SAJMMR

ISSN: 2249-877X Vol. 11, Issue 9, September 2021, Impact Factor: SJIF 2021= 7.642

South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Peer Reviewed International Journal)

DOI: 10.5958/2249-877X.2021.00056.4

STRATEGIC MARKETING: A STUDY OF PHARMACEUTICAL SMES IN TELANGANA

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ABSTRACT

Pharmaceutical SMEs need to understand and set the strategic direction in which they have to work to achieve survival and growth in the face of intense competition. Firms need some light on what markets to serve, what strategies to follow, and which products to develop and introduce. Success factors as related to strategy have to be identified for the benefit and guidance of the industry. This article is an outcome of our research on 80 pharmaceutical SMEs located in Telangana of India. Data was collected through a questionnaire and analysed with Kruskal Wallis Tests to unravel the relationship between product and market strategies chosen, and firm's financial performance, i.e., sales revenues and profits. Originality: There are no studies done on strategic marketing of pharmaceutical SMEs of Telangana, and this study fills that gap. Important Findings: Major Market chosen to serve influences profits but not sales revenues. Entry Motivator predicts the sales revenues and profit performance of a pharmaceutical SME firm in this part of world. Product type influences both sales revenue quotient and profits quotient. Major Business Strategy does not predict Sales Revenues and Profits. Implications for Managers: Managers will able to see the strategic pathways that lead to firm's financial success.

KEYWORDS: *Strategy, Marketing Strategy, Market Strategy, Product Markets, Pharmaceutical Industry*

INTRODUCTION

India is the third largest pharmaceutical producer in the world in terms of volume, and fourteenth in value, boasting 10500 manufacturing units and 3000 drug companies. About 75% of retail pharmaceutical sales in India consist of branded generics. Local companies, with their strengths in formulation capabilities and early investments, enjoy an enviable position. Indian pharmaceutical industry is growing at 11 % in the domestic market and 16% in the export market.

India is a dominant global player of pharmaceutical industry. Current global market share of Indian pharmaceutical industry is 3.6 % by value. It is quite gratifying to note that 90% of the WHO demand for measles, 80% of global demand for AIDS-related drugs, 50% of the global requirement for vaccines, 40% of the US demand for generic drugs, and 25 % of the UK's requirement of medicines are supplied by Indian pharma industry. India accounts for 20 per cent of global generic medicines exports. On account of availability of Indian drugs in Africa, treatment of AIDS patients increased from 2% in 2003 to 37% in 2009. India has become a reckonable player and a visionary in pharmaceuticals sphere what with its formulation capabilities and entrepreneurial nature. Indian pharma has established itself as a supplier of high-quality generics at affordable prices. The Indian Economic Survey 2021 expects that the demand for pharmaceuticals will grow three times in the coming decade. The domestic demand for them in 2021 is estimated at US$42 billion and by 2024, it will reach US $ 65 billion, and by 2030, it will be at US$ 120 billion, due to the prospering middleclass, their growing health consciousness, innovation of the industry, and the industry's strong marketing muscle. The value of India's exports of pharmaceuticals and drugs stands at US $ 24.44 billion in 2021. As a shot in the arm to the industry's growth, Government of India amended its Foreign Direct Investment Policy (FDI) concerning pharmaceutical industry so as to allow FDI up to 100%.

Marketing Strategies

Pharmaceutical SMEs, which are highly fragmented and small in size, are struggling to survive and grow. They have to be firmly established on the track of sustained growth. In the industry as a whole, the competition is intense; there is a lot of uncertainty in growth. New products are not instrumental in growth now (McKinsey Report, 2020).An area that beckons for attention is strategy.

