asian manufacturers in Africa has seen the proportion of pharmaceuticals being imported from India and China more than double in value terms in recent years. According to global import and export data, India accounted for 17.7% of African pharmaceutical imports in 2011 (up from 8.5% in 2002) and China for 4.1% (up from around 2.0% in 2002). Indian and Chinese manufacturers have gained market share primarily through competitive prices and simultaneously targeting different markets in the generics space. Chinese firms succeed in markets with low ease of doing business ratings, where they sell or gift medicines such as anti-malarial to governments through procurement contracts. In contrast, Indian manufacturers primarily sell medicines through NGOs and government tenders in regulated markets. For example, leading Indian players, such as Cipla, Ranbaxy, the Serum

Institute and Dr Reddy's, have strong market presence, particularly in East Africa. While they are best known for selling affordable HIV medicines in Africa, they are rapidly broadening their medicine range across therapy areas. (Ease of Business Ratings 2011)

Local companies in South and Northern Africa have been leaders in their domestic markets. For example, Aspen (South Africa), Adcock Ingram (South Africa), EIPICO (Egypt), Saidal (Algeria) and Cipla Medpro (South Africa) have combined licensed originator brands and their own branded generic products. Aspen is now Africa's largest domestic pharmaceutical company with a strong reputation for quality products. Cipla Medpro, a local company in South Africa, is the third largest pharmaceutical company in South Africa by value and is expanding to Botswana and Namibia.

While success stories of local industry players exist, the majority have struggled to compete for two reasons. Firstly, the high costs of active pharmaceutical ingredients (APIs) in Africa has left most unable to compete on price with Asian generic manufacturers and unable to access the most in-demand therapy areas. Secondly, domestic manufacturers have struggled to implement good manufacturing practices (GMP) and ensure quality production. As a result, few companies have WHO prequalification status. For this reason, NGOs, which have historically been prime procurers of medicines on the continent, have refused to buy essential medicines (e.g., anti-infectives) from domestic manufacturers. Additionally, poor GMPs have been barriers for the International Finance Corporation (IFC), part of the World Bank Group, in its search to identify viable investment opportunities in the domestic industry market. (IMS 2012)

2.7.5.1 Nigeria

Data taken from UNIDO 2011 shows that local pharmaceutical manufacturing industry in Nigeria met 25% of local demand. Nigerian manufacturers produce liquid preparations, tablets, capsules, ointments, lotions, creams and ophthalmic preparations. The remaining 75 per cent of the market is increasingly dominated by imports from Asian companies.

Drug manufacturers in Nigeria are up against several constraints, including low capacity utilization, under capitalization, a weak financial base, high production costs as a result of the

high cost of inputs, poor infrastructure, difficulty in meeting WHO prequalification criteria, low level or obsolete technology, high interest rates and unstable demand. The fluctuations in demand are a reflection of prevailing low purchasing power within the population and the fact that Government purchases of medicines are irregular and payments may be delayed.

2.7.5.2 Egypt

A report by the pharmaceutical market researcher Episcom 2010; Less than one fifth of the market was supplied by importers in 2008. Half of the total market was supplied by local private producers, almost one quarter by multinationals' Egyptian affiliates and about one tenth by Egypt's public producers. Between 2004 and 2008, the share of imports and domestic private production have increased while the relative importance of public production and local production by multinationals have somewhat declined. If the market is evaluated in terms of the number of units sold, the share of imports is even smaller (6.8%).

2.7.5.3 Kenya

In 2010 the Kenyan pharmaceutical industry comprised 42 manufacturing companies and supplies less than 30% of the market excluding donor purchases. When donor purchases are taken into consideration, the local industry's share of the market is much lower. As regards Good Manufacturing Practice (GMP) standards, few manufacturers have invested in the necessary plant and equipment in order to meet the World Organization's standards. This excludes them from donor-funded procurement.

Another problem was shortage of trained pharmacists. The level of pharmacists in Kenya is still low. Locally trained ones have problems working in the industry. Kenya also faced the inability of local manufacturer to undertake bioequivalence studies. The main reasons are financial limitations, limited know how and lack of national guidelines on this subject. Over and above problems faced at the production level, the Kenyan manufacturers had issues such as internal competition among themselves, increasing volumes of low priced imports, a zero-rated tariff for pharmaceuticals, insufficient quality tests for imported drugs and low penalties for import of substandard products.

2.7.5.3 South Africa

The South African pharmaceutical industry is undergoing rapid transformation spurred on by the current economic climate, government policy and an evolving local existing customer base. Also within this cauldron of factors is the dominating framework of globalization. South Africa, like many developing countries, needs to embrace an open-market economy to develop competitiveness which, in turn, will enhance its competitiveness to improve living standards. South Africa as a developing country needs successful pharmaceutical ventures. This is the field where most medical research is needed and where less stringent regulations, manufacturing and trials are more easily implemented i.e. the biotechnology industry. South Africa imports 70% of its pharmaceuticals. These imports fuel the price, especially when the rand weakens in reaction to global markets. (Fatti A.& Toit A. 2013)

2.8 Conceptual Framework of the Study

The conceptual frame work of the study is designed in the following manner, with proposition of marketing mix and competition contributing for the challenges and prospects of local pharmaceutical products in Ethiopia.

Figure 1: Conceptual frame work of the study

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter discusses the design used, sample size and sampling technique employed in addition to methods used to collect data and how that data will be analyzed.

3.1 Study Area

The study will be conducted in Addis Ababa, the capital city of the Federal democratic Republic of Ethiopia. The city has ten sub-cities and ninety nine kebeles with population of more than three million. It is situated between 9 degrees latitude and 38 degrees east longitude, at 2200 to 2800 meters above sea level.

3.2 Sample size and Sampling Technique

The target population of the study is marketing managers and employees of the marketing department which includes the sales and promotion team of CADILA pharmaceuticals, Ethiopian pharmaceutical manufacturing company and Addis pharmaceuticals. Apart from the manufacturing companies, marketing personnel's of selected wholesalers and pharmacists or druggists working in the pharmacies.

There are more than 80 wholesalers in Addis Ababa, taking into consideration the active ones in the market according to data obtained from technical managers of the sales department of Micropharma plc, Beker pharmaceutical and Equatorial Business Group: 60 wholesalers were identified and 52 wholesalers were taken as a sample for the study.

In Addis Ababa there are around 306 pharmacies as per data obtained from Addis Ababa health bureau. According to Krejcie and Morgans (1970) generalized scientific guideline for sample size decision, a sample of 177 conveniently selected pharmacies were included in the study. In addition Roscoe 1975 proposed sample size larger than 30 and less than 500 are appropriate for most researches.

3.3 Research design

This research used a blend of a blend of qualitative and quantitative approach. Information that wasn't captured by the quantitative approach was captured qualitatively. The nature of the research is of descriptive type. It tried to identify major marketing challenges, opportunities and practices of local pharmaceutical manufacturing companies in Ethiopia.

3.4 Data Source and Collection method

Two types of data collection method were utilized. The first is an interview with the marketing managers of the manufacturing companies of EPHARM, CADILA and APF by using prepared set of questions. The second was by using structured self-administered questionnaire to collect data from the marketing department employees (Sales and promotion team) and marketing personnel's of selected wholesalers and pharmacists or druggists working in the pharmacies.

3.5 Data Analysis and Presentation

Once the data was collected it has been checked, edited, coded , cleaned and entered into SPSS V16 data editor for scaling questions. For Check list questions with multiple responses manual tally has been used for analysis. The information obtained from the survey questionnaire and from interview were triangulated and presented in the result and discussion section.

3.6 Ethical Consideration

A letter written from St. Mary's University was taken to the respective bodies to undertake a pre-survey and to assure that the study is meant to be used for academic purpose. Confidentiality and anonymity of the respondents was ensured throughout the execution of the study for participants were not expected to disclose their personal information.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1 Result

4.1.1 Demographic profile of respondents

Total of nineteen respondents have given response from the marketing department of each of the *manufacturing companies*. EPHARM has one marketing manager and three other people working in the department. CADILA has one marketing manager and more than ten sales and medical representatives; of which ten of them were included in the study. APF has one marketing manager and three people working in the marketing department.

Totally there were 19 respondents from the three manufacturing companies, 15 of them are male and 4 of them female. There are 3 MBA holders with a back ground of pharmacy and the rest are pharmacists.

Total of 52 wholesalers were included in this study of which in 29 (55.8%) of the wholesales the respondents were males and in 23(44.2%) females were the respondents. From the total of 177 pharmacies 122 (68.4%) of the respondents were males and 56 (31.6%) of them were females.

4.1.2 Product related results

Totally 95.5% of the pharmacies have EPHARM's product in their stock; followed by 91.5% having CADILA's and 88.7% of them containing APF's products. It was also found out that all of the wholesalers (100%) have the three companies product in their stock.

Table 1:Response of respective manufacturers respondents regarding quality of their products

Manufacturing company		Quality of Products					Total
		Poor	Fair	Good	Very good	Excellent	
	EPHARM	0	0	0	3	1	4
	CADILA	0	0	3	7	1	11
	APF	0	0	1	3	0	4
Total		0	0	4	13	2	19

From table 1 it is possible to see that 3 of the 4 EPHARM's respondents said EPHARM's products are of a very good quality. While 3 of CADILA's respondents rated their product having a good quality and 7 of them as a very good quality products. On the other hand 3 or the four APF respondents believe their product is of a very good quality.

