

Swot analysis of company astrazeneca

[Business](#)



SWOT Analysis Strengths Interestingly, the company claims that its core strength is derived from its outstanding portfolio of products, its global reach and, above all, the creativity and commitment of its employees. It has ten products each with global sales of over \$1 billion i. e. products such as Nexium, Seroquel, Crestor, Arimidex and Symbicort (2005).

The global reach of the company is also becoming strong, as it is starting to show signs of success in China, growing their business there by over 200% over the past five years.

Strong growth is also being achieved in other Asian countries, in Latin America and in Eastern Europe (2005). Aside from its reach, the company is a member of the Pharmaceutical Research and Manufacturers of America (2002). It protects the company by helping them lobby on the FDA for possible changes in laws that may have a negative impact on the company's operations. The company's advertising strategies and other public activities have been working well for them.

Investments in huge marketing campaigns have turned to results, making Crestol as the fourth selling heartburn drug in the market.

Press releases of the company reveal its operational strengths. The corporate relationship management (CRM) tasks of Astrazeneca in Southeast Asia and New Zealand was given to the responsibility of StayinFront, a leading global provider of world-class enterprise-wide customer relationship management (CRM) applications, decision support tools and e-business systems (2004).

Astrazeneca also has award schemes, specifically the Partnership Awards. Reportedly, the company has given 36 healthcare organizations awards throughout the year for strategic friendship. They select winners from a group of over nominations representing health plans, employers, PBMs, hospitals/integrated delivery systems, community health organizations, group practices, technology vendors, pharmacies, and social/health community organizations (2004).

Astrazeneca also invests in medical research through education grants. Recently, it presented a study that examines Impact of Cardiovascular Disease on Type 2 Diabetes. It was also reportedly supporting two other symposia's namely " Pathways from Insulin Resistance to Cardiovascular Disease: New Insights into Management and Prevention" and " Double Jeopardy: Diabetes and Dyslipidemia" (2004). Finally, packaging of the company also improves. (2005) tells in his cover story how Astrazeneca gives importance to packaging of its products.

Accordingly, the company runs a tri-fold physician's samples for Crestor at 300 per minute, which, according to , is the fastest ever. The goal was basically to add more and more information to educate doctors, pharmacists and customers as well. The packaging strategy involves partnerships with machine vendors that ordinarily don't deal with the pharmaceutical industry (2005). Weaknesses One of the weaknesses of the company involves some failures of gambles on important pipeline medicines.

Specifically, one case that tells this is the gamble of the company on Iressa – a supposed-to-be breakthrough cancer drug.

The drug failed to show a survival benefit. There have been safety flags raised with Crestor, for cholesterol, and with experimental drugs Exanta, a blood thinner, and diabetes drug Galida (2004). It may create a reputation for the company as a business making unsafe or ineffective drugs (2004). Another weakness is that it is also being affected by the drug shortage crisis.

For instance, AstraZeneca has discontinued its Cefotan products.

Cefotan has been in short supply due to manufacturing problems and there came a point when the company had reached zero supply (2006).

Astrazeneca is losing legal battles for the past few years. There is also a concern for Astrazeneca's image to its stakeholders due to the recent legal defeats of the company. One example is that it pleaded guilty back in 2003 to violating a federal drug marketing law and agreed to pay \$354.9 million to settle civil and criminal charges.

The company was proven guilty of inflating the price of Zoladex reported to Medicare as a basis for reimbursement, while “deeply discounting the actual price charged” to the physicians. The prosecutor also said that the company also misreported and underpaid the Medicaid rebates it owed to the states for the use of Zoladex,” (2003). Another one took place last 2004, when AstraZeneca's paid \$355 million because of pleading guilty to criminal charges of fraud for inducing physicians to bill the government for some drugs that the company gave the doctors free (2005).

There was a recent issue involving the company of being sued by consumers heartburn medication Nexium(R) because they claim that the company sought to preserve their market share and profits as the patent on their

blockbuster drug, Prilosec(R), was set to expire, by initiating a massive and misleading advertising and promotional campaign to deceive consumers into purchasing Nexium, a nearly identical new drug (2004). They allege AstraZeneca of launching advertising campaigns that Nexium was proven more effective at acid inhibition than comparable drugs, the suit states.

They stressed that the clinical trials alluded to in these ads only compared Nexium at dosage levels twice those of Prilosec (40 mg to 20 mg respectively). No tests were done to compare 40 mg of Nexium to 40 mg of Prilosec (2004). (2006) reported that AstraZeneca had a 40 percent increase in the first quarter of the year and boosted its dividend, but sent the stocks flat, making investors in their products not happy with the results. AstraZeneca officials would not discuss the odds of cutting a deal with generic makers to market an “authorized” generic Toprol, which might mitigate the revenue loss (Ginsberg, 2006ba).