Marketing strategies are the long-term plans for business activities that relate to segmentation, and targeting of the market, and positioning of the product and brand, but grounded in characteristics of customer markets and the competitors, and importantly, based on the micro- and macro-contexts; marketing strategies determine the financial performance of firms, and growth (Stros& Lee, 2015). Marketing strategies a company is armed with determines growth, profitability and organizational performance (Stros& Lee, 2015).Marketing strategy refers to a firm's specific choices with regard to products, markets, marketing programs, and marketing assets in an integrated way in the creation, communication, and delivery of products and services that carry superior value for the customers, and that way, firm achieves its specific objectives (Olson, Slater, Hult, & Olson, 2018).A firm's performance is contingent on its strategy elements or the constituent parts of the strategy, which is referred to as 'contingency theory'. Further, the success of a firm is contingent on the fit between the organization and its environment in which a market exists and the firm chooses to operate in (Gresov, 1989). Secondly, how a firm realises the value from the strategic assets is a function of organization's combination of strategic assets and their match with their strategy (Black and Boal, 1994). Hunt (2015) too, based on industry-based theory, posits that organization's financial performance depends on what business strategy it selects and pursues; three distinct strategies that he mentions are: cost leadership, differentiation and focus.

Strategy has three levels: (1) Corporate, (2) Business Unit (SBU), and (3) Functional. Corporate strategies concern themselves with what businesses to stay in (portfolio), what businesses to add, and what businesses to exit from; mergers and acquisitions constitute an important part of corporate strategy. Since SMEs deal with a single business, corporate strategy does not figure in their strategy formulation. Business Unit- level strategy is concerned with value creation,

sustainable competitive advantage, and generic strategies (low cost, differentiation, and niche) formulated in the light of business environment consisting of competitors, industry status, economic, social, political and legal settings. Functional strategy is concerned with the long-term plans of different functional departments like marketing, HR, manufacturing, finance etc; strictly speaking, functional strategies are tactical plans, but not strategies.

Sabatier et al (2012) have observed the following strategic features of drug businesses: (1) product innovation, (2) stable value, and (3) strategic alliances; their value creation is through product development; small and medium players focus on innovations while big players control the market in drug industry.

Strategic Resources

Strategic resources, on which strategy is founded, are both tangible and intangible assets that confer and are critical to competitive advantage (Hunt, 2000; Luo et al., 2005); they include intellectual property, organizational learning, effective information sharing channels, relationship equity, commitment, entrepreneurial skills, implementation skills, and brand equity (Barney, 2001; Barney and Hesterly, 2006; Bharadwaj et al., 1993).Strategic resources, if they are robust, valuable, inimitable, and exclusively held by a firm, are considered as the core competencies.

Core Competency- and- Market Fit

Core competencies, the important tangible and intangible capabilities acquired over a long period by a firm, and a constituent of business-level strategy and spanning all businesses of a firm, are important for corporate success (Prahalad & Hamel, 1990). Core competencies flow from resources which are valuable, rare, inimitable, and organization-wide (VRIO). A firm has to build competitive advantage through the route of core competencies. Competitive advantage confers monopoly.

Collis & Montgomery (1995), citing the examples of Disney and Newell, observe that companies that best match their competencies and resources to the market opportunities get the best rewards; Newell, which was first a drapery hardware company, built and best used its resources and capabilities in a broad range of industries; it acquired several businesses, and started growing at a good 15%. It acquired expertise in merchandising so much so that it can brilliantly and sharply identify different categories of merchandise. It was widely diversified, yet maintained its competitive advantage at the unit level. The precept Newell demonstrates to the business world to follow is building of resources and capabilities and match them to the attractive markets; it necessarily derives benefit from the market attractiveness.

Based on my interaction with the industry experts, I found that four different kinds of Business Strategies are adopted by the pharmaceutical SMEs in this region: (1) R&D, (2) Raw Material Procurement (3) Marketing and Distribution and (4) Low-Cost production. These are different from the three generic strategies recognised by the scholars: (1) Product differentiation, (2) Cost Leadership and (3) Niche.

This study set out to check if the type of Major Business Strategy chosen influences the financial performance of the firms. Accordingly, the following hypothesis is formulated.

Hypothesis 1

Major Business Strategy does not influence Sales Revenue Quotient and Profits Quotient.

Market Strategy

Market strategy, an important plank in the marketing strategy, concerns itself with decisions on: (1) which markets to serve, i.e., geographic markets (export, inside the state, and outside the state etc.), wholesale, retailing, market segments etc. (2) how to enter those chosen markets, i.e., own R&D products, acquired patents, joint venture etc. and (3) when to enter the markets, i.e., first-mover, early follower, late entrant etc. (Varadarajan, 2015).