Table 2 :Response of wholesalers regarding quality of EPHARM's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Scale	Poor	0	0	0	0
	Fair	0	0	0	0
	Good	0	0	0	0
	Very good	23	44.2	44.2	44.2
	Excellent	29	55.8	55.8	100.0
	Total	52	100.0	100.0	

As shown in table 2 majority of the wholesalers, 55.8% responded that EPHARMS products are of excellent quality while the rest 44.2% of them rate EPHARM's products as of a very good quality. No response obtained for poor, fair and good quality.

Table 3: Response of pharmacies Regarding quality of EPHARMs products

		Frequency	Percent	Valid Percent	Cumulative Percent
Scale	Poor	0	0	0	0
	Fair	0	0	0	0
	Good	42	23.7	23.7	23.7
	Very good	70	39.5	39.5	63.3
	Excellent	65	36.7	36.7	100.0
	Total	177	100.0	100.0	

Table 3 shows that on scale of 1 to 5 (Poor being 1 and Excellent being five) 39.5% of the pharmacy respondents rate EPHARM's product quality as very good and 36.7% of them rate the products having excellent quality. No one responded poor or fair.

Table 4 :Response of wholesalers regarding quality of CADILA's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Scale	Poor	0	0	0	0
	Fair	0	0	0	0
	Good	18	34.6	34.6	34.6
	Very good	31	59.6	59.6	94.2
	Excellent	3	5.8	5.8	100.0
	Total	52	100.0	100.0	

Table 4 shows that for the question regarding quality of CADILA's products 59.6% of the wholesalers' responded very good while 34.6% rated as good. No response for poor and fair quality ratings.

Table 5:Response of pharmacies regarding quality of CADILA products

		Frequency	Percent	Valid Percent	Cumulative Percent
Scale	Poor	0	0	0	0
	Fair	20	11.3	11.3	11.3
	Good	83	46.9	46.9	58.2
	Very good	47	26.6	26.6	84.7
	Excellent	27	15.3	15.3	100.0
	Total	177	100.0	100.0	

As shown in table 5 majority of the pharmacy respondents 46.9% consider CADILA's products are of a good quality. While 26.6% and 15.3% of the respondents rate CADILA's products being very good and excellent in quality respectively. There was no response for poor quality.

Table 6 :Response of wholesalers regarding quality of APF's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Scale	Poor	0	0	0	0
	Fair	3	5.8	5.8	5.8
	Good	29	55.8	55.8	61.5
	Very good	20	38.5	38.5	100.0
	Excellent	0	0	0	100.0
	Total	52	100.0	100.0	

Table 6 indicates that the major quality rating for APF's products from wholesalers is good quality which holds 55.8% of the responses. While 38.5% of the respondents rated APF's products of being a very good quality products. No response obtained for excellent and poor quality ratings.

Table 7 : Response of pharmacies regarding quality of APF

		Frequency	Percent	Valid Percent	Cumulative Percent
Scale	Poor	15	8.5	8.5	8.5
	Fair	66	37.3	37.3	45.8
	Good	64	36.2	36.2	81.9
	Very good	29	16.4	16.4	98.3
	Excellent	3	1.7	1.7	100.0
	Total	177	100.0	100.0	

As shown in table 7: incase of APF products quality majority of the response is for fair which is 37.3% (66 of the respondents) and 36.2% of the respondents consider APF's products of being good quality. Only three responses were obtained for excellent quality. And 8.5% of the respondents consider APF's products having poor quality.

Table 8:Response of manufacturing companies regarding influential attributes of their respective products in the market

Attributes	EPHARM	CADILA	APF	**Total**	% (out of 19)
Brand name	3	2		**5**	26.31%
Product package	-	3	1	**4**	21.05%
Price	3	10	4	**17**	89.47%
Efficacy and safety	1	6	1	**8**	42.1%

Table 8 indicates that totally 17 (89.47%) of the pharmaceutical manufacturers respondent believe price the influential attribute in the market; followed by efficacy and safety 42.1%. Brand name and product package holds 26.31% and 21.05% respectively.

Table 9:Response of wholesalers regarding influential attributes of local products in the market

Attributes	Frequency	Percent (Out of 52)
Brand Name		-
Product package	23	44.23%
Product price	52	100%
Efficacy and safety of the product	16	30.7%

As shown in table 9 price is the most influential attribute of local products for 52 (100%) of the wholesalers; followed by product package for 44.23% and efficacy and safety for 30.7% of the wholesalers.

Table 10:Response of pharmacies regarding influential attributes of local products in the market

Attributes	Frequency	Percent
Brand Name	32	18.07%
Product package	95	53.67%
Product price	144	81.35%
Efficacy and safety of the product	98	55.36%

As shown in table 10, majority of the respondents 81.35% of the 177 pharmacies think that local products price is influential in the market, followed by efficacy and safety (55.36%) and product package (53.67%). In addition some respondents added availability as one attribute.

Table 11: Response of manufacturing companies respondents regarding thought about customers primary reason for purchasing their respective products

Reason	EPHARM	CADILA	APF	Total	% (out of 19)
Higher quality of products	3	4	1	**8**	42.1%
High demand of the products	1	6	1	**8**	42.1%
Proximity of supply	1	3	1	**5**	26.31%
Lower price than others	2	7	4	**13**	68.42%
Effective promotion	-	6	-	**6**	31.57%
Locality of the products	-	3	-	**3**	15.78%

From table 11 its possible to see that total of 13 respondents out of 19 think lower price of their products is the primary reason for wanting to buy their products. Eight (42.1%) of the respondents think high quality and high demand of the products are also reason for customers.

Table 12: Response of wholesalers concerning primary reasons for purchasing local products

Reasons	Frequency	Percent (n=52)
High quality of the products	3	5.7%
High demand of the products	16	30.77%
Proximity of supply	7	13.46%
Lower price than others	39	75%
Effective promotion	-	0%
Locality of the products	20	38.46%

Table 12 shows that thirty nine (75%) of the wholesalers primary reason for purchasing local products is local products lower price. Locality of products has also impacted 38.46% of the wholesalers so that they purchase the local products. Only 5.7% of the wholesalers consider local products as having high quality as a primary reason for purchasing.

Table 13: Response of pharmacies concerning primary reasons for purchasing local products

Reasons	Frequency	Percent (n=177)
High quality of the products	25	14.12%
High demand of the products	77	43.5%
Proximity of supply	56	31.63%
Lower price than others	147	83.05%
Effective promotion	11	6.21%
Locality of the products	56	31.63%

As shown in table 13, pharmacies were asked to respond about their primary reasons for purchasing local products; accordingly lower price of local products is the primary reason for 83.05% of the pharmacies, followed by high demand of local products which accounts for 43.5%. Only 6.21% of the pharmacies said effective promotion is one of their reasons for purchasing local products.

Table 14: Response of manufacturing companies regarding major product challenges faced

Product challenges	EPHARM	CADILA	APF	Total	% (out of 19)
Quality	-	-	1	**1**	5.26%
Packaging	3	4	3	**10**	52.63%
Customers negative perception	-	9	4	**13**	68.42%

As its shown in table 14, 68.42% of the local manufacturers respondents think that customers negative perception about their products is the major challenge faced. While none of EPHARMS respondents responded to that. However 3 of EPHARMs respondents with 4 from CADILA and 3 from APF said packaging is another major challenges of their respective products.

Table 15: Response of wholesalers for major challenges local manufacturers face regarding their products

Challenges	Frequencies	Percent (n=52)
Product Quality	36	69.23%
Packaging challenge	36	69.23%
Customers negative perception about local products	39	75%

From table 15, wholesalers also view that customers' negative perception about local products is the major challenge as 75% of the wholesalers responded. Product quality and poor packaging accounted for equal percent which is 69.23% of the wholesaler for both.

Table 16 :Response of Pharmacies for major challenges local manufacturers face regarding their products

Challenges	Frequencies	Percent (n=177)
Product Quality	98	55.36%
Packaging challenge	95	53.67%
Customers negative perception about local products	150	84.7%

As shown in the above table 16; customers negative perception about local products is the most challenging aspect of the local products as 84.7% of the respondents responded of which 56 of them specified APF. About 50 of the 98 (55.67%) respondent specified APF facing product quality challenge.

4.1.3 Price related results

Table 17 :Response of manufacturing companies regarding price of their respective companies

		Price					Total
		Very Cheap	Cheap	Affordable	Expensive	Very Expensive	
Manufacturing company	EPHARM	0	0	4	0	0	4
	CADILA	0	0	11	0	0	11
	APF	0	1	3	0	0	4
Total		0	1	18	0	0	19

Table 17 shows that total of 18 respondents of the three companies have an opinion that their products are affordable. Only one respondent from APF responded APF's products are cheap.

Table 18 : Response of wholesalers concerning price of EPHARM's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Price	Very cheap	12	23.1	23.1	23.1
	Cheap	22	42.3	42.3	65.4
	Average	11	21.2	21.2	86.5
	Expensive	7	13.5	13.5	100.0
	Very expensive	0	0	0	100.0
	Total	52	100.0	100.0	

As shown in table 18; on a five measurement scale, from very cheap to very expensive major response for the wholesalers regarding EPHARMS price is cheap which accounts for 42.3% % and the cumulative percent for those whose opinion is very cheap and cheap is 65.4% %. Only 13.5% of the respondents categorized EPHARM's products as expensive.

