

# [Pharmaceutical is one of the businesses marketing essay](https://assignbuster.com/pharmaceutical-is-one-of-the-businesses-marketing-essay/)

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In third world countries or countries facing war has more demand for medicines and vaccines. There is sometimes a huge gap between demand and supply of the drugs as these countries do not have their own sources. In contrast, developed countries have pharmaceutical companies located near them and there is no shortage of supply.

Countries which are major markets of international pharmaceutical companies include both developed and developing countries like Indonesia, Malaysia, Sri-lanka, India, Iraq, Afghanistan, Somalia, Japan, China, Colombia etc. Main international producers are Novarti, GlaxoSmithKline (GSK), Johnson and Johnson, Eli Lilly, Roche, Zentiva, Pfizer, Abbott Laboratories, Wyeth, Merck and Co, Bristol-Myers Squibb and Krka. .

According to the statistics provided by Fortune global for year 2010, Johnson and Johnson was ranked first among all above mentioned companies with revenue of 6190 billion dollars. Whereas Pfizer with revenue of 5000 billion dollars, Roche 4775 billion dollars, Novartis 4427 billion dollars, Abbott 3075 Billion dollars and Eli Lilly with 2184 billion dollars of annual revenue. In Fortune 500 ranking Johnson and Johnson is ranked 103, Pfizer 152, Roche 171, GSK 168, Merck and Co 378, Novartis 183 and Eli Lilly 455.

GCI helps a company know whether it will operate in a country as a global sources provider or only as a regional player. If a company provides resources and facilities in that market then it would be a global source and if operating in a region only then it will be a regional player. Global Revenue index (GRI) describes that whether a company is just acting as an exporter in global scenario or it is actually a global leader in its product. It would be a global player if its revenues and compatibility are matched 100% with each other.

Global ambition of Eli Lilly is to operate in different countries of the world by offering its product. The company penetrates in to any market keeping in view the importance of that country and customer base available to it in that region.. Eli Lilly can be regarded as a global player because it is operating in different regions and have established plants there.

## Answer 3:

Eli Lilly is following cost leadership strategy for its business and providing different drugs to its customers at relatively lower prices. Eli Lilly has become cost leader by getting raw material at lower cost and manufacturing drugs with low cost labor. Moreover, spending on R & D shows path for new discoveries and making first move in the market for launching a new product.

Like other companies, Eli Lilly also requires economies of scale by minimizing per unit cost through increase in total production volume. Economies of scale can also be attained though specialization in one or more fields and using that expertise to develop innovative products.

## Answer 4:

Eli Lilly is a pharmaceutical company serving customers around the globe and its competitive advantage comes from its well known brands. Distinctive drugs for treatment of depression and other psychiatric diseases have given it an advantage over its competitors. The company also has some patents and licenses to manufacture drugs which are not held by its competitors. Eli Lilly is the first company which introduced Humulin for patients of diabetes so being first mover is also its competitive advantage.

The competitive advantage of Eli Lilly is sustainable because of its continuous efforts on Research and Development (R & D) and its penetration in new markets. The company is able to compete with other pharmaceutical companies as it has patents for more drugs and spends huge amount on R & D as compared to big companies.

## Answer 5:

The vertical firm R&D “ disintegrated model” would affect value chain of Eli Lilly because the focus is only on R & D and the time period for manufacturing and delivery of product increases. The Low Cost Innovative FIPCO model puts main emphasis on minimizing cost at every level and prices are quoted using external information. This model increases cost involved in value chain by putting more emphasis on establishing advanced IT tools for making a network of suppliers located worldwide. The Niche High Value FIPCO model is another alternative to FIPCO blockbuster. This model puts emphasis on research and focuses on a niche market to serve its needs but it causes an immense increase in marketing and sales costs as it requires advancement and sophistication of sales and marketing. Thus it leads to an increase in costs of sales and marketing making overall value chain process a costly one.

## Answer 6:

Shareholders approach aims at satisfying the shareholders (owners) of a business and business is focused on earning money only. The products are designed and sold with the sole purpose of generating revenues and wealth maximization. On the other hand, stakeholders approach focuses on the welfare of all the people associated with the business. Stakeholders include customers, owners, suppliers, employees and government (Kutschke, 2007).

Following shareholders approach allows these companies to think for the welfare and advantage of its customers rather than only focusing on profit and wealth maximization. Corporate Social Responsibility (CSR) is one of the basic purposes of pharmaceutical companies and by following stakeholder approach these companies meet their responsibilities related to the society and meet stakeholders’ expectations (Riordan and Fairbrass 2008).

In my opinion, pharmaceutical companies must follow stakeholder approach because it allows them to think about social responsibilities that are laid on them and think for the betterment of all those who are connected with the business. Stakeholders approach should be followed by all pharmaceutical companies because they are in to business of saving lives and it must be their primary focus to save lives.