Product market strategy is concerned with two decisions; (1) broad groups of customers or a small number of segments, e.g., export or within- the-state or outside -the -state customers (Vorhies et al. 2009); (2) the value proposition (API, API and Formulations etc), the benefits to be delivered against the targeted costs (a value-added drug, not bulk or generics, at a very competitive price) (Slater and Olson 2001). Value proposition has two sides: (1) relative superiority of the product over that of the competitors, which consists of product quality, image and performance benefits; and (2) the cost at which the value is delivered (Vorhies et al. 2009).

It is interesting to note that novelty-focused business models ('business model' specifies how to transact with customers and suppliers in respect of prices, services etc.), in conjunction with product market strategies that are based on differentiation, low-cost leadership, or first-to-market policy, greatly improve firm's top-line and bottom-line performance; business model and product market strategy complement but not substitute each other (Zott& Amit, 2008).

Market Segmentation

The market attractiveness factors fall into four categories: 1. Market factors like market growth rate, market size, stage in the life cycle etc.; (2) Economic and technological factors like magnitude of needed investment, profitability, entry and exit barriers, and availability of raw material; (3) Competitive factors such as number of direct competitors, substitutes, bargaining power of buyers and vendors; and (4) Environmental factors like legal and regulatory systems, social acceptance, and human factors (Urbšienė, Monkevičiūtė, &Navikaitė, 2014).

Kalotra (2014) proposed a workable operating model of the Indian Pharmaceutical industry; Indian pharmaceutical market is driven by the rapidly increasing chronic therapy segment followed by a little slowly - growing acute therapy segment; commercial success flows from one of the three competitive options: cost advantage, value advantage and both. Further, pharma marketers have to streamline their supply chain management by tailoring their offering in accordance with the needs of the segment, which is a result of market/account segmentation exercise. For example, Dabur offers its products for General practitioners for acute therapy and specialists for chronic therapy.

This study identified three types of markets being served by the pharmaceutical SMEs in Telangana state of India. They are: (1) In-state market, (2) Out-state market, and (3) Export market. I wanted to check if the market chosen to serve affects the financial performance of the pharmaceutical firms. Accordingly, the following hypothesis is made.

Hypothesis 2

Markets chosen to serve do not influence Sales Revenues and Profits.

Product/Business

The terms, 'Product' and 'Business' are used interchangeably in this paper, since business is roundly rooted in product. Product is a physical object or service offered to consumer for which he is willing to pay; it includes high-value, low value tangible products and intangible services (Singh, 2012). Product is the first and foremost and one of the principal marketing elements;

Kotler and Armstrong observe that product is what is offered to the market, to get attention, or to acquire for use, and satisfy wants and needs.

Product should be created for 'Acceptability' which stipulates that it should meet unique, local needs; it should satisfy functional, psychological and environmental needs of an individual and society; it should be customised to be in line with consumer's capability too.

Product should be differentiated and created superior to others of the same category; Cooper (1994) developed an index of the factors that make a superior product. They are enumerated here as follows: (1) unique attributes, not offered by the competitors; (2) value for money for the customer; (3) ability to better meet customer's needs; (4) excellent relative product quality as compared to that offered by the competitors; (5) superior price/performance; (6) easily identifiable benefits and attributes, and (7) benefits highly visible to the customer.

Delivering highly differentiated product with highly visible and unique benefits, and a robust value for the customer is the single factor that makes a big difference for a company's performance. Superior products have five times the success rate, four times the market share, and four times the profitability of a undifferentiated, me-too product (APQC, 2003; McNally, Cavusgil, &Calantone, 2010). The product should be new-to-the-world, not new to the company (Garcia and Calantone, 2002). Some products wear the appearance of newness and novelty to the eyes of the customer but benefits may not be up to the mark. Importantly, the meaning of the product spans not only the physical product but extended product too which is a bundle of benefits like technical support, service support, product image etc. Further, product superiority comes from the extent to which a new product exceeds the performance of competing products Rijsdijk, Langerak, & Jan, 2011).

