

Pestel and swot analysis of astrazeneca pharmaceuticals



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This is a report about entering a new market of AstraZeneca which is one of the world's greatest pharmaceutical manufacturing companies. Being an international manager of this company, this report clearly shows the marketing plan of the company.

1. 0 Introduction of AstraZeneca pharmaceuticals

AstraZeneca pharmaceutical is a rapidly leading growing company that has branches in several countries. This company was formed on 6 April 1999 through the merger of Astra AB of Sweden and Zeneca Group PLC of the UK – two companies with similar science-based cultures and a shared vision of the pharmaceutical industry. It is a company fully focused on single purpose, to enable the people life altering condition to live better lives. It has a portfolio of products for major diseases like cancer, cardiovascular, gastrointestinal, infection, neuroscience, respiratory and inflammation. The motto of the company is to build a significant difference to patient throughout great medicines that bring do good to for patients and add value for stakeholders and society.

Product market characteristics

AstraZeneca is an innovative driven biopharmaceutical global business that supplies their products in more than 100 countries. In many countries, it manufactures the products while also export products to countries where they do not have manufacturing operations. With the aim to be success, AstraZeneca has developed flexible marketing strategies to market and distributes its products in local areas of emerging market. The company focuses the skills and resources in six important areas of health care. It discovers, develops, manufactures and markets prescription pharmaceutical

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on the areas which include cardiovascular, cancer, infection, gastrointestinal, respiratory and inflammation. AstraZeneca is providing medicines for these world's serious diseases.

Now a day, people of every country is suffering from different type of bacterial infection. The death rate in developing country due to inflectional diseases is also increasing due to lack of appropriate medicine. There is a high demand of antibiotic medicine around the world in developing countries as well as in developed countries.

Performance of AstraZeneca

The performance at AstraZeneca is committed to achieve the financial and strategic objectives at the same time as maintaining the core values as the number one priority in counting to bring the best products to market all over the world. Research and Development is a key competitive advantage for this company. Without R&D AstraZeneca could not have become the global leading biopharmaceutical company. The revenue of the company in 2009 was increased by 7% as well as new emerging markets businesses grew strongly by 12% revenue in constant currency time. There was improved in efficiency throughout the organization and some extra gains within other income. Although company revenue growth is slowing down due to continuous pressure on healthcare costs and pricing as well as vast competition from generic medicines, the demand for health care will derive the company future growth remain strong. (AstraZeneca Annual report 2009)

2. 0 International marketing planning

According to McDonald, marketing planning is “ a structured way of identifying a range of options for the company, of making them explicit in writing, of formulating marketing objectives which are consistent with the company’s overall objectives and of scheduling and costing out the specific activities most likely to bring about the achievement of the objectives.”(L S Walsh, International Marketing, third edition)

2. 1 Internal and External environment

It is also needed to take into consideration those internal factors close to the unit that have a direct impact on the unit and AstraZeneca strategic marketing.

These will include:

CUSTOMERS

AstraZeneca survive on the basis of meeting the needs, wants and providing benefits for their customers. Failure to do so will result in a failed business strategy.

EMPLOYEE

Employing the correct staff and keeping these staff motivated is an essential part of the strategic planning process of a AstraZeneca. Training and development plays an essential role particular in service sector marketing in order to gain a competitive edge. The success is due to the 62, 000 people they employ in their businesses.

SHAREHOLDERS

It is the responsibility of the AstraZeneca to meet the expectation of Shareholder and perception. This company is trying its best to fulfill its strategy so that they can meet shareholder's expectation.

When dealing with the marketing environment it is important for a company to become proactive. By doing so, they can create the kind of environment that they will prosper in and can become more efficient by marketing in areas with the greatest customer potential. It is important to place equal emphasis on both the macro and microenvironment and to react accordingly to changes within them.

External strategy

The PEST analysis examines changes in the marketplace caused by Political, Economic, Social, Technological factors. Political is political change whether it be through the European Union or the UK, from one party to another in control. Economic influences are the level of interest rates and the level of inflation. Social change involves changing attitudes and lifestyles.

Technological change creates opportunities to invest in new products cutting costs.

Political factors

The government can have a major influence on the eating out industry, as all laws are passed through parliament. The types of laws that can affect the eating out industry are, tariffs on imports, a possible raise in value added tax and new health and safety laws, and also there is the possible introduction of

laws from the European Union. So government regulations and legal issues have a direct impact on the way AstraZeneca operates.

In result of growing awareness of the environmental consequences, U. K Government is planning actions to ensure aviation reflects its environmental impacts. Proposals are emerging for a tax on aviation, fuel and VAT on air tickets. Government's taxation policies and decision about the increase in the petrol prices have affected the buying power of the individuals in U. K.

All of the above can cause a rise in costs so prices may rise in order to pass the costs onto the consumer.

Economical factors

AstraZeneca is also affected by economical factors nationally and globally. Whether an Economy is in a boom, recession or recovery will also affect consumer confidence and behavior.

Economic factors have affected the purchasing power of potential customers, and the state of the internal/external economy in the short and long-term. As a result the company needs to consider:

- Economic growth
- Interest rates
- Inflation rate
- Budget allocation
- The level of inflation

- Employment level per capita

Interest rates are the lowest they have been for forty years and this affects the rate of consumer spending on goods and services. The rate of interest affects the economy through its influence on aggregate demand, the higher the rate of interest, the lower the rate of aggregate demand. A fall in interest rates usually means that assets rise in value; this means that consumers become wealthier.

Social factors

Social factors will include the demographic changes, trends in the way people live, work and think and cultural aspects of the macro environment.

These factors affect customer needs and the size of potential market:

- Population growth rate
- Age distribution
- Internal/external emphasis on safety
- Internal/external attitudes to change
- What is the stakeholder expectation of the unit?

