

January 2012

Strategic Orientation of Big Pharma in Base-of-the-Pyramid Markets

Joshua Metherd

Meghan Patrick

Follow this and additional works at: <http://digscholarship.unco.edu/urj>



Part of the [Business Administration, Management, and Operations Commons](#)

Recommended Citation

Metherd, Joshua and Patrick, Meghan (2012) "Strategic Orientation of Big Pharma in Base-of-the-Pyramid Markets," *Ursidae: The Undergraduate Research Journal at the University of Northern Colorado*: Vol. 2 : No. 1 , Article 6.

Available at: <http://digscholarship.unco.edu/urj/vol2/iss1/6>

This Oral Abstract is brought to you for free and open access by Scholarship & Creative Works @ Digital UNC. It has been accepted for inclusion in *Ursidae: The Undergraduate Research Journal at the University of Northern Colorado* by an authorized editor of Scholarship & Creative Works @ Digital UNC. For more information, please contact Jane.Monson@unco.edu.

Strategic Orientation of Big Pharma in Base-of-the-Pyramid Markets

Business Administration

Presenter(s): Metherd, Joshua, Patrick, Meghan

Faculty Sponsor(s): Wanasika, Isaac

The purpose of this study is to explore the strategic orientation of big pharma in bottom-of-the-pyramid markets (BOP) and also examine the financial viability of these strategies. Western pharmaceutical markets have continued to decline and are expected to grow by a paltry 3% under conditions of depleted drug pipelines, aging populations, shareholder expectations and pressure reform the delivery of healthcare. On the other hand, BOP markets are growing at 14% and have 5 billion people representing 65% of the world's population and a market power of \$5 trillion. However, most people in BOP economies live on US\$3 per day, in addition to deep economic, social and political instability. This calls for a new business model to tap into their potential, despite the obstacles. A viable value creating BOP strategic orientation for big pharma will require an entrepreneurial mindset, innovation through co-creation, multiple developmental pathways, scalable and adaptable logistics, creative marketing through a new price-performance envelope that emphasizes volume rather than margins and utilization of native marketing resources and collaboration with local institutions. Data on strategic orientation of big pharma with respect to BOP markets will be extracted from annual letters to the shareholders using a novel method of historiometry. Sanitized letters will be rated by students with business training to evaluate strategic orientation of each firm. The ratings will be completed on a Likert scale questionnaire for further regression analysis. In addition, the study will analyze the financial viability of BOP markets relative to developed markets using archival data from S & P Capital IQ database. The study will contribute to identifying effective strategies suitable for BOP markets and also provide a business case for investing in such markets. In order for big pharma to sustain competitiveness, there will be a need to pay more attention to BOP markets.