



# Marketing Strategy Analysis of Pharmaceutical Services Company with Strategic Management Matrix Formulation

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**Abstract.** The pharmaceutical industry is the fastest-growing sector of the world's industrial economy. This makes the pharmaceutical industry a competitive industry sector and creates intense competition. To face intense competition, pharmaceutical companies must analyze, design, and implement the right marketing strategy to dominate the market. This study aims to identify the right marketing strategy to be implemented in facing competition in the pharmaceutical industry at PT Valida Kalibra Tama, West Java, Indonesia, through strategic analysis. The research method used is descriptive qualitative research. Data collection techniques include observation, interviews, and documentation conducted with related parties in the company. The data that has been obtained is analyzed using a strategy formulation model through matrices as an analytical tool formulated sequentially with three stages of decision making, namely the input stage (EFE-IFE Matrix), the matching stage (IE, SPACE, SWOT Matrix), and the decision stage (QSPM). The final results of this study concluded that the company is in the aggressive quadrant, indicating that the company is in a very good position. The main alternative strategies that can be implemented are Product Development and Market Penetration.

**Keywords:** Strategic Marketing, Market, Pharmaceutical Industry.

## 1 Introduction

The pharmaceutical industry is the world's most rapidly expanding industry sector, with total sales of more than \$1228.45 billion in 2020. Since 2017, the pharmacy market sales have grown 5.8% per year [1]. In Indonesia, the opportunities for pharmaceutical companies to develop are tremendous. Indonesia's current economic conditions show solid and controlled economic growth. They can provide opportunities for the Indonesian people to improve the economic sector, which is focused on development in the industrial sector, one of which is the pharmaceutical industry [2]. Moreover, the pharmaceutical industry is a strategic industry designated as one of the 10 priority industries in the National Industrial Development Master Plan (RIPIN) 2015-2035 [3]. This makes competition in the pharmaceutical industry in Indonesia very tight, and

companies compete to gain market share. In the face of fierce competition, companies are expected to have the right marketing strategy to direct to the right target market.

Previous research on marketing strategies in the pharmaceutical industry suggests that there has been a significant transformation in pharmaceutical marketing strategies in the past years due to technological advances and changes in consumer behavior [1]. A trend affecting marketing strategies in the pharmaceutical industry is the increasing utilization of digital platforms [4]. Asif's research [5] found that pharmaceutical companies currently utilize technology for marketing, such as social media, websites, and online communities, to interact directly with consumers, allowing companies to deliver relevant content, materials, and product information to consumers easily. Moreover, in Indonesia today, people often access social media, which makes it easy for companies to promote their products [6]. Then [7], in his research, states that globalization raises various opportunities and obstacles; strategic management helps companies choose various alternative strategies that are best for the company to keep up with the rapidly growing pharmaceutical industry market. Globalization, increased competition, and market scramble present challenges and risks for pharmaceutical companies. To overcome this, pharmaceutical companies must conduct strategic analysis to plan the right marketing strategy [8]. The results of some of these studies provide insight into strategic analysis, which is one of the things that companies can do to plan the right marketing strategy in facing competition in the pharmaceutical industry today. Strategic management must be carried out with global patterns and modifications that adjust to the market situation.

Compared to other industry sectors, the pharmaceutical industry has become more competitive in recent years [9]. Facing the competition that occurs today requires pharmaceutical companies to create efficient marketing strategies to stay ahead of the competition [10]. Due to the dynamic nature of the pharmaceutical industry, the pharmaceutical industry's marketing framework has been adapting to keep up with market developments and preparing marketing strategies to deal with the uncertainties of consumer behavior and market challenges [11]. Pharmaceutical marketing is a challenging and complex process that requires careful strategic planning against legal, ethical, and financial regulations [12]. The goal of marketing should be to inform and educate consumers about the products they need [13]. At the same time, previous research has only focused on collecting theoretical and empirical evidence on pharmaceutical marketing instruments without substantive evidence. Current facts in the field indicate a further need for research on marketing strategies and instruments that will enable companies to adjust their current marketing concepts based on market trends. To compete in the pharmaceutical industry, it is necessary to analyze the company's environment, and a marketing strategy is needed to form a competitive advantage. This research aims to determine the company's condition by looking at the strengths, weaknesses, opportunities, and threats at this time, then preparing and assessing alternative strategies that are right for the company in dealing with changes in the business environment and facing competition.

