Example of advertisement effect on top 4 pharmaceutical firm in the us report

Business, Company

Regression and mathematical explanation for New Media

Company Market capacity ($ Billions) in 2012Share price ($)

Pfizer Inc. 176. 0624. 49

GlaxoSmithKline PLC71. 991491. 50

AstraZeneca PLC38. 233066. 00

Bristol-Myers Squibb Company63. 0238. 49

One of the most essential things to note concerning the media industry in the year 2012 is the fact that it has experienced a lot of changes, especially, from a stability perspective. There have been many changes and growth, as a result of the increased rate of competition in the market right now. At the same time, the target market that each corporate group targets goes a long way in determining their market, as well as the profitability or losses that the corporation will operate in (Dave & Henry 56).

It is also evident, from an analysis, that the market capacity is not directly equivalent to the market share price. For example, GlaxoSmithKline PLC only has a market capacity of US$71. 99 billion, but a share price of US$1491. 50, while Pfizer Inc. has a market capacity of US$71. 88, but a share price of only US$24. 49. There is a huge difference between the two companies' market capacity, from the 2012 fiscal year analysis, but GlaxoSmithKline still dominates in the share price value.

Herfindahl analysis

In order to analyze and understand d the four companies' performance, it is necessary to carry out a Herfindahl analysis of the four companies, since we

have already ascertained the market capacity in reference and relation to the share price for each of their products.

The following formula will be used to determine the Herfindahl analysis (Dave & Henry 30)

H= Herfindahl index

N= Number of companies in the market

In this case, the number of companies in the market is four, and this means that there is a 25% presumed share for each of the corporation to occupy. However, a herfindahl analysis will conduct an analysis on the applicability and verification of the same.

H*= (H-1/N)/ 1-1/N

H*= (H-1/4)/1-1/4

H*= (H-0. 25)/ 0. 75

H*= 0. 25/0. 75

H*= 0. 333

However, it is necessary to note that there are other advertising competitors in the pharmaceutical industry, and these include Allergan and Roche Holdings among others. However, the six other competitor do not have a significant market in which they are offering their services, since their services only focus on specific regions in given cities. This, consequently, makes their services limited, as well as limits their competition with the four main, discussed companies above. As a result, they have an insignificant market share.

Growth

It is necessary to look at the level and rate of growth that these four major corporations have had in the market. This will assist an analyst in assessing the contribution that they have had in the market, as well as forecast on the future trends that the corporation will record in future. Below is a detailed analysis on the growth of the corporations, over a period of three years. At the same time, their growth has been graphically demonstrated. At the same time, it is necessary to note the fact that there has been the introduction of new corporations in New York and across the United States that have recorded significant growth, and therefore, have been included in this analysis. Examples of these corporations include Johnsons & Johnsons (Dave & Henry 77).

200220032004

Pfizer11. 338. 517. 4

Johnson & Johnson12. 315. 313. 1

Merck8. 5-56. 62. 0

Bristol-Myers Squibb0. 315. 4-7. 2

Source: Fortune 500. NY: Time Inc. New Media, 2012. Print.

Graphical presentation of growth

Product group R&D expenditure ($ Million)

R&D as a percentage of sales 2008 2009 2010 2008 2009 2010

Pharmaceuticals 435444344634 42. 7 36. 3 34. 3

Aerospace 173214661407 10. 3 7. 98. 0

Electrical equipment 577 577512 4. 5 5. 24. 2

Chemicals 630 607 6582. 7 2. 8 2. 8

Motor vehicles and parts 115610391255 3. 23. 8 3. 4

Other manufactured goods 36 98 134 0. 2 0. 6 0. 8

Manufacturing total 1167211322 1164 63. 33. 53. 3

Works cited

Dave, Dhaval, & Henry Saffer. The impact of direct-to-consumer advertising on pharmaceutical prices and demand. Cambridge, Mass: National Bureau of Economic Research, 2010. Print.