Technological factors

The complexities of achieving business success through increased efficiency, effectiveness and competitiveness, combined with innovative applications of modern technology, has heightened the awareness of both technology and

business managers towards more strategically oriented approaches for planning and management of AstraZeneca.

SWOT Factors

SWOT factors refer to the strength, weaknesses, opportunity and threats of the company.

The main strengths of AstraZeneca are its brands. It has an ability to deliver the potential of existing and future products through the power and reach of a combined global sales and marketing resources. It has a wide spread class coverage in key therapy area such as cardiovascular and respiratory diseases due to complementary nature of product. It is focused on constantly developing new products to expectations. Since it is a global industry it is a member of many organisations all over the world.

The world population has doubled in the last 50 years from three billion to over six billion and is expected to reach nine billion by 2050. In addition, the number of people who can access the highest standards of healthcare continues to increase, particularly among the elderly, who represent a rising proportion of populations in developed nations and continue to offer opportunities for the industry to supply an expanding number of patients who can benefit from medicines.

Currently, the threat of new viable competitors in the global industry is not very substantial. The main rivals of the company are GlaxoSmithKline plc, Merck & Co. Inc, Novartis AG. The threat of substitutes, however, is a very real threat. The UK, and especially London, has been a prime target of the religious fundamentalists and terrorist outfits. London and other cities in the <https://assignbuster.com/pestel-and-swot-analysis-of-astrazeneca-pharmaceuticals/>

UK have been frequently under high alert since 9/11 in general and after the war in Iraq in particular.

2.3 Marketing goals and objectives

The main objectives of the company is to be the world's largest pharmaceuticals company and to build a significant difference to patient all the way through great medicines that bring do good to for patients and add value for stakeholders and society. Boosting efforts to source improvement from outside the company and working in partnerships across all aspects of R&D to broaden the base for a success.

Market analysis

Now a day, people of every country is suffering from different type of bacterial infection. The death rate in developing country due to inflectional diseases is also increasing due to lack of appropriate medicine. The demand for health care is more in every country so the company's future is bright and growth remains strong. Population are increasing and people are living longer. There is a high demand of antibiotic medicine around the world in developing countries as well as in developed countries. Although this company has its market in different countries, there are more countries where this company can gain its market. So, I have a target to provide medicines for inflectional diseases in new market. Merrem/Meronem (meropenem) is an ultra broad spectrum injectable antibiotic for a wide variety of serious infections, including meningitis and pneumonia.

To meet the goals of the company even though it has its market in more than 100 countries, being an international manager of the company I would

like to enter into other new market. So, first of all I am going to research the business environment of the country. I have chosen four countries Singapore, Bangladesh, Sri lanka and New Zealand. By doing PEST analysis of these countries I would choose the best one for my new market.

PEST ANALYSIS OF FOUR COUNTRIES

Countries

Political factors

Economical factors

Socio cultural factors

Technological factors

Demographic factors

Singapore

Political condition is stable as there is parliament republic , English law is accepted

Highly developed and free market economy and GDP rate is also higher than other developed countries.

Mix of culture and education is the main instrument

Excellent transportation, communication system

Population is less than other three contries , total area is 756950sqkm

Bangladesh

political condition is not stable,

Poor economic condition due to recession

Different types of languages and religions, health standard is improving

Modern communication system and advanced road system

7th highest population in the world

Sri lanka

republic

Developing country, estimated GDP growth rate is 3.5%

Various languages and religion, multi ethnic countries

Sophisticated transportation & communication services

Population is estimated 20,238,000

New Zealand

Free market economy, can compete globally

Modern, Prosperous and high standard of living

Rich in culture, different religious

Excellent technological factors services

Population is 43677000.

Source: Wikipedia of all countries

According to PEST analysis, I found New Zealand and Singapore are the strong country than Bangladesh and Sri Lanka in every aspect. Among these two countries I am going to choose New Zealand for new market for my product.

New Zealand is one of the prosperous and high living standard countries. Political environment is stable so there is no difficulty for the businesses. Since 99% of people are educated they are aware about their health and they demand for better healthcare. The average life expectancy is 80 years, as people live longer they suffer from different diseases.

3.0 Market Entry Strategy

There are different methods of entering an overseas market. Expansion of business into international market can be done through following mechanisms which are discussed below.

Export

Joint Venture (franchising, licensing)

Foreign Direct Investment

Export: It is a traditional and well established method of market entry to foreign markets. This method is less expensive as we don't have to establish new company in other market but have to find distributor for my product.

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Joint venture: In this type the two or more companies in different countries agree to perform the business and share the profit and bear the losses.

Nowadays this method is famous as there is low risk and burden is divided.

Joint venture can be done in two ways: licensing and franchising

Licensing: It is a wide range of agreements relating to the sale or leasing of industrial or commercial expertise by one party to other in returns for valuable considerations.

Franchising: it is a form of licensing by which the franchiser provides a standard package of components or ingredients together with management and marketing services. The franchisee provides capital, market knowledge and personal involvement.

Foreign Direct Investment: It is the direct ownership of facilities in the targeted country. It is the 100% investment in that country. It can be done by acquisition of existing company in the targeted country.

Advantages and disadvantages of market entry methods

Methods

Advantages

disadvantages

Export

Less expensive, minimize investment, efficiency as there is speed entry.

Limits access to local information and market, transportation cost may be high, risk of exchange rate of currency

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joint venture

Low risk, less investment required, overcomes ownership and cultural distances

Conflict between two parties, differences in cultures and management styles

Foreign direct investment

Greater knowledge of the market, 100% control, gives the company fully protection

Higher risk than other methods, lack of managerial skills as well as , expensive,

4. 0 Implementing marketing plan

ps

Product

Price

Place

promotion

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