## 2 Methods

This research was carried out at a pharmaceutical service company, PT Valida Kalibra Tama, which is located in West Java Province, Indonesia. This research uses descriptive qualitative methods. Data collection techniques were carried out through observation, interviews, and documentation. The population in this study were the leadership, marketing manager, and competitors of PT Valida Kalibra Tama in general. The sampling technique used is purposive sampling, which is deliberate sampling according to the required research characteristics [14].

Then, the data analysis technique uses Fred R. David's strategy formulation technique, namely the three-stage decision-making framework. The first stage is the input stage, which consists of the EFE-IFE Matrix. The second stage is the matching stage, which consists of the IE, SPACE, and SWOT Matrices. The third stage is the decision stage using the QSPM method. The goal is to determine the strengths, weaknesses, opportunities, and threats PT Valida Kalibra Tama faces at this time to choose the right marketing strategy that suits the company's conditions to face competition in the pharmaceutical industry.

## 3 Results and Discussion

### 3.1 Results

The discussion begins by analyzing the company's current external and internal environment to determine the strengths, weaknesses, opportunities, and threats today to choose the right marketing strategy, which will be described next.

**Table 1.** EFE Matrix Opportunity

No	External Opportunity Variable Indicators	Weight	Rate (1-5)	Score
1	Government focuses on developing the pharmaceutical industry sector	0,04	4	0,16
2	Indonesia's economic growth solid and stable	0,04	4	0,16
3	The pharmaceutical industry is prioritized by government in the national industry development master plan (RIPIN) 2015-2035	0,04	4	0,16
4	Globalization that occurs in the lives of Indonesian people, especially in technology, is an opportunity for companies to promote using social media and other digital platforms	0,04	4	0,16
5	Technological developments make it easier in pharmacy informatics	0,04	5	0,20
6	Ease of offering/promoting services with technology	0,04	5	0,20
7	Ease of communication with clients with technology	0,04	5	0,20
8	Ease of transactions with technology	0,04	4	0,16
9	Indonesia is a vast country with a population of more than 250 million people, creating a huge potential market share.	0,04	4	0,16
10	Indonesia's vast labor force is a potential to produce quality human resources	0,04	5	0,20

11	Indonesia's strategic geographical location benefits the economic sector	0,03	3	0,09
12	Increased public awareness of the importance of health	0,03	3	0,09
13	The government provides legal protection for the company	0,04	5	0,20
<b>TOTAL</b>		0,05		2,14

**Table 2.** EFE Matrix Threats

No	External Threats Variable Indicators	Weight	Rate (1-5)	Score
1	Price and quality are still below competitors	0,03	2	0,06
2	Market Share lost to competitors	0,03	2	0,06
3	Competition in the pharmaceutical industry is fierce	0,05	1	0,05
4	The number of similar new companies that have emerged	0,04	1	0,04
5	Inconsistent government policies	0,04	1	0,04
6	Political issues affecting the pharmaceutical industry	0,04	2	0,08
7	Competitors are aggressively promoting by utilizing technology	0,04	2	0,08
8	The environmental issue of air pollution in Indonesia	0,03	2	0,06
9	Unfair competition	0,04	1	0,04
10	Tax rate increases	0,04	1	0,04
11	Operating costs rise	0,04	1	0,04
12	Price competition between companies	0,04	1	0,04
13	More competitor service segmentation	0,04	2	0,08
<b>TOTAL</b>		0,05		0,71

**Table 3.** IFE Matrix Strength

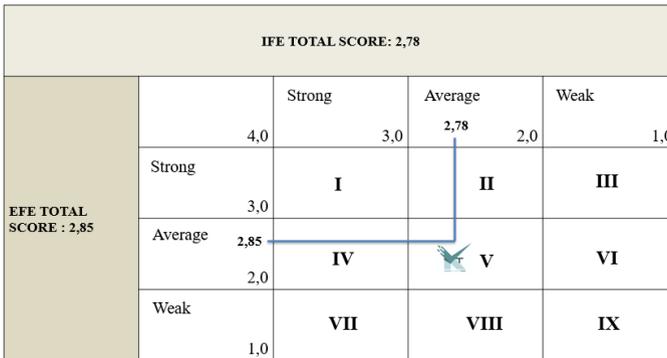
No	Internal Strength Variable Indicators	Weight	Rate (1-5)	Score
1	Professional and experienced human resources	0,05	5	0,25
2	Have calibrated measuring instruments to provide accurate data	0,04	4	0,16
3	Diverse and quality services	0,04	4	0,16
4	Has official PKP tax status	0,04	4	0,16
5	It has been recognized by many companies, both private and BUMN spread across West Java, Jabodetabek, Central Java, Sumatra	0,03	4	0,12
6	The company's financial is good	0,03	4	0,12
7	Has a wide market segment	0,04	4	0,16
8	Positioning itself as a company engaged in pharmaceutical services and committed to providing the best service	0,03	3	0,09
9	Offering services at affordable and competitive prices	0,04	4	0,16
10	Relying on Word of Mouth to market its services	0,04	3	0,12
11	Have an office with a strategic location	0,04	4	0,16
12	Have a Calibration laboratory	0,04	4	0,16
13	Having a Website	0,04	3	0,12
<b>TOTAL</b>		0,05		1,94