Table 19 :Response of pharmacies regarding price of EPHARM's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Price	Very Cheap	40	22.6	22.6	22.6
	Cheap	67	37.9	37.9	60.5
	Average	70	39.5	39.5	100.0
	Expensive	0	0	0	100.0
	Very expensive	0	0	0	100.0
	Total	177	100.0	100.0	

As shown in table 19; 39.5% of the respondents have an opinion that EPHARM's products have an average/affordable price. While 37.9% of them responded for cheap price and the rest 22.6 % considers EPHARM's product being very cheap in price. No response obtained for expensive and very expensive scale of price.

Table 20: Response of wholesalers regarding price of CADILA's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Price	Very Cheap	0	0	0	0
	Cheap	20	38.5	38.5	38.5
	Average	24	46.2	46.2	84.6
	Expensive	8	15.4	15.4	100.0
	Very Expensive	0	0	0	100.0
	Total	52	100.0	100.0	

Table 20 shows that twenty four wholesalers (46.2%) have an opinion that CADILA's products have an average/affordable price, while 38.5% and 15.4% of the respondents consider CADILA's products as cheap and expensive respectively. No one responded for very cheap and very expensive.

Table 21 : Response of pharmacies regarding price of CADILA's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Price	Very Cheap	29	16.4	16.4	16.4
	Cheap	93	52.5	52.5	68.9
	Average	47	26.6	26.6	95.5
	Expensive	8	4.5	4.5	100.0
	Very expensive	0	0	0	100.0
	Total	177	100.0	100.0	

Table 21 indicates that majority of the pharmacies; 52.5% have an opinion that CADILA's products are cheap in price. While 26.6% and 16.4% of the pharmacies responded for the average and very cheap price scale respectively. Only 4.5% responded that CADILA's products are expensive. No one considered very expensive as a response for price of CADILA's products.

Table 22: Response of wholesaler regarding price of APF's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Price	Very cheap	12	23.1	23.1	23.1
	Cheap	16	30.8	30.8	53.8
	Average	20	38.5	38.5	92.3
	Expensive	4	7.7	7.7	100.0
	Very Expensive	0	0	0	100.0
	Total	52	100.0	100.0	

As shown in table 22, majority of the respondents, which accounts for 38.5% of the response, have an opinion that APF's products have an average/affordable price. The cumulative percent of cheap and very cheap is 53.8%. Only 4 respondents have an opinion that APF has expensive products.

Table 23: Response of pharmacies regarding price of APF's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Price	Very Cheap	29	16.4	16.4	16.4
	Cheap	80	45.2	45.2	61.6
	Average	52	29.4	29.4	91.0
	Expensive	16	9.0	9.0	100.0
	Very Expensive	0	0	0	100.0
	Total	177	100.0	100.0	

Table 23 shows that eighty (45.2%) pharmacies responded that APF has products with cheap price, and 52 (29.4%) of the 177 pharmacies have an opinion that APF's products are average/affordable in price. Only 9% of the pharmacy respondents consider APF's products as expensive.

Table 24 :Response of manufacturing companies regarding their price versus other local manufacturers.

		Price Vs Others local products				
		Less Expensive	Equivalent	Expensive	Very Expensive	Total
Manufacturing company	EPHARM	2	2	0	0	4
	CADILA	2	8	0	1	11
	APF	4	0	0	0	4
Total		8	10	0	1	19

As shown in table 24,majority of the respondents (10 out of 19) believe their products price is equivalent to other local products price. While 2 from EPHARM, 2 from CADILA and four of the APF respondents consider they have products which are less expensive than other local products.

4.1.4 Distribution related result

Table 25: Response of manufacturing companies regarding availability of their products

		ProductAvailability					
		Often unavailable	Rarely Available	Occasionally Available	Most of the time available	Always available	Total
Manufacturing company	EPHARM	0	2	1	1		4
	CADILA	2	0	0	9		11
	APF	0	0	1	3		4
Total		2	2	2	13		19

Table 25 shows that, thirteen of the total nineteen have an opinion that their products are most of the time available. Specifically; 2 of the 4 EPHARM respondents said their products are rarely available and 2 of the 11 CADILA respondents responded that their products are often unavailable.

Table 26: Response of wholesaler regarding availability of EPHARM's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Availability	Often unavailable	3	5.8	5.8	5.8
	Rarely available	9	17.3	17.3	23.1
	Occasionally available	13	25.0	25.0	48.1
	Most of the time available	27	51.9	51.9	100.0
	Always available	0	0	0	100.0
	Total	52	100.0	100.0	

Table 26 indicates that twenty seven (51.9%) of the respondents have an opinion that EPHARM's products are most of the time available. This figure is followed by 25% of those who said EPHARM's products are occasionally available. 17.3% and 5.8% of the respondents responded that EPHARM's products are rarely available and often unavailable respectively.

Table 27: Response of pharmacies regarding availability of EPHARM's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Availability	*Often unavailable*	15	8.5	8.5	8.5
	Rarely available	11	6.2	6.2	14.7
	Occasionally available	45	25.4	25.4	40.1
	Most of the time available	90	50.8	50.8	91.0
	Always available	16	9.0	9.0	100.0
	Total	177	100.0	100.0	

Table 27 shows that 50.8% of the pharmacies responded that EPHARM's products are most of the time available. While 25.4% and 9% of the pharmacies have an opinion that EPHARM's products are occasionally available and always available respectively. 8.5% of the respondents believe that EPHARM's products are often unavailable.

Table 28: Response of wholesalers regarding availability of CADILA's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Availability	Often unavailable	0	0	0	0
	Rarely available	0	0	0	0
	Occasionally available	14	26.9	26.9	26.9
	Most of the time available	20	38.5	38.5	65.4
	Always available	18	34.6	34.6	100.0
	Total	52	100.0	100.0	

As shown in table 28; majority of the respondents 38.5% and 34.6% have an opinion that CADILA's products are most of the time and always available respectively. While 26.9% of them believes the products are occasionally available.

Table 29 :Response of pharmacies regarding availability of CADILA's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Availability	Often unavailable	4	2.3	2.3	2.3
	Rarely available	7	4.0	4.0	6.2
	Occasionally available	23	13.0	13.0	19.2
	Most of the time available	104	58.8	58.8	78.0
	Always available	39	22.0	22.0	100.0
	Total	177	100.0	100.0	

From table 29, it is possible to see that 58.8% of the respondents have an opinion that CADILA's products are most of the time available. And this figure is followed by 22% of the respondents which believe CADILA's products are always available.

Table 30 : Response of wholesalers regarding availability of APF's products

		Frequency	Percent	Valid Percent	Cumulative Percent
Availability	Often unavailable	0	0	0	0
	Rarely available	9	17.3	17.3	17.3
	Occasionally available	22	42.3	42.3	59.6
	Most of the time available	18	34.6	34.6	94.2
	Always available	3	5.8	5.8	100.0
	Total	52	100.0	100.0	

Table 30 shows that majority of the wholesalers 42.3% have an opinion that APF's products are occasionally available. In facts 34.6% responded that the products are most of the time available which is followed by 17.3% of respondents who responded rarely available.

Table 31: Response of pharmacies concerning availability of APF products

		Frequency	Percent	Valid Percent	Cumulative Percent
Availability	Often unavailable	12	6.8	6.8	6.8
	Rarely available	26	14.7	14.7	21.5
	Occasionally available	40	22.6	22.6	44.1
	Most of the time available	88	49.7	49.7	93.8
	Always available	11	6.2	6.2	100.0
	Total	177	100.0	100.0	

As shown in table 31, majority of the pharmacies 49.7% responded that APF's products are most of the time available; while, 22.5% and 14.7% respondents' opinions are occasionally available and rarely available respectively. On the hand 6.8% said the products are often unavailable.

Table 32: Response of wholesalers on how they obtain products of EPHARM,CADILA and APF

Obtain products	EPHARM		CADILA		APF	
	Frequency	%	Frequency	%	Frequency	%
Directly	0	0	13	25%	36	69%
Through agents	48	92.3%	39	75%	16	30.8%
Other means	4	7.7%	0	0	0	0
Total	52	100%	52	100%	52	100%

Table 32 shows that products of EPHARM and CADILA reach the wholesaler majorly through agents, holding 92.3% and 75% respectively; While APF provides 69% of the respondent wholesalers directly.

Table 33: Response of pharmacies on how they obtain products of EPHARM,CADILA and APF.

		EPHARM		CADILA		APF	
		Frequency	%	Frequency	%	Frequency	%
Obtain local products	Directly from manufacturer	0	0	0	0	0	0
	Through Agents	48	27.1%	17	9.6%	13	7.3%
	Through wholesalers	129	72.9%	160	90.4%	160	90.4%
	Other means	0	0	0	0	4	2.3%
	Total	177	100.0	177	100.0	177	100.0

Table 33 shows that majority 72.9% of the pharmacies obtain local pharmaceutical products through wholesalers, in fact around 27.1% of them obtain through agents.

4.1.5 Promotion

Table 34: Response of manufacturing companies on how they promotionally support marketing of their products.