New Product and Market Development

The new drug development process, typically in Pakistan (Ahmed, Sattar, & Parmar, 2014), consists of the following steps. (1) Molecule identification, (2) Molecule Screening, (3) Raw Material Source Identification, (4) Sample Lot Manufacturing, (5) Marketing Strategy Formulation, (6) Clinical Trial/Patient Trial/Test Marketing, and (7) Promotion. The process is refined with a diligent attention to: (1) quality (2) special differentiating features (3) dosage form (4) brand name and (5) packaging of the product. From a well-orchestrated new product development process, winner products come.

Park, Srivastava, and Gnyawali (2014) found a positive relationship between innovation, and profit generation. Ambrammal and Sharma (2014) observe that innovations are instrumental in securing competitive advantage.

In a study conducted by Sharma (2004) on 225 firms of Australian manufacturing industry, it was found that marketing strategy receives third place in the order of emphasis while operations and research and development (R&D) receive first and second place respectively; further the results of the study also showed that new market segment development and adding new customers are instrumental in increasing the sales revenue.

New Products

Product superiority and advantage to users, technical and production efficiency, and marketing activities discriminate success and failure of new products (Cooper 1979).

Superior attributes such as quality, prestige, and luxury were subjected to intense and spirited research, and the results show that product-related attributes and benefits are positively linked to

export performance measures; the principal reason is that product-related advantages don't lend them to being copied by the competitors (Beamish and Munro, 1986).

Maidique &Zirger (1984), based on a on long-term study of US industrial innovation, posited a new product development process model for a high-tech environment, which lays emphasis on: (1) a thorough understanding of the market and benefit to customers, (2) a well-planned and effectively organized new product process, particularly at R &D phase, (3) effective organization of marketing and sales, (4) management support for new product development and their launch, (5) profitability of the new product, (6) shortest time to market with no delay, and (7) a proper fit between the firm' capability (core competencies) and new product technologies and markets.

New Product Success Factors

Huang and Tsai (2013) conducted a meta-analysis of study conducted prior to 2011 on businesses in Asia to find out what factors are instrumental in the performance of new products. The results reveal that new product success predictors include: (1) market orientation, (2) marketing synergy, (3) technological synergy, (4) product benefits, (5) newness of the products, (6) cross-functional integration, (7) top management support, (8) talent and knowledge, (9) technological edge, and (10) market potential.

Cooper & Kleinschmidt (1993) made an empirical study on 103 new product development projects of large firms in four countries in North America and Europe. The most important factor that is instrumental in the success of new products is product differentiation, according to their study. Synergies, stages of product life cycle, and order of entry have only moderate influence on the success. In this particular study, market attractiveness and competitive situation did not influence the success much.

Taking cue from the literature and the curiosity of the industry to learn which direction to take to develop the business and what type of product is instrumental in achieving financial performance, the following hypotheses are formulated.

Hypothesis 3

Entry Motivator does not influence Sales Revenue Quotient and Profits Quotient.

Hypothesis 4

Product type does not influence Sales Revenue Quotient and Profits Quotient.

Research Methodology

Sample Description

This research has selected on a convenience basis 80 pharmaceutical SME units operating in Telangana state of India. The sample is stratified on different bases as described below.

Major Market

	Export	37
	In-state	22
	Out-state	21
Product Type		
	Generic/small molecules	62
	Biologics	7
	Nutraceuticals	3
	Others	8

R & D Ownership		
	Own R&D	45
	Others' R & D	35
Certification		
	Others	55
	Own Labels	25
Business Type		
	CDMO*	16
	APIs**	34
	API and formulations	17
	Others	13

The data collected belongs to the firms of varied sizes and so lack comparability. To get over the disadvantage of this lack of comparability, quotients were computed and used in the analysis. Quotients are sales revenues figures and profits figures divided by the size of the sales staff that a firm employs. SPSS software was used for analysis.

Analytical Techniques Used

Means: Means of data grouped by parameter is computed for inter-group comparison.

Kruskal Wallis Test : Kruskal Wallis test is an alternative to Anova. If Anova test has to be run, one important condition for the data to satisfy is normality. When the data is not normal, Kruskal Wallis Test is used instead of Anova test. This is a non-parametric test. This test is performed when the data can be divided into more than two groups. The test results show significance value. If the significance value is close or equal to 0 or less than 0.05, the difference between the groups is considered to be significant and the grouping basis is believed to be influencing the datapoints. On the contrary, if the significance value is more than 0.05, it is considered to be insignificant and hence grouping variable is understood as one not influencing the data.