Opportunities In terms of opportunities, the company has many to be glad about. First, its recent success in countries such as China, Latin America, and Eastern Europe can open up many possibilities.

Another opportunity for the company is the increasing need for innovative drugs, especially on diseases that are currently difficult to cure such as cancer and diabetes. The company has the potential to create breakthrough drugs as shown in their development of Galida and Crestor. Improvements and innovations in oncology medications is also one of the brewing opportunities for the company.

Alliances were made by the company to strengthen their capability in R; D in that field. In 2003, it has entered into alliance with Abgenix for broad collaboration, license and investment alliance to discover, develop and commercialize fully human monoclonal antibodies to treat cancer.

This alliance also includes co-development component under which Abgenix will generate additional antibody product candidates that AstraZeneca will have the option to co-develop with Abgenix (2003).

The companies will share development costs and responsibilities for any co-development candidates selected (2003). AstraZeneca also made a licensing and collaboration agreement with Array BioPharma to assist in the development of Array's MEK program in the field of oncology. What was in-store for AstraZeneca is its acquisition to exclusive worldwide rights to ARRY-142886 and certain second-generation compounds for all oncology indications (2003). Such alliance strategies are basically to maintain the status of AstraZeneca as a leader in oncology. The company has six different drugs for the treatment of cancer approved in the United States and a number of drugs at various stages of development including two in clinical trials (2003).

Investments in Biotech can also prove to be a significant opportunity for the company. Aside from alliances for oncology development, AstraZeneca recently tries to penetrate the Biotech industry. Recently, it has allied itself with Cambridge Antibody Technology for the joint discovery and development of human monoclonal antibody therapeutics, principally in the field of inflammatory disorders, including respiratory diseases.

This is an expected move from AstraZeneca since the Biotech sector continues to grow rapidly, as monoclonal antibodies are increasingly being regarded as a major category of drugs to treat serious diseases and can have a shorter time to market and higher success rates compared to traditional pharmaceuticals (2004). AstraZeneca acquired CAT because of Merck; Co.

Inc. , a close competitor, bought two small biotech firms with which it had been partnering (2006).

The company stated that the acquisitions could help them expand the internal biotechnology research capacity some analysts say they lack (2006).

Threats Finally, threats for the company are plenty, specifically the current condition of the pharmaceutical industry. Pricing pressures were placed on the industry through legislation not only in major established markets, but also in China and India (2005).

There are also concerns on productivity and innovation, as well as on drug safety, competition, reputation, and regulation AstraZeneca Annual Report, 2005).

These threats, if not carefully planned and addressed, may hamper the growth of AstraZeneca to a great extent. Many pharmaceutical companies are struggling to meet these demands just to survive. The increasing complaints against the companies marketing practices can also bring down its reputation. Furthermore, the shift of the FDA on the investigation of overpromotions of pharmaceutical companies can also affect the company in many ways.

The difficulty of direct-to-consumer marketing can also pose as threat for the company.

Pharmaceutical companies like Astrazeneca are currently facing the difficulty in achieving success on direct-to-consumer marketing or DTC, because according to (2000), such companies are resorting to DTC because of recent regulations and the realization that their skills at promoting drugs among physicians are not transferable to consumer marketing. In general, DTC is, for pharma companies is difficult because they don't have the skills and experience needed to market their products to this new audience.

They lack insights into customer behavior and as a result, their advertising campaigns to consumers become unclear, giving out inadequate information about their products (2000). Companies also experience problems with FDA's demand that ads contain a " fair balance" of information about benefits and risks.

A key question is often whether an ad communicates risk information as clearly and prominently as the benefits of the product it touts (2000). The issue of patents can also be a cause for concern. (2005) stated that the patent battles are most likely to intensify in the next few years.

The cause is that more than half of today ' s blockbuster drugs (annual sales of at least \$1 billion) are expected to lose patent protection by 2008, and the entry of new drug entities into the market has slowed down in recent years.

Drivers There are four main drivers of pharmaceutical industry.

(2002) stated: " From the standpoint of the pharmaceutical industry, the impetus for change is the result of a combination of political, economic,

<https://assignbuster.com/swot-analysis-of-company-astrazeneca/>

technological and social factors; all of which have helped redefine the dynamics of this particular industry”. Those were the same factors that affect the operations of AstraZeneca.