Means	EPHARM	CADILA	APF	**Total**	% (out of 19)
Product promoters/ Medical Representatives	0	11	0	**11**	57.89%
Give aways	0	11	0	**11**	57.89%
Price discount	0	0	1	**1**	5.26%
Credit period terms	2	0	2	**4**	21.05%
Printed material	1	6	2	**9**	47.36%
Other means	3	0	2	**5**	26.31 %

Only Cadila pharmaceutical is promoting its products through medical and sales representatives' physicians and pharmacist. All of respondent from Cadila (11) responded. Whereas APF and EPHARM use credict period terms as a means to support their products. Infact they also use printed material most of the time on annual conferences, exhibitions and symposium like Ethiopian medical association and Ethiopian pharmaceutical association. In addition APF and EPHARM use push strategy to pharmaceutical fund and supplies agency (PFSA) through tender.

Table 34 :Response of wholesalers regarding how local manufacturers promote their products

		EPHARM		CADILA		APF	
		Frequency	%	Frequency	%	Frequency	%
Promotion	Doesnt promote	52	100%	0	0	36	69.2
	By Promoters,material and gifts	0	0	46	88.5%	7	13.5
	Price discount	0	0	3	5.8%	3	5.8
	Credit period terms	0	0	3	5.8%	6	11.5
	Others	0	0	0	0	0	0
	Total	52	100%	52	100%	52	100.0

Table 34 shows that all of the wholesalers in the study responded that EPHARM doesn't support its products through promotion in the market, while 88.5% responded that CADILA does promotion through sales and medical representatives. Regarding APF also 69.2% of the responses showed that APF doesn't do promotion through promoters, materials and gifts; rather credit period terms 11.5% and price discount 5.8% are means APF uses to support its products.

Table 36:Response of pharmacies regarding how local manufacturers promote their products

		EPHARM		CADILA		APF	
		Frequency	%	Frequency		Frequency	%
Promotion	Doesn't promote	177	100%	5	2.8%	117	66.1%
	By promoters,material and gifts	0	0	172	97.2%	38	21.5%
	Price discount/bonus	0	0	0	0	21	11.9%
	Credit period terms	0	0	0	0	1	.6%
	Other means	0	0	0	0	0	0
	Total	177	100%	177	100%	177	100%

As shown in table 36, all of the pharmacies 100% responded that EPHARM doesn't support its product through promotion. However, 97.2% of the pharmacies responded that CADILA does promotion through medical/sales representatives, materials and gifts. Concerning APF majority which is 66.1% responded that APF doesn't do promotion through representatives. On the other hand 21.5% said that APF use promoters, material and gifts for promotion.

Table 37: Response of manufacturing companies respondents regarding their respective promotion strength

		Promotion Strength					
		Very Weak	Weak	Average	Strong	Very Strong	Total
Manufacturing company	EPHARM	0	3	1	0	0	4
	CADILA	0	1	4	2	4	11
	APF	1	3	0	0	0	4
Total		1	7	5	2	4	19

Table 37 shows that three of the respondents from APF rated their company's promotional strength as weak while one rated as very weak. In case of EPHARM 3 respondents consider they have weak promotional activities. From the 11 CADILA respondents 10 of them rate their promotion as an average and above; 4 responded very strong, 2 responded strong and 4 responded that CADILA has average promotional activities in the market.

Table 38 :Response of wholesaler regarding promotion strength of local manufacturers

		EPHARM		CADILA		APF	
		Frequency	%	Frequency	%	Frequency	%
Strength	Very Weak	20	38.5	0	0	10	19.2%
	Weak	25	48.1	7	13.5%	39	75%
	Average	7	13.5	16	30.8%	3	5.8%
	Strong	0	0	29	55.8%	0	0
	Very Strong	0	0	0	0	0	0
	Total	52	100.0	52	100%	52	100%

Table 38 shows that twenty five (48.1%) of the wholesalers consider EPHARM's promotion is weak; and even 20 (38.5%) of them said it's very weak. Majority of the wholesalers 55.8% believe that CADILA has strong promotional activities in the market. Only 13.5% rated CADILA's promotional activities weak. On the other hand, 75% and 19.2% of the wholesalers rated APF's promotional activities weak and very weak respectively.

Table 39 :Response of pharmacies regarding promotion strength of local manufacturers

		EPHARM		CADILA		APF	
		Frequency	%	Frequency	%	Frequency	%
Strength	Very weak	148	83.6%	4	2.3	93	52.5%
	Weak	29	16.4%	18	10.2	67	37.9%
	Average	0	0	137	77.4	17	9.6%
	Strong	0	0	15	8.5	0	0
	Very Strong	0	0	3	1.7	0	0
	Total	177	100%	177	100.0	177	100%

The above table 39 shows that cumulatively all of the pharmacies rated EPHARM's promotional activities strength as very weak and weak; 83.6% and 16.4% respectively. Majority of the respondents, 77.4% rate that CADILA has average strength of promotion. The cumulative percent for strength of APF's promotion sums up to 90.4%; very weak holding 52.5% and weak holding 37.9% responses.

4.1.6 Competition

Table 40: Response of manufacturing companies respondents regarding challenges of competition

Challenges in competition	EPHARM	CADILA	APF	Total	% (n=19
Lower price of competitors products	2	3	2	**7**	36.84%
Higher quality of competitors products	-	3		**3**	15.78%
Intensive promotional activities	2	6	4	**12**	63.15%
Sustainable product availability of competitors	2	3	2	**7**	36.84%
Efficient product distribution of competitors	-	1	2	**3**	15.78%
Consumers negative attitude towards quality of local products	-	9	4	**13**	68.42%

As shown in table 40, consumers negative attitude accounts for the highest response 68.42% ; for local pharmaceutical companies as a challenge of competition in the market. And of course intensive promotional activities of competitor companies is also another major challenge as 63.15% of the respondents responded.

Table 41: Response of wholesalers concerning challenges of local products when competing in the market

Challenges	Frequency	Percent (n=52)
Lower price of competitors products	8	15.38%
Higher quality of competitor products	23	44.23%
Intensive promotional activities of competitors	23	44.23%
Efficient product distribution of competitors	7	13.46%
Consumers negative attitude toward quality of local products	39	75%

As shown in table 41, customer negative attitude towards quality of local products holds the highest percent of wholesalers' responses which is 75%; followed by higher quality of competitors' products (44.23%) and intensive promotional activities of competitors (44.23%).

Table 42: Response of pharmacies concerning challenges of local products when competing in the market

Challenges	Frequency	% n=177
Lower price of competitors products	63	35.59%
Higher quality of competitor products	130	73.44%
Intensive promotional activities of competitors	140	79.09%
Efficient product distribution of competitors	67	37.85%
Consumers negative attitude toward quality of local products	150	84.74%

Table 42 shows that the three most challenging aspects for local products when it comes to competing in the market are consumers negative attitude toward quality of local products (84.74%) ,intensive promotion activities of competitors and higher quality of competitors products (73.44%) as respondents from pharmacies responded. Lower price of competitors' products got response of 35.59% of the respondents making it the less challenging aspect.

4.1.6 Manufacturing companies general challenge encountered

Table 43: Response of manufacturing company's respondent regarding general challenged faced

Major challenges encountered	EPHARM	CADILA	APF	Total	% (n=19)
Competitors from abroad	4	10	2	**16**	84.21%
Customers preference	-	5	3	**8**	42.1%
Government policy	-	-	-	**-**	-
Internal marketing strategy problem	1	2	2	**5**	26.3%

Table 43 shows that totally 16 (84.2%) respondents responded that competitors from abroad are the major challenges encountered in the market. On top of this 10 (52.63%) of the respondent put customer preference as one of the major challenges.

4.2 Qualitative data Analysis

This part of the study is about analysis of qualitative data. The questionnaire was designed in such way that the respondents will be able to freely give their opinion or idea for two non leading questions where no options are provided. The questions were the same for employees of *manufacturing companies, wholesalers and also pharmacies.*

1. What opportunities do you think do the locally manufactured products have in the market when compared with products imported from abroad?
2. What do you think should be done to lessen or overcome challenges that locally manufactured pharmaceutical products face in the market?

4.2.1 Prospects and Opportunities

4.2.1.1 *Response from manufacturing companies respondents*

For the first question almost all of the respondents have answered that local products have a price advantage than most of imported products i.e. the products are affordable. Furthermore, availability was the next most answered advantage. By availability they mean that products could be accessed easily if there is no shortage of raw materials. Related with this, the respondents said that local products have are safe from transportation hazard unlike the imported ones; as imported products have to go through long path to be available in Ethiopian market. In addition they added that the possibility to access local products is higher than imported products.

Moreover, PFSA's exclusive tender and government support to get foreign currency for raw materials are big opportunity for local pharmaceutical products as most of the companies respondents said. The other opportunity mentioned is sense of belongingness created in the customers and consumers exclusively for local products if it's possible to build that image by providing products of high quality and competitive advantages.

4.2.1.2 Wholesalers' response

The answers for the question asking about opportunity of local products were almost the same with response of manufacturers. Lower price of local products than most of imported products was written as a primary advantage in most of the respondents answer. The respondents also mentioned that it's favorable for local manufacturers to do an extensive market research and analyses about their products due they are present in most parts of the country through government health facilities; even if their market share is small compared to the imported. The wholesalers have an opinion that there is a special support from the government for local products. In addition the respondents said the local manufacturers are closer to customers and end users, beyond being accessed easily this gives them the advantage of closely monitoring and evaluating their products.

4.2.1.3 Response from Pharmacy respondents

Most of the pharmacies opinion is that local pharmaceutical products affordability is the biggest opportunity they have in the market. In line with this the cheap labor cost advantage might favor local manufacturer save their expenditures. And cost of importing finished products especially transport cost is incomparable with domestically manufactured products transport cost. The other opportunity mentioned is that there are lots of untouched markets in Ethiopia which could really be covered by local manufacturer especially due to price advantages.