FINDINGS AND DISCUSSION

Major Business Strategy

As stated before, this study set out to check if the type of Major Business Strategy chosen influences the financial performance of the firms. Accordingly, the following hypothesis is formulated.

Hypothesis 1

Major Business Strategy does not influence Sales Revenue Quotient and Profits Quotient.

To resolve the above hypothesis, statistical tests were run, beginning with computation of means for each group and comparison of them; it was followed by Kruskal Wallis Test to confirm the dependability of the findings. Means comparison is presented Tables # 1 &2.

Firms with R & D as a major business strategy have a higher mean of Sales Revenue Quotient (10.31) followed by Raw Material (7.33), Marketing and Distribution (6.04), and Low-Cost Production (3.67). Apparently, since the mean of Sales Revenue Quotient for firms with R & D as a major business strategy is higher, R&D comes out as a worthy option but the mean should be subjected to Kruskal Wallis Test to establish its dependability.

TABLE #1 MEANS OF SALES REVENUE QUOTIENT

Major Strategy	Mean	N
R & D	10.31	20
Raw material	7.33	39
Marketing and distribution	6.04	7
Low- cost production	3.67	14
Total	7.33	80.00

TABLE #2 MEANS OF PROFITS QUOTIENT

Major Strategy	Mean	N
R & D	0.77	20
Raw material	0.74	39
Marketing and distribution	0.80	7
Low -cost production	0.28	14
Total	0.67	80

The mean of Profits Quotient of firms with Marketing and Distribution (0.80) is greater than those of the remaining three groups. The mean of Profits Quotients of firms with R & D as option is 0.77, Raw Material 0.74 and Low-Cost Production 0.28. These means should be subjected to Kruskal Wallis Test to find evidence for the real influence of Major Business Strategy on Sales Revenue Quotient and Profits Quotient.

TABLE # 3 RANK MEANS FOR STATISTICAL TEST

Major Strategy		N	Mean Rank
Sales Revenue Quotient	R & D	20	50.28
	Raw material	39	35.86
	Marketing and distribution	7	49.86
	Low-cost production	14	34.79
	Total	80	
Profits Quotient	R & D	20	43.65
	Raw material	39	39.00
	Marketing and distribution	7	55.64
	Low-cost production	14	32.61
	Total	80	

TABLE # 4 RESULTS OF KRUSKAL WALLIS TEST

	Sales Revenue Quotient	Profits Quotient
Chi-Square	7.076	5.119
df	3	3
Asymp. Sig.	.070	.163

The significance values of Kruskal Wallis Test results for Sales Revenue Quotient and Profits Quotient are 0.070 and 0.163 respectively (Table # 4). Those values are greater than the cut-off value, 0.05, which means that the difference in means is not real but only a sampling error.

As evidenced by the test results, Major Business Strategy does not predict Sales Revenues and Profits.

Hence the null hypothesis that Major Business Strategy does not influence Sales Revenue Quotient and Profits Quotient is accepted.

Major Market Served

Hypothesis 2

Markets chosen to serve do not influence Sales Revenues and Profits.

Towards the resolving the hypothesis formulated as above, statistical analysis was performed on the data collected.

TABLE # 5 MAJOR MARKETS SERVED SALES REVENUE QUOTIENT

Major market	Mean	N
Export	7.39	37
In-state	9.63	22
Out-state	4.79	21
Total	7.33	80

The computation of means of Sales Revenue Quotient (Table#5) shows that In-State market (9.63) is greater on Sales Revenue Quotient than other markets, i.e., Export and Out-State Markets (7.39 and 4.79 respectively). The means analysis points to the worth and attractiveness of In-State Markets.

TABLE # 6 MAJOR MARKETS SERVED PROFITS QUOTIENT- MEANS

Major market	Mean	N
Export	0.71	37.00
In-state	1.09	22.00
Out-state	0.17	21.00
Total	0.67	80.00

On Profits Quotient too (Table#6), the mean of In-State markets (1.09) is greater than those of other markets, i.e., Export and Out-State Markets (0.71, and 0.17 respectively). This comparison attests the worth of In-State markets.