**Table 4.** IFE Matrix Weakness

No	Internal Weakness Variable Indicators	Weight	Rate (1-5)	Score
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1	Limited equipment	0,03	2	0,06
2	Services offered are still limited	0,04	2	0,08
3	The company's organizational structure is not optimal	0,03	2	0,06
4	Human resources are still limited	0,04	2	0,08
5	The marketing team has not been optimized	0,04	2	0,08
6	Still relying on Word of Mouth, not yet utilizing other promotion channels	0,04	2	0,08
7	Use of technology has not been maximized	0,04	2	0,08
8	The company's web has not been used	0,04	1	0,04
9	Do not yet have human resources in the IT field	0,04	1	0,04
10	Lack of quality human resources to develop technology	0,04	1	0,04
11	Not yet using social media	0,04	2	0,08
12	Not yet KAN certified	0,04	1	0,04
13	The company's brand image is still lacking	0,04	2	0,08
<b>TOTAL</b>		0,05		0,84

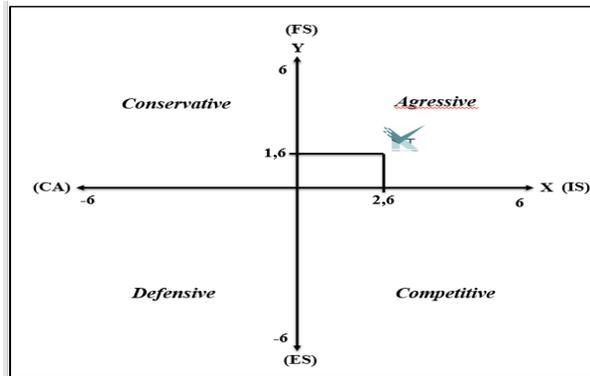
After analyzing the internal and external environment, the total External Factors Analysis Summary (EFAS) score is **2.85**, and the total Internal Factors Analysis Summary (IFAS) score is **2.78**. Then, the next step is to enter the results of the IFAS / EFAS value score into the IE Matrix so that the company's position in the IE matrix is presented in Figure 1 below:



**Fig. 1.** IE Matrix PT Valida Kalibra Tama

Based on the analysis of the external and internal environment using the IE Matrix, it is known that PT Valida Kalibra Tama is in Quadrant V, which is described as Hold and Maintain. Hence, the strategies that can be applied in the future are Market Penetration and Product Development [15].

Then, after analyzing the IE matrix to sharpen the analysis, the next step is to explore the SPACE matrix. The X coordinate value is 2.6, and the Y is 1.6. So that the position of the company in the SPACE matrix is presented in Figure 2 below:

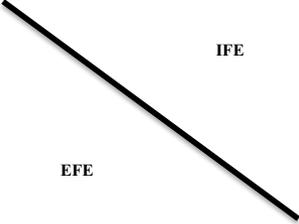


**Fig. 2.** SPACE Matrix PT Valida Kalibra Tama

Figure 2 shows the direction of the vector in the SPACE Matrix, which shows that the type of strategy recommended at PT Valida Kalibra Tama is aggressive. Therefore, the Market Penetration, Market Development, and Product Development strategy or a combination of the three are considered appropriate, depending on the company's situation [15].

A combination of internal and external factors can determine company performance. However, these two factors must still be considered using the SWOT Matrix. The following is the SWOT Matrix of PT Valida Kalibra Tama, which is presented in Table 5 as follows:

**Table 5.** SWOT Matrix PT Valida Kalibra Tama

	<b>IFE</b>	<p><b>Strengths</b></p> <ol style="list-style-type: none"> <li>1. Positioning itself as a company engaged in pharmaceutical services and committed to providing the best service.</li> <li>2. Offering services at affordable and competitive prices.</li> <li>3. It has been recognized by many private companies and BUMN companies spread across West Java, Jabodetabek, Central Java, and Sumatra.</li> </ol>	<p><b>Weakness</b></p> <ol style="list-style-type: none"> <li>1. Services offered are still limited</li> <li>2. The marketing team has not been optimized</li> </ol>
	<b>EFE</b>		