Locality by itself is an advantage as some of the pharmacy respondents responded. Faster supply and distribution could be used as opportunity if the manufacturers could be able to supply products as per their demand. In this case also most of them didn't pass without mentioning that government support is one crucial prospect local manufacturers have. There were also responses regarding stock rupture of imported products; if local pharmaceuticals could make their products

sustainably available it's a huge window of opportunity for them to hold a strong ground in the market.

4.2.2 Means of overcoming or lessening the challenges

4.2.2.1 Response from Manufacturing companies respondents

The suggestion received from companies regarding ways of overcoming or lessening challenges majorly were about society's awareness, government support and promotional activities.

The respondents suggested that sustainable and strong activities should be undertaken to change society's attitude towards local pharmaceutical products. Because this is the biggest challenge the companies are facing in the market. These could be by taking part in corporate social activities and working with pharmacy professionals dispensing in pharmacies and drug stores for they are closer to the consumers.

There were also proposals that government should limit import of products that could be produced locally for they are direct competitors to local pharmaceutical products; in return encouraging and supporting the local companies to so that they will grow and build their capacity to be able to produce wide range of products in such away making them be able to meet the countries demand or at least make them take the dominant market share of the country.

The respondents answered that its quiet visible that foreign pharmaceutical companies are doing intensive promotion by face to face calls with the physicians as well pharmacist. When it comes to local pharmaceutical manufacturing companies, only CADILA is doing this. As a result products of CADILA are being prescribed by their brands. However, they said this is not the case for EPHARM and APF. So they proposed that pharmacists should be employed by respective pharmaceuticals and they should be able to compete and build their brands image first in the eyes of the health professionals then in the consumers. Moreover, response from CADILA's representatives was that the company should encourage the medical representative by offering them benefits they should get so that they will not leave the company. In such a way it's possible to reduce employee's turnover.

4.2.2.2 Response from Wholesalers respondents

The most commonly suggested way of challenge overcoming is that local manufacturer has to work aggressively to improve quality of the products. Moreover, there were lots of respondents that were concerned about package of local products. They suggested that local pharmaceutical manufacturers could even change attitude of the society by improving the package that's currently used for the products for they believe it's not attractive. They also added that different possible ways should be tried to change the perception consumers have towards local products.

In addition to the above points; there were opinions that local pharmaceutical manufacturing companies should be able to satisfy the market demand and make sure products are available sustainably and abundantly; and as some of them said these comes to reality if the companies could increase their production capacity. In this way it's possible for the local companies to go even beyond local market demand to at least neighboring countries as some of the proposed.

4.2.2.3 Response from Pharmacies respondents

The most proposed way of improvement from the pharmacies is that local manufacturers should really invest on attractiveness of their product package because imported pharmaceutical products package is incomparably attractive than the local ones. This in turn has a big impact on customers' and consumers perception as much as quality of the product matters. More over beyond making their package attractive it was suggested lots and lots of times that local pharmaceutical companies should educate and undertake different activities to change the negative attitude consumers have towards locally manufactured pharmaceutical products.

Beyond this there were number of suggestions that quality of local products should be improved and it should comply with GMP. In order to improve the quality of products the respondents suggested that undertaking post marketing surveillances would be of great help to know where their weakness and strength is. In line with this, the respondents put forward that quality & affordability of local pharmaceutical products should always be guaranteed in order to compete with Chinese, Indian and other Asian imported pharmaceutical products. Because these countries products are most of the time very cheap as a result, only price competition doesn't make the local products take the biggest share of the market.

The other commonly proposed way is that sustainable supply of products should be ensured to prevent stock rupture and not to give a reason for local products to be substituted by imported ones.

4.2.3 INTERVIEW WITH MARKETING MANAGERS of EPHARM,CADILA and APF

According to the study design beside self administered questionnaires to the employees of marketing department of the manufacturers, wholesalers and pharmacies; interview was made with the marketing managers of EPHARM, CADILA and APF.

The interview focused on three major questions;

1. What challenges are you facing in the market (from every angle)?
2. What are the prospects and opportunities of local manufacturing companies?
3. What should be done to lessen the challenges and expand the market coverage and dominance of local products?

4.2.3.1 Challenges faced by local pharmaceutical companies

Availability of other products with lower price is one big challenge faced as EPHARM's marketing manager said. These products are mostly from India and China. He said that there are wide ranges of products from these two countries with very cheap price and this ultimately takes the lion share of the market; especially when competing on tender or supplying for wholesalers. In addition the manager added that company's limited capacity causes shortage of products within the market resulting in shifting and substitution of products with other brand.

On top of these he added that inability to comply with good manufacturing practice (GMP) is the biggest hindering factor resulting in inability of the company to go beyond the national demand to exporting. Relative to how long the company was in the market it is producing few product mixes for the market; this was also one of the challenges when competing with different companies providing wide range of products as EPHARM's marketing manager responded.

The other challenge that EPHARM is facing intensive promotion activity by the foreign companies; he added that the company doesn't have medical representatives like other foreign and local companies like CADILA. In addition bureaucratic procedures within the FMHACA on the registration and marketing new products is also a challenge being faced by EPHARM.

The marketing/business manager of CADILA stated that other Indian and Asian companies are providing products with cheaper price than CADILA's or other local products. This has become a challenge for competition. He added that internal marketing strategy problem is also one challenging aspect. Even if CADILA has sales and medical representatives; which really makes it unique from all local manufacturers employee turnover is high and this affects the company.

The feedback received from interview with APF's marketing manager shows that lower price of some products imported from China and India is one of the challenges to compete in the market because majority of customers are price sensitive and even beyond that tender based transactions focus on price. In addition negative attitude of consumers and even physicians towards locally manufactured products is also another challenge the company is facing. By default patients ask for every product referring to "Is it from Germany?" for they believe the products are more efficacious and of high quality compared to local or other products.

4.2.3.2 Prospects and opportunities of local pharmaceutical products

Concerning the prospects and opportunities that local manufacturers have, response obtained from EPHARM's marketing manager is the commitment by the pharmaceutical fund and supplies agency (PFSA) to the local manufacturing companies. This is one big support from government because the tenders are sometimes exclusively for local manufacturing companies as he responded. Even if in times the country may face foreign currency shortages in as much as possible the government encourages local manufacturers importing raw material free of tax.

CADILA's marketing manager stated that customers trust when it comes to quality especially with imported Asian products is an opportunity for marketing. Opportunities given from PFSA have been a big privilege for CADILA to make its products available in government hospitals and health centers all over Ethiopia.

In the same manner government support for local manufacturers in giving priority for foreign currency for raw materials was what APF's marketing manager mentioned as an opportunity they have. He didn't pass without mentioning PFSA's exclusive tender for local manufacturers.

4.2.3.3 Proposed ways to lessen the existing challenges

Marketing manager of EPHARM believes that local pharmaceutical manufacturing companies should work on reducing the manufacturing cost, so that the out puts price will be lesser. In addition he suggested that if it could be possible to look and process raw material locally which in turn will strengthen manufacturers' potential in reducing the expense for raw material import. He also proposed that government supporting the local manufacturing in their progress to achieve and comply with GMP. The support could be material wise, training and financial.

Government should keep giving priority to the pharmaceutical industry regarding the foreign currency needed to import raw materials according to the answer to ways of lessening challenges currently faced by local manufacturers. According to EPHARM marketing managers response; companies should work on their product mix to be strong competitors in the market. He also added that local manufacturers should be engaged in intensive promotional activity as that of the foreigners.

CADILA's marketing manager suggested that local manufacturers should expand their manufacturing capacity to overcome the existing challenges. In addition he added that using advantages of economies of scale would be of great help for local manufacturers. He strongly recommended that working with concerned government body or with anyone related to change the customers as well consumers attitude about local products efficacy and safety.

The first suggestion from APF is that too much must be done upon perception of customers as well consumers; because there is a biased belief about efficacy and safety of local products. In addition improving local manufacturers' internal capacity in terms of research and development (R&D) was also suggested; for R&D is the base to build strong image concerning equivalency in efficacy with the originator brands. He added that improving supply of raw materials from abroad will really make all the products to be sustainably available in the market; in such a way it would strengthen the market presence of local products.

4.3 Triangulation of quantitative and qualitative analysis

This part of the study presents correlating data obtained quantitatively and qualitatively.

As it was obtained from quantitative analysis almost all of the pharmaceutical manufacturers' respondents believe that their products are affordable. On top of this majority of wholesalers and pharmacy respondents responded that the entire three companies product price is average or cheap in price. In addition it was seen that the most influential attribute of local product in the market is their price as the respondents answered. By the same token the qualitative analysis has shown that price is the major advantage local products have in the market over the imported ones, except some Indian and Chinese companies.

Manufacturers, wholesalers, and pharmacies responded that the two most challenges local pharmaceutical products face are customers negative perception (68%, 75%, 84.7% respectively) and product packaging challenge (52.63%, 69.23% and 53.67% respectively). It was seen in the result of interview and also answers of the open ended question that the local pharmaceutical companies should work on changing customers' attitude and also that beyond price competition focus should also be given to packaging improvement.