TABLE # 7 MAJOR MARKETS SERVED RANK MEANS

Ranks			
Major market		N	Mean Rank
Sales Revenue Quotient	Export	37	39.69
	In-state	22	42.16
	Out-state	21	40.19
	Total	80	
Profits Quotient	Export	37	47.30
	In-state	22	41.23
	Out-state	21	27.76
	Total	80	

Rank means computation is useful for performing the statistical tests only but not for comparison.

TABLE # 8 MAJOR MARKETS SERVED KRUSKAL WALLIS TEST

Test Statistics

	Sales Revenue Quotient	Profits Quotient
Chi-Square	.161	9.500
df	2	2
Asymp. Sig.	.923	.009

Table # shows the results of Kruskal Wallis Test (Table #8).

The significance value of Kruskal Wallis Test on Sales Revenue Quotient is 0.923 which is far greater than the cut-off value, 0.05. That implies that Major Market chosen to serve does not influence Sales Revenues.

But the significance value of Profits Quotient is 0.009 which is much less than the cut-off value, i.e., 0.05. Such significance value evidences the influence of Major Market chosen to serve, on Profits Quotient.

Major Market chosen to serve influences profits but not sales revenues.

Hence, the hypothesis that Major Market chosen to serve does not influence Sales Revenue is accepted but the other part of the hypothesis that it does not influence Profits Quotient is not accepted.

Entry Motivator

Strengths and Opportunities lure an entrepreneur to jump into a business. I call them 'Entry Motivators'. It is needless to say that an entrepreneur, when he matches his strengths with the opportunities, higher performance is expected to result in. The entrepreneur is motivated by either his own strengths or attractiveness of the opportunity available in the environment. This study identified three entry motivators, i.e., two opportunities and one internal resource strength. Attractive ready market and Above-average Profits are opportunities and Know-how accessibility (within the firm) is internal resource strength.

This study set out to check if entry motivator influences the Sales Revenue and Profits. Hence, to proceed with this inquiry, the following hypothesis was formulated.

Hypothesis 3

Entry Motivator does not influence Sales Revenue Quotient and Profits Quotient.

Towards resolving the above hypothesis, means of the Sales Revenue Quotient and Profits Quotient of companies which took one of the three Entry Motivators is computed for comparison (Table # 9 &10).

Means of Sales Revenue Quotient

TABLE # 9

Entry Motivator	Mean	N
Attractive Ready Market	11.13	20.00

Know-how accessibility	3.77	23.00
Above-average profits	7.48	37.00
Total	7.33	80.00

The means of Sales Revenue Quotient of firms which took cue from Attractive Ready Market (11.13) is greater than those of the firms attracted to Above-Average profits and Know-How Accessibility (7.48 and 3.77 respectively). It implies that Attractive Ready Market augurs well as an indicator of success for the firms. But one cannot depend on the means, since they may have been caused by random errors. To resolve this dilemma, Kruskal Wallis Test is performed. Kruskal Wallis Test results are presented in Table #12.

The significance value of the statistical test is 0.259 which is much larger than the cut-off value, i.e., 0.05. It implies that means differences are just a result of random error and thus it does not give enough evidence to the claim that Entry Motivator influences the Sales Revenue Quotient. To this extent, hypothesis that Entry motivator does not influence Sales Revenue Quotient and Profits Quotient is accepted.

The same process was applied to Profits Quotient also to check the second part of hypothesis, i.e., if Entry Motivator influences the Profits Quotient.

To proceed with this part of analysis, means were computed.

TABLE # 10 MEANS OF PROFITS QUOTIENT

Entry Motivator	Mean	N
Attractive Ready Market	1.35	20.00
Know-how accessibility	0.23	23.00
Above-average profits	0.58	37.00
Total	0.67	80.00

The means of the firms who was lured by Attractive Ready Market (1.35) is greater than those of firms guided by those of other two motivators, i.e., Above-average profits, and Know-How accessibility (0.58, and 0.23 respectively) (Table#10). This first signal goes in favour of Attractive Ready Market. But that is not a clear pointer since there are high chances of random error.

So, to resolve the above dilemma, Kruskal Wallis Test was performed on the rank means (Table # 12). The significance value is 0.259, which is greater than the cut-off value. It means that Entry Motivator does not influence sales revenues.

