

**CREATION AND CAPTURE OF NEW UNCONTESTED MARKET SPACE:
THE CASE OF PHARMACEUTICAL BUSINESS IN TANZANIA**

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Abstract

In a controlled industry, such as the pharmaceutical business where marketing communication is restricted by Act of Parliament, product or service differentiation strategies which include advertising are difficult to implement. Section 98 of the 2003 Tanzania Food, Drugs and Cosmetics Act imposes tough restrictions on advertising or promoting products regulated by the Act. Thus formulating and executing competitive marketing strategies are extremely challenging since competition in this industry is supposed to be a win-win situation, creating value for customers, instead of gravitating to zero-sum competition in which the gains of one system participant come at the expense of others. In red oceans where players compete head-on, competition drives profits to shrink.

This calls for creation and capture of new uncontested market space – blue oceans – which make competition irrelevant and lead to business growth and profitability. The aim of this study was to describe the creation and capture of new uncontested market space by companies engaged in pharmaceutical business in Tanzania. Specifically the study intended to describe how pharmaceutical companies create and capture uncontested market space and establish extent to which the prevailing regulatory environment affects strategies developed by pharmaceutical companies. Primary data were collected from 79 pharmaceutical companies in five cities of Tanzania by use of a structured interviewer-administered open-ended questionnaire. Ninety percent of planned interviews were completed. Officials of TFDA and the Pharmacy Council were also interviewed on the prevailing regulatory environment and how it affects strategies developed by pharmaceutical companies. Quantitative data were analyzed

using Microsoft Excel while qualitative data were coded and grouped in themes and summarized using Microsoft Word.

All companies described employing competition-driven strategies. Strategic categories in the pharmaceutical business include manufacturing, wholesaling, importation, and retailing. Key competition factors include product price lowering, raw material or product sourcing from competitive sources, employee skills and experience, ensuring that stocks include a wide range of products and that there are no stock outs, quality of customer service, and products' country of origin which is linked to product quality.

10% (8) of the respondents were able to describe strategic moves by their companies which have delivered products and services that opened up and captured new market space – blue oceans – with significant leap in demand that led to profitable growth. Strategy formulation did not use specific tools, but all described how they entertained a profitable business idea through meetings and in-house brainstorming to implementation.

The pharmaceutical business in Tanzania is largely controlled and regulated by TFDA (pharmaceutical products) and the Pharmacy Council (professional conduct and practice).

Since marketing in the pharmaceutical business is restricted by law, business managers need training on how to effectively formulate and execute business

strategies that create a leap in demand and lead to profitable growth without compromising on the part of the customer.

Key words: new uncontested market space; blue oceans; red oceans; value curves; pharmaceutical business.