All (100%) of the wholesalers as well pharmacies, and 69.2% of the wholesalers, 66.1% of the pharmacies responded that EPHARM and APF respectively doesn't do direct product promotion. Only CADILA is doing direct face to face calls with the physicians and pharmacists; which most pharmacies 77.4% rated it of being average in strength. This was also seen in competition challenge local manufacturers face in the market i.e. intensive promotional activity of competitors is next to customers/consumers negative perception. By the same token it was proposed form manufacturing companies that local manufacturers should be engaged in promotion like foreign companies.

4.4 Discussion

In this part of the study result will be evaluated and discussed in elaborative and meaningful way.

4.4.1 Product Related

Product is one of the major elements of marketing mix frame work. From this study it was observed that when number of responses is compared concerning quality of local pharmaceutical products; almost all of the wholesalers and majority of the pharmacies believe that EPHARM has quality products among the local companies included. On the other hand number of respondents rated APF's products as poor in quality and these wasn't seen in responses for EPHARM and CADILA. It was found out that the primary influential attribute of local products in the market is price. This implies that Ethiopia being one of the developing countries still out of pocket money is driving major sales of pharmaceuticals.

In line with this, lower price of local pharmaceutical products when compared with imported ones is the primary driving reason for pharmacies and wholesalers to purchase local products. This reason is followed by high demand of local products as a result of their affordable price. Even the manufacturers' respondents believe that their price is the primary reason for customers to purchase their products.

It was found out from this study that customers and consumers negative perception about local pharmaceutical products quality is the primary challenge local pharmaceutical products face. This was seen in response from manufacturing companies, wholesaler and pharmacies. Even if Kotler P. 2012 has considered product package is the buyer's first encounter with the product and good package draws the consumer in and encourages product choice; it was found from this study that local pharmaceutical products has poor packaging.

4.4.2 Price Related

Product mix pricing, the firm searches for a set of prices that maximizes profits on the total mix. Pricing is difficult because the various products have demand and cost interrelationships and are subject to different degrees of competition. Moreover, drug pricing is influenced by a variety of

factors, and the complexity can be overwhelming for health care professionals as well as the public. Expected sales of the product; price of competing products; cost of R&D, manufacturing expenses; nature of the market etc determine how the manufacturers set price.

In this study it was found that almost all of the manufacturing companies' respondents think their products are affordable. We can see this from sales point of view; no matter how expensive the product is no body says my product is expensive rather the term affordable will be used. Majority of the wholesaler's view that EPHARM's, CADILA's and APF's products price is below average, cheap and very cheap in price. Averagely only 12.2 % of the wholesalers consider local pharmaceutical products price expensive. Obviously it could be seen that local pharmaceutical products are affordable, even cheap in price. This is one big opportunity local products have in the market. If their price is affordable why do not they dominate the market?

4.4.3 Distribution of local pharmaceutical products

Pharmaceutical companies distribute their products to the wholesalers or intermediary agents which ultimately deliver the products to pharmacies and drug stores. The retail outlets are the place where the consumers/patients come to get the products.

Figure 2: Local pharmaceutical products supply chain
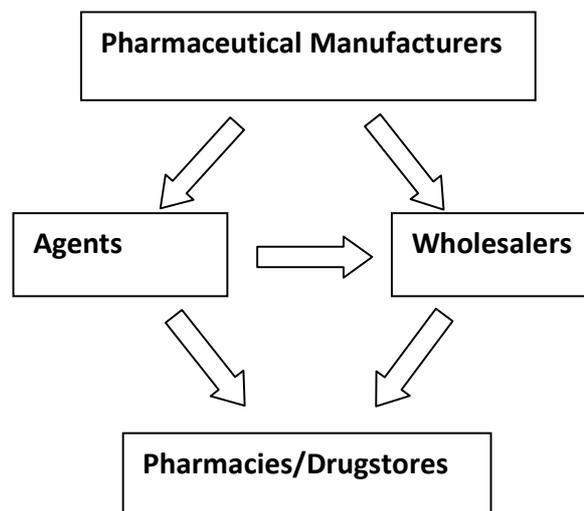
Product availability is the most determining aspect of marketing. As depicted in the above diagram the manufacturers distribute their products through two different ways even if it was

found that wholesalers are the biggest supplier of local pharmaceutical product for the pharmacies, different agents also do supply to the pharmacies. Agents like PFSA are government owned while manufacturers also choose private agents like Beker pharmaceuticals, Meditech Ethiopia, and Micorpharma PLC for specific products so that they will distribute it in the market. The choice of agent considers strength of presence in the market and delivery efficiency of the agents.

The study also tried to assess availability of EPHARM's, CADILA's and APF's products in the market. In general majority of wholesalers and pharmacies believe that EPHARM's, CADILA's and APF's products are available in the market most of the time. In contrary to this on average less than 10% of the respondents consider that local pharmaceutical products are often unavailable. When availability of the three companies' products is compared, 22% of the pharmacies were able to access CADILA's products always, while only 9% and 6.2% of the pharmacies considered EPHARM and APF products are always available respectively. The finding shows that local products are most of the time available which is good for growth of the companies' market share.

4.4.4 Promotion

In Ethiopia mostly foreign pharmaceutical companies are doing promotion in an extensive way. According to definition of IFPMA promotion in brief is any activity which is directed at health care professional to generate prescription and facilitate supply. The study found out that EPHARM and APF are not doing promotion through medical representatives rather APF is using credit period terms and price discount to encourage its customers. On the other hand APF and EPHARM sponsor annual conference of big associations like Ethiopian Pharmaceutical Association and Ethiopian Medical Associations. In these conferences the companies will display their product on exhibition. CADILA is also taking part in these activities.

Only CADILA is promoting its brands through medical and sales representatives. Basically what happens is the medical representatives go to the physician's office and detail about the specific features and unique advantages of their products so that the physician will use it for his patients. While detailing different promotional materials will be used as a reminder. In addition to this if

new product is introduced to the market, launching program will be organized for physicians and pharmacies. In this was brand image will be created.

Majority of the wholesaler and pharmacies rated CADILA's promotional activities strength as average and strong. Contrary to this, EPHARM's and APF's promotional activities were rated weak and very weak. This shows that two companies have to revise their marketing strategy by employing medical representatives and build their respective brand image in the market since the choice of which drug is consumed by a patient to treat a particular condition is largely made by the treating physician. And in fact pharmacists substitute generic equivalent of branded drugs.

It was found in Romania (Irina P. et al 2009) that among the causes that have led to growing pharmaceutical market is pharmaceutical companies activity, which; beside the classical actions of promotion, play an important role in the identification and awareness of the role of certain diseases and / or treatments, both for the public and to health system professionals, physicians and pharmacists.

4.4.5 Competition

Different factors determine the strength of competition one company shows in the market. The local pharmaceutical manufacturing companies consider that foreign companies are their major competitors. The study found out that manufacturer face challenges of different facets. In order of strength, the major challenges in competition are: consumers' negative attitude towards quality of local products, intensive promotional activities of competitors, lower price of competitors' products, and also sustainable competitors' product availability. The low in price competitors products are those from China and India.

It was possible to find out that pharmacies and wholesalers consider the major challenge local pharmaceutical products face while competing with imported ones is consumers/customers negative attitude towards local products. Especially APF and CADILA's products are not trusted as much as EPHARM's products are due to some negative market happenings in the past. The pharmaceutical companies need to work on this unless and other wise as even if the pharmaceutical market is growing share of local products will always be less and less.

Intensive promotional activities of foreign companies, is the second biggest challenge for local pharmaceuticals. In Ethiopia there are number of multinationals of the western countries (Sanofi, AstraZeneca, Pfizer, Novartis, Roche , GSK, MSD, Bayer, Novo Nordisk, Nestle, Johnson and Johnson etc) and also generic companies of different countries; for instance Europe companies (Bilim, Sandoz, Medochemie, Dr. Grossman, Lagap and Remedica), Indian companies (Cipla, Glenmark, Ranbaxy, Intas, Emcure etc) and middle east companies (Pharma international, Julphar, Tabuk). (extracted from data obtained from EFMHACA). Almost all of the above mentioned pharmaceutical companies have their own medical representatives. They do intensive face to face promotions, they organize scientific sessions for the doctors and they also sponsor associations' conference. In such manner they are building their brand image. This has become a challenge not only to the local products but the foreign companies are also competing among themselves and the competition is getting tougher and tougher as days come and go.

In the same manner lots of respondents from wholesalers and pharmacies think higher quality of competitors products are also one of the challenges for local products. If we take multinationals products since they are innovators there is no question about their products when it comes to quality. However, quality concern has always been raised with generic products. Some companies present the bioequivalence study test to prove that their product is as quality as innovator brand, considering efficacy and safety. So the local manufacturers have to work on quality of their products to convince the customer/consumer.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 CONCLUSION

In this part of the study, depending on the result and discussion from previous chapter, the following conclusions are made.

- EPHARM's products are considered quality among the local companies included in the study. Few number of respondents rated APF's products as poor in quality and no such response obtained for EPHARM and CADILA

- Lower price of local pharmaceutical products when compared with imported ones is the primary driving reason for pharmacies and wholesalers to purchase local products and local products price is considered affordable than most of imported pharmaceutical products except some Chinese and Indian products

- Local pharmaceutical products reach consumers through manufacturer - agent/wholesale -pharmacy channel ultimately and local products are most of the time available in the market in general

- Only CADILA pharmaceutical is engaged in promotional activities through medical representatives while EPHARM and APF are not being involved in such type of marketing activity and this has affected the brand image they have.