TABLE # 11 MEANS OF RANKS

Ranks			
Entry Motivator		N	Mean Rank
Sales Revenue Quotient	Attractive Ready Market	20	46.75
	Know-how accessibility	23	35.07
	Above-average profits	37	40.50
	Total	80	
Profits Quotient	Attractive Ready Market	20	52.75
	Know-how accessibility	23	32.35
	Above-average profits	37	38.95

	Total	80	

TABLE # 12 KRUSKAL WALLIS TEST

Test Statistics		
	Sales Revenue Quotient	Profits Quotient
Chi-Square	2.705	8.556
df	2	2
Asymp. Sig.	.259	.014

The significance value of the Kruskal Wallis Test with regard to Profits Quotient is 0.014, which is less than the cut-off value, 0.05 (Table#12). It implies that Entry Motivator makes a difference for Profits Quotient. Hence this part of hypothesis that Entry Motivator does not influence Profits Quotient is not accepted. The test confirms that Entry Motivator predicts the profit performance of a pharmaceutical SME firm in this part of world. But, Entry Motivator does not predict sales revenues.

Product Type

Product is a predictor of financial performance of a firm. It is needless to say that Product, innovated, differentiated, and value-added, commands a value and price that is commensurate with its benefits and features embedded through product development process. In other words, the value so derived and patronized gets translated into financial performance.

In this study, I took the following products (product categories): (1) Generics and small molecules, (2) Biologics, (3) Nutraceuticals and (4) Others. This study will check if Product type can discriminate between the firms in terms of Sales Revenues and Profits.

Following the above discussion, the following hypothesis is formulated.

Hypothesis 4

Product type does not influence Sales Revenue Quotient and Profits Quotient.

To proceed with resolving the above hypothesis, means of Sales Revenue Quotient and Profits Quotient of the firms split by Product type were first calculated, followed by calculation of rank means and performance of Kruskal Wallis Tests.

TABLE # 13 MEANS OF SALES REVENUE QUOTIENT

Product type	Mean	N
Generic/small molecules	8.63	62.00
Biologics	2.53	7.00
Nutraceuticals	2.54	3.00
Others	3.24	8.00
Total	7.33	80.00

The Table # 13 displays the means. The Sales Revenue Quotient mean of firms working with Generics/Small molecules is 8.63 and those of the firms working with other Product types, i.e., Biologics, Nutraceuticals, and Others are 2.53, 2.54, and 3.24 respectively. At the first glance, Generics/Small molecules is a winner in terms of Sales Revenue Quotient. Since means comparison carries the risk of random error and hence is not reliable, Kruskal Wallis Test is

performed, after computation of rank means. The results are furnished in the following Tables (Table # 14& 15).

TABLE # 14 MEANS OF PROFITS QUOTIENT

Product type	Mean	N
Generic/small molecules	0.77	62.00
Biologics	0.61	7.00
Nutraceuticals	0.08	3.00
Others	0.16	8.00
Total	0.67	80.00

TABLE # 15

	Sales Revenue Quotient	Profits Quotient
Chi-Square	10.381	8.547
df	3	3
Asymp. Sig.	.016	.036

The significance values of Kruskal Wallis Tests with regard to Sales Revenue Quotient and Profits Quotient are 0.16 and 0.036 respectively. These significance values are less than the cut-off value. This testifies to the existence of influence of Product type on both Sales Revenue Quotient and Profits Quotient.

Hence the null hypothesis that Product type does not influence Sales Revenue Quotient and Profits Quotient is not accepted. Product type influences the firm's performance in sales revenues and profits.

LIMITATIONS

These results are based on a small sample of pharmaceutical SMEs relating to this particularregion and so reflect the thought process of the local firms. So, caution is counselled while generalizing these findings to other areas.

CONCLUSION AND SUMMARY

Firms have to diligently choose the markets they want to serve. Major Market chosen to serve influences profits but not sales revenues. Entry Motivator predicts the sales revenues and profit performance of a pharmaceutical SME firm in this part of world. Similarly, Product type influences both sales revenue quotient and profits quotient. Major Business Strategy does not predict Sales Revenues and Profits. These findings are specific to this area and so cannot be generalised for applying across the regions.

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