<p><b>Opportunities</b></p> <ol style="list-style-type: none"> <li>1. The government prioritizes the pharmaceutical industry in the national industrial development master plan (RIPIN) 2015-2035.</li> <li>2. Indonesia is a vast country with a population of more than 250 million, creating a huge potential market share.</li> <li>3. Technological development in the era of globalization.</li> <li>4. Ease of offering/promoting services with technology.</li> </ol>	<p><b>S-O Strategi</b></p> <ol style="list-style-type: none"> <li>1. Need to expand in line with Indonesia's stable economic growth.</li> <li>2. Capitalize on government support for the pharmaceutical sector to expand market share and improve service quality by offering affordable prices to clients.</li> <li>3. Improve service quality by utilizing technological advances.</li> </ol>	<p><b>W-O Strategi</b></p> <ol style="list-style-type: none"> <li>1. Provide training to the marketing team on the utilization of technology for service promotion</li> <li>2. Capitalize on large market share with support from the government for business expansion</li> </ol>
<p><b>Threats</b></p> <ol style="list-style-type: none"> <li>1. Competition in the pharmaceutical industry is fierce.</li> <li>2. The number of similar new companies that have emerged.</li> <li>3. Price competition between companies.</li> </ol>	<p><b>S-T Strategi</b></p> <ol style="list-style-type: none"> <li>1. Maintain service quality and utilize existing human resources to face competition with competitors.</li> <li>2. Provide the best affordable service to retain existing clients.</li> </ol>	<p><b>W-T Strategi</b></p> <ol style="list-style-type: none"> <li>1. Train employees on technology and IT to compete with competitors.</li> <li>2. Anticipate government policies that do not meet expectations and the rising cost of necessities by maintaining service quality to continue to get consumers.</li> </ol>

Based on the S-W-O-T Matrix analysis, it can be seen that PT Valida Kalibra Tama has a weak positioning compared to its competitors and several threats from emerging competitors. So, the strategies that PT Valida Kalibra Tama can use are Market Penetration and Product Development.

**3.2 Discussion**

This research begins by analyzing the company's external and internal environment, resulting in a total External Factors Analysis Summary (EFAS) score of **2.85** and a total Internal Factors Analysis Summary (IFAS) score of **2.78**. Then, the total score value is entered into the IE Matrix, and the company's position is obtained in Quadrant V, which is described as Hold and Maintain. The strategies that the company can implement are Market Penetration and Product Development. Then, in the SPACE Matrix, it is found that the type of strategy recommended at PT Valida Kalibra Tama is g1, which consists of Market Penetration, Market Development, and Product Development strategies [6]. Finally, using the SWOT Matrix, it is found that the strategies that PT Valida Kalibra Tama can use are Market Penetration and Product Development.

Based on the results of the study, it was found that PT Valida Kalibra Tama can implement two strategies in the future, namely Intensive Strategies, which consist of Product Development and Market Penetration. So, based on the results of the QSPM Alternative Strategies analysis, there are two best strategies that PT Valida Kalibra Tama can use:

1. Product Development Strategy: This business growth strategy focuses on developing and marketing new products or improving existing ones. This strategy is used by companies that want to increase revenue by offering new products or

developing existing ones to be more innovative, high quality, and attractive to consumers.

2. Market Penetration Strategy: This strategy aims to increase business growth by expanding market penetration in existing segments by increasing market share. This strategy can be done in various ways, such as increasing promotional activities, marketing products at lower prices, and improving service quality. Activities that PT Valida Kalibra Tama can carry out include:
  - a. Increase marketing activities: By increasing marketing activities, companies can reach more clients and improve the company's brand image.
  - b. Improve service quality: Improving service quality can increase client satisfaction and encourage clients to continue using the services offered by the company.
  - c. Price penetration: Lower special prices can attract more clients and increase profits.
  - d. Increased distribution: Expanding the network to other regions can help the services offered to reach more and broader consumers.

## 4 Conclusion

Based on the results of research at PT Valida Kalibra Tama, which starts from analyzing the external and internal environment, then analyzed using the IE Matrix, SPACE Matrix, and SWOT Matrix, two strategies were found that can be applied by the company, namely Intensive Strategies consisting of Market Penetration and Product Development. Thus, the marketing strategy that PT Valida Kalibra Tama can use is that the company must be able to develop existing strengths and increase and maintain existing opportunities amid increasingly fierce competition in the pharmaceutical industry. It also increases marketing activities by utilizing technological developments, improving service quality, and price penetration.

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