- When competition is taken into consideration local pharmaceutical companies major challenges are: consumers' negative attitude towards quality of local products, intensive promotional activities of competitors, and lower price of competitors' products

- When it comes to opportunities local pharmaceuticals have price advantage than most imported products. Beside this availability, ease of accessibility and exclusive PFSA tenders and government support in importing raw materials were identified as special advantages over imported products.

5.2 RECOMMENDATIONS

Based on the finding of this study concerning marketing challenges and prospects of local pharmaceutical manufacturing companies in Ethiopia; the following suggestions and recommendation were made so that they will overcome the challenges and be able to exploit opportunities that are out there in the market.

- As customers and consumers negative attitude is the biggest challenge in the market, local pharmaceutical companies should work to change attitude of all stake holders by under taking different awareness creation activities and by forming local pharmaceutical manufacturers association and setting strategies.

- The local pharmaceutical manufacturers should focus on product mix strategy to be able to assure that their products are complaint to and are manufactured according to GMP, in such a way quality will be guaranteed.

- The local pharmaceutical manufacturing companies should modify their strategy of marketing to stay competent in the market. Rather than focusing on exclusive PFSA tenders, like CADILA a strong dedicated team of marketing which is totally engaged in sales and promotion should be formed in the respective companies and extensive promotional activities must be done.

- Local pharmaceutical companies should also increase their production portfolio and amount of production by expanding their capacity so that they will be able to take the biggest share of the market.

- The government should continue to make special support for local pharmaceutical manufacturing companies like facilitating access to foreign currency, supporting registration of new product to be manufactured and supporting companies in expansion.

REFERENCES

AITKEN (2007): "IMS Health Forecasts 5 to 6 Percent Growth for Global Pharmaceuticals Market in 2007", www.imshealth.com,

Dickov V. Analyzing Pharmaceutical Industry. *National Journal of Physiology, Pharmacy and Pharmacology 2011; 1(1): 1-8*

Ease of Business Ratings (2011) The World Bank. Available at: www.doingbusiness.org/rankings

Economist Intelligence Unit (2012) *Into Africa: Emerging Opportunities for Business.*

ENL: Economics News Letter: Section of Antitrust law (2008) Vol 8 No 1

EFPIA. 2012, (European Federation of Pharmaceutical Industries and Associations), Pharmaceutical industry in figures

Fatti A. and Toit A. 2013. Competitive intelligence challenges faced by South African Pharmaceutical companies. *Asia Pacific Journal of Business and Management*, Volume 4(1), 39-54

Frutos, M.A et al. 2013.Competition in the pharmaceutical industry: How do quality differences shape advertising strategies*? Journal of Health Economics 32 (2013) 268– 285*

Guha, R. et al 2008. Analyzing Competition in the Pharmaceutical Industry. *Economic News Letter Vol 8(1) 1-9*

IFPMA 2012, Code of practice

IMS 2012, Africa a Ripe Opportunity

Irina P. et al, 2009. Exploring the pharmaceutical marketing mix facing the challenge of business intelligence in the 21st century. *Farmacia, Vol 57, 366-388*

John, M. 2008. A Guide to Effective Pricing, Reimbursement and Messaging Strategies. *Pharma Marketing News. 7(9)*

Kotler P. 2012, Marketing Management

KPMG 2006, The Indian Pharmaceutical Industry: Collaboration for Growth

KPMG 2011, China's Pharmaceutical Industry-Poised for the giant leap

Krejcie, R.V and Morgan, D.W. 1970. Determining sample size for research activities. Educational and phychological measurement. 30. P.607-610

Pharmaceutical Packaging Market by Packaging Type, Raw Material and Drug Delivery Type – Global Trends & Forecast to 2018, Accessed from www.marketsandmarkets.com

Mohammad, A & Khalid, Z. 2011. Review of Pakistan Pharmaceutical Industry. *International journal of Business and Information Technology.* 1(1): 114-117

QFINANCE: accessed   from   http://www.qfinance.com/sector-profiles/healthcare-and-pharmaceuticals

Reiffen, D. & Ward, R. M. 2005. Generic Drug Industry Dynamics. *The Review of Economics and Statistics,Vol. 87(1) 37-49*

Roscoe, J.T. (1975). Fundamental Research statistics for the behavioral Sciences, 2nd edition

Rupesh, R. et al, 2011. The Indian Pharmaceutical Industry : The Empirical Study. *International Journal of Business & Management Research Vol. 1 (7),*

Smith, C. et al. 2002. Pharmaceutical marketing: Priciples, environment, and practice, *Haworth Press, pp. 4, 10-11,14-15,54, 221*

Stevan, V. & Darko, P., 2010. Pharmaceutical Market(ing) Theory and Reality. *Journal of Economic Litrature 6(2): 85-91.*

Walsh J. Ethiopia: Key Growth Opportunities in Pharmaceutical Market Analysed in New Report. *Global Press Release Distribution.* 2010.

A Self Administered Questionnaire on Marketing challenges and prospects of selected pharmaceutical manufacturing companies in Ethiopia

For Manufacturing Companies

Dear respondent,

First of all I would like to thank you for your cooperation. This research focuses on *Marketing challenges and prospects of selected pharmaceutical manufacturing companies in Ethiopia*. Your answers will not be released to anyone and will remain anonymous as your name will not be written on the questionnaire. Any information you provide will be kept confidential and will only be used for academic purpose.

I kindly request for your cooperation in helping me carry out this research for the partial fulfillment of master's degree in business administration (MBA).

N.B:

- **You can give more than one answer**
- **Please a thick mark(✓) in the check box provided for your answers**

Part One. General Information

Name of the company_____

1. Gender

       Male ☐   Female ☐

2. Educational Level

       Diploma ☐   BSc/BPharm/BA☐   MBA ☐   PhD ☐   Other_____

3. Position

       Marketing Manager ☐   Sales Representative ☐   Medical Representative ☐

       Other_____

Part Two. Basic Information

2.1 Product related

1. How do you rate quality of your company's products?

   Poor☐   Fair☐   Good☐   Very good☐   Excellent☐

2. How do you rate the package of your company's products?

  Not attractive☐   Less attractive☐   Somewhat attractive☐   Attractive☐   Very attractive☐

3. What attributes of your company's products do you think are influential in the market?

- The brand name ☐
- Product Package ☐
- Product price ☐
- Efficacy and safety of the product ☐
- Other ☐ (Specify)_____

4. What major challenges in the market do you face regarding your products?

- Product quality challenges☐
- Packaging challenge ☐
- Customer's negative perception ☐
- Others ☐ (Please specify)_____

2.2. Price Related

1. What is your opinion concerning the price of the products your company produce?

   Very Cheap☐   Cheap☐   Affordable ☐   Expensive ☐   Very Expensive☐

2. How do you rate your company's products price versus other local manufacturers' products price?

   Less expensive☐   Equivalent ☐   Expensive ☐   Very Expensive ☐

3. What's your opinion regarding price versus quality of your company's products

- The price should have been lesser for the products quality is poor ☐
- The price shouldn't be changed ☐
- The price should have been more for the products quality is worth more ☐

4. What challenges do you face regarding price of your products?

_____

2.3 Distribution Related

1. What is your opinion concerning your companies' products availability

- Often unavailable ☐
- Rarely available ☐
- Occasionally available☐
- Most of the time available☐
- Always Available ☐

2. How do you distribute your products?
   - Through Specific Agents ☐
   - Through wholesalers☐
   - Directly to pharmacies/Drug stores ☐
   - Other means☐ (Please Specify)_____

3. What markets do you focus on?

Government Hospitals☐   Private Hospitals☐   Physicians Prescription☐
Pharmacies ☐   Others☐_____

4. How do you rate order delivery process of your company?

Very poor☐   Poor☐   Good☐   Very good ☐   Excellent☐

2.4 Promotion related

1. How do you promotionally support your product lines in general?
   - Through product promoters/Medical representatives☐
   - Give away☐
   - Price discount☐
   - Credit period terms☐
   - Using different printed materials☐
   - Others ☐(Please specify)_____

2. How do you rate the strength of your company's promotional activities?

Very weak☐   Weak ☐   Average☐   Strong☐   Very strong☐

3. What challenges are you facing in the market while promoting your products?

_____
_____

Competitors and marketing strategy related

1. Who are your major competitors?
   - Other local manufacturers☐
   - Foreign companies☐ (If possible please specify)_____
     _____

2. What are the challenging aspects when it comes to competing in the market?
   - Lower price of competitors' products☐
   - Higher quality of competitors' products☐
   - Intensive promotional activities of competitors☐
   - Sustainable product availability of competitors☐
   - Efficient product distribution of competitors☐
   - Consumers negative attitude towards quality of local products☐
   - Others ☐_____

3. On scale of 1 to 5; "1 being least effective" and "5 being most effective" how would you rate your company's overall marketing strategy?

   1   2   3   4   5
   ☐   ☐   ☐   ☐   ☐

4. What marketing mix strategies does the company focus on majorly?

Product☐   Price☐   Promotion☐   Distribution☐   All☐

5. What do you think are customer's primary reasons for buying or wanting to use your company's products?
   - Higher quality of product☐

- High demand of the product☐
- Proximity of supply☐
- Lower price than others☐
- Effective promotion☐
- Locality of the products☐
- Other (if any please specify)_____

_____
_____

6. In general what are the major challenges encountered in the market? (Please Describe Why)
Competitors from abroad☐ _____
_____
Customer's preference☐_____
_____
Government policy☐_____
_____
_____
Internal marketing strategy problem ☐

Others ☐ (Please Specify)
_____
_____

7. What opportunities do you think do the locally manufactured products have in the market when we compare them with products imported from abroad?
_____
_____
_____

8. What do you propose to lessen or overcome the existing challenges?
_____
_____
_____
_____

APPENDICES II

A Self Administered Questionnaire on Marketing challenges and prospects of selected pharmaceutical manufacturing companies in Ethiopia

<u>For Wholesalers</u>

Dear respondent,

First of all I would like to thank you for your cooperation. This research focuses on *Marketing challenges and prospects of selected pharmaceutical manufacturing companies in Ethiopia*. Your answers will not be released to anyone and will remain anonymous as your name will not be written on the questionnaire. Any information you provide will be kept confidential and will only be used for academic purpose.

I kindly request for your cooperation in helping me carry out this research for the partial fulfillment of master's degree in business administration (MBA).

N.B:

- **You can give more than one answer**
- **Please a thick mark(✓) in the check box provided for your answers**

Part I. General Information

1. Gender
    Male ☐   Female ☐
2.   Educational Level
Diploma/Druggist ☐   B.Pharm/Pharmacist☐   MPharm ☐   MBA☐
Other (please specify) _____

Part II. Basic Information

2.1 Product Related

1. Which of the following pharmaceutical manufacturing companies' products do you have in your store?
    - Ethiopian Pharmaceutical Manufacturing S.C (EPHARM) ☐
    - Cadila Pharmaceuticals ☐
    - Addis Pharmaceuticals ☐
2. How do you rate quality of the following company's products? (On scale of 1 to 5) Poor being 1 and Excellent being 5)

	Poor	Fair	Good	Very good	Excellent
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

3. What attributes of locally manufactured pharmaceutical products do you think are influential in the market?
    - Their brand name ☐
    - Product Package ☐
    - Product price ☐
    - Efficacy and safety of the product ☐
    - Other ☐ (Specify)_____
4. What major challenges do the following companies face regarding their products?
    (You can specify the name of the companies)
    - Product quality challenges☐   _____
    - Packaging challenge ☐_____
    - Customer's negative perception about local products ☐_____
    - Others ☐   (Please specify)_____

2.2 Price Related

1.   What is your opinion concerning the price of locally manufacture pharmaceutical products.
    (**Please thick mark "✓" in the space provided for your answers**)

	Very Cheap	Cheap	Average	Expensive	Very expensive
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

2. What's your opinion regarding price versus quality of the products manufactured by local pharmaceutical companies? (Please thick mark"✓"in the space provided)

	Price should have been lesser	Price shouldn't be changed	Price should have been more
EPHARM			
CADILA PHARMACEUTICALS			
ADDIS PHARMACEUTICALS			

2.3 Distribution Related

1. What is your opinion concerning the local pharmaceutical manufacturing company's products availability. (Please thick mark"✓"in the space provided)

	Often unavailable	Rarely available	Occasionally available	Most of the time available	Always available
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

2. How do you obtain the following companies products. (**Please thick mark"✓"in the space provided**)

	Directly from the manufacturer	Through agents	If other means (Please specify)
EPHARM			
CADILA PHARMACEUTICALS			
ADDIS PHARMACEUTICALS			

3. How do you rate order delivery process of the local companies or suppliers. **Please thick mark"✓"in the space provided**)

	Very poor	Poor	Good	Very good	Excellent
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

2.4 Promotion Related

1. How do the following companies promote their products?

	Doesn't promote	By Promoters, materials & gifts	Price discount/Bonus	Credit period terms	Others (Please specify
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

2. How do you rate the strength of the local manufacturer's promotional activities?

	Very weak	Weak	Average	Strong	Very strong
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

2.5 Competitors related

1. What are the challenging aspects for local products when it comes to competing in the market? **(You can tick"✓" more than one)**
   - Lower price of competitors' products☐
   - Higher quality of competitors' products☐
   - Intensive promotional activities of competitors☐
   - Efficient product distribution of competitors☐
   - Consumers negative attitude toward quality of local products ☐
   - Others (Please specify)☐_____

2. What are your primary reasons for purchasing local products **(You can tick more than one)**
   - High quality of product☐
   - High demand of the products☐
   - Proximity of supply☐
   - Lower price than others☐
   - Effective promotion☐
   - Locality of the products☐
   - Other (if any please specify)_____

3. What opportunities do you think do the locally manufactured products have in the market when we compare them with products imported from abroad?
   _____
   _____
   _____

4. What do you think should be done to lessen or overcome challenges that locally manufactured products face in the market?
   _____
   _____
   _____

APPENDICES III

A Self Administered Questionnaire on Marketing challenges and prospects of selected pharmaceutical manufacturing companies in Ethiopia
<u>For Pharmacies</u>

Dear respondent,

First of all I would like to thank you for your cooperation. This research focuses on *Marketing challenges and prospects of selected pharmaceutical manufacturing companies in Ethiopia*. Your answers will not be released to anyone and will remain anonymous as your name will not be written on the questionnaire. Any information you provide will be kept confidential and will only be used for academic purpose.

I kindly request for your cooperation in helping me carry out this research for the partial fulfillment of master's degree in business administration (MBA).

N.B:

- **You can give more than one answer**
- **Please a thick mark(✓) in the check box provided for your answers**

Part I. General Information

1. Gender
   Male ☐   Female ☐
2. Educational Level
   Diploma/Druggist ☐   B.Pharm/Pharmacist☐   MPharm ☐   MBA☐
   Other (please specify) _____

Part II. Basic Information

a. Product Related

1. Which of the following pharmaceutical manufacturing company's products do you have in your pharmacy/drugstore?
   - Ethiopian Pharmaceutical Manufacturing S.C (EPHARM) ☐
   - Cadila Pharmaceuticals ☐
   - Addis Pharmaceuticals ☐
2. How do you rate quality of the following company's products? (On scale of 1 to 5) Poor being 1 and Excellent being 5)

	Poor	Fair	Good	Very good	Excellent
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

3. What attributes of locally manufactured pharmaceutical products do you think are influential in the market?
   - Their brand name ☐
   - Product Package ☐
   - Product price ☐
   - Efficacy and safety of the product ☐
   - Other ☐ (Specify)_____
4. What major challenges do the following companies face regarding their products?
   (*You can specify the name of the companies*)
   - Product quality challenges☐   _____
   - Packaging challenge ☐_____
   - Customer's negative perception about local products ☐_____
   - Others ☐ (Please specify)_____

2.2 Price Related

1. What is your opinion concerning the price of locally manufactured pharmaceutical products.
   (*Please thick mark "✓" in the space provided for your answers*)

	Very Cheap	Cheap	Average	Expensive	Very expensive
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

2. What's your opinion regarding price versus quality of the products manufactured by local pharmaceutical companies? (Please thick mark**"✓"in the space provided**)

	Price should have been lesser	Price shouldn't be changed	Price should have been more
EPHARM			
CADILA PHARMACEUTICALS			
ADDIS PHARMACEUTICALS			

2.3 Distribution Related

1. What is your opinion concerning the local pharmaceutical manufacturing company's products availability. (Please thick mark"✓"in the space provided)

	Often unavailable	Rarely available	Occasionally available	Most of the time available	Always available
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

2. How do you obtain the following companies products. (*Please thick mark"✓"in the space provided*)

	Directly from the manufacturer	Through Agents	Through wholesalers	Other means(Please specify)
EPHARM				
CADILA PHARMACEUTICALS				
ADDIS PHARMACEUTICALS				

3. How do you rate order delivery process of the local companies. (*Please answer this question if you are obtaining the products directly from the manufacturers*)

	Very poor	Poor	Good	Very good	Excellent
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

2.4 Promotion Related

1. How do the following companies promote their products?
(*Please thick mark"✓"in the space provided*)

	Doesn't promote	By Promoters, materials & gifts	Price discount/ Bonus	Credit period terms	Others (Please specify
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

2.How do you rate the strength of the local manufacturer's promotional activities?
(*Please thick mark"✓"in the space provided*)

	Very weak	Weak	Average	Strong	Very strong
EPHARM					
CADILA PHARMACEUTICALS					
ADDIS PHARMACEUTICALS					

2.5 Competitors related

1. What are the challenging aspects for local products when it comes to competing in the market? **(You can tick"✓" more than one)**
- Lower price of competitors' products☐
- Higher quality of competitors' products☐
- Intensive promotional activities of competitors☐
- Efficient product distribution of competitors☐
- Consumers negative attitude toward quality of local products ☐
- Others (Please specify)☐_____

2. What are your primary reasons for purchasing local products
- High quality of product☐
- High demand of the products☐
- Proximity of supply☐
- Lower price than others☐
- Effective promotion☐
- Locality of the products☐
- Other (if any please specify)_____

3. What opportunities do you think do the locally manufactured products have in the market when we compare them with products imported from abroad?
_____
_____
_____
_____

4. What do you think should be done to lessen or overcome challenges that locally manufactured products face in the market?
_____
_____
_____

APPNEDICES IV

Interview Questions for marketing managers

1. What challenges are you facing in the market(From every angle)?

2. What are the prospects and opportunities for local pharmaceutical manufacturing in the market?

3. What should be done to lessen the challenges and expand the market coverage and dominance of local products?