

Personal Selling Strategies and Performance of Pharmaceutical Companies in Karachi

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Abstract

The main purpose of my research is to find the impact of personal selling strategies and performance of pharmaceuticals companies in Karachi. This research has been done on the primary, which was collected through survey forms. The data was collected from pharmaceutical employees, sales representatives, sales team, doctors and patients also. The sample size collected for this research is 531. The data of this research was analyzed with the help of statistical package for social sciences 24 (SPSS) software. The analyzed data is also represented in the form of tables. The findings from this study are that pharmaceutical companies are actively using personal selling strategies to gain the market share and also to increase the sales volume of their products. These strategies help us to understand the mentality of the buyer and also help us to improve our products according to their needs. The limitations of this research are that it is only belonging to the pharmaceutical companies running in Karachi. The outcome or results is only suitable for these pharmaceutical companies, not suitable for textile or banking sector. The pharmaceutical companies which also adopt contemporary approaches to increase sales. Pharmaceutical companies should also work on research and development.

Keywords: Sales representatives, greater volume of sales, obtaining market share

Introduction

The pharmaceuticals companies around the world invent new drugs, develop and promote their products in their specified region under the license issued by the country ministry of respected sector. A pharmaceuticals company has also the license to produce medical equipment, but they mainly deal in generic, brand and biotechnological drugs. But on the other hand, pharmaceutical companies have also strict standard for the testing of drugs, clinical trials of drugs and they also have a strict policy for getting the patent of any drug. Each country has own policy for the drug companies and as well as there are also global policies for the pharmaceutical sector.

Drugs companies produce products under the patents issued by the government, and they also invest huge amount in their research and development for the creation and invention of new drugs. So, to promote their manufactured drugs they prefer to promote their product by personal selling that it guarantees that their cost will be recovered and be profitable and also increases their products popularity and also captures the big chunk of the market share. Pakistan spends more than 8% of its annual budget on the health sectors in which drugs companies are also included. The pharmaceutical companies are involved in distribution also to expand their business. Government also encourages drug companies to manufacture products which are safe and low cost to the patients. The drugs products market in our country Pakistan is about 8 billion per annum. Pakistan drugs industry is one of the most respectable exporter of life saving drugs because they trust their manufacturing. Their medical equipment also has a fine share in the export of products. AFROZE pharmaceuticals had a 70% share in exporting of life saving drugs. There are more than 800 wholesale and 1500 retail dealers which are registered in the country. The pharmacy graduates are one of the well-respected graduated in Pakistan and also around the globe.

There are about 2500 pharmaceutical companies operating in Pakistan which are registered and operating according to the global standard. After India Pakistan is the largest producer of pharmaceuticals products. Pharmaceuticals industry is the most flourishing industry in Pakistan and growing day by day. Now they are also able to make their own raw materials, previously majority of the raw material were imported from India and China. The drug products which are exported in the other countries are Saudi Arabia, Oman, United Arab Emirates, Bahrain, Qatar, Kuwait etc. The pharmaceutical companies have many techniques to determine the performance of their companies. They are the balanced scoreboard, triple bottom line and shareholder –based financial performance (Harrison & Wicks, 2013). Company's performance is very important for the company itself, and it also participate in the helping the GDP to grow. The company is focused on providing financial returns, variously referred to as profits, return on investment (ROI), economic rents, or shareholder returns. Giving the maximum profit to its shareholders is the main objective of the company's upper level management.

Literature Review

This approach urges salespeople to get to know prospects, seek their needs and above all the product or service shall be recommended with integrity. According to Kotler and Armstrong (2008), need for salespeople were emphasized by Europe although the traces of salesperson are found in ancient Greeks. The salespeople create relationship between producers and customers. The large scale production due to Industrial Revolution spurs the importance of sales personnel.

Man had to attract the attention of his counterpart even in the era of barter system. The fisherman, for example, had to convince the farmer to take fish to him in exchange of wheat or rice or any other grain.

People used to ignite interest for their products, convinced the customer to create a desire for the product and finally courage the person to act according to the guidelines provided by. In the modern day the enormous progress in machine production and the utilization of modern technology not only enable dose to produce various good in a large quantity but it also compared us to consuming this good in our daily life. The tremendous increase in population throughout world has created demand for different goods in a very large quantity. At the same time, it also initiated a drive to convince people towards different good creating the needs for those goods. According to (Greening 1993), state that personal selling is the personal communication between a firm sales forces and customer for purpose of making sales and building customer relationship. For this purpose, salespersons follow the AIDA by presenting the product qualities, needs to create the interest, and build the desire and action to buy the products. This AIDA strategy is used to increase the sales of the product. And finally, feedback of the sale product also very important salesman must take feedback of sales product to check their product standard quality this act increase the satisfaction level of customer as well as make and improve the relation between customer and product/salesman. (Spiro et al 2008), the general reaction of the customer towards the presentation of assessment is negative. The salesperson has to proceed in four steps. The first step is to remove the objection of the customer in a logical way. The second step is to adjust the price or value of the product. Then the third step is to remove unknown factors and at least to anticipate objection and respectfully response to them. And the four steps are salesman should evaluate the customers who are user of the products. This procedure encourages the customer to make their decision. It helps the salesperson to ensure a relationship with customers which paves a new way towards lasting contact between them.

Research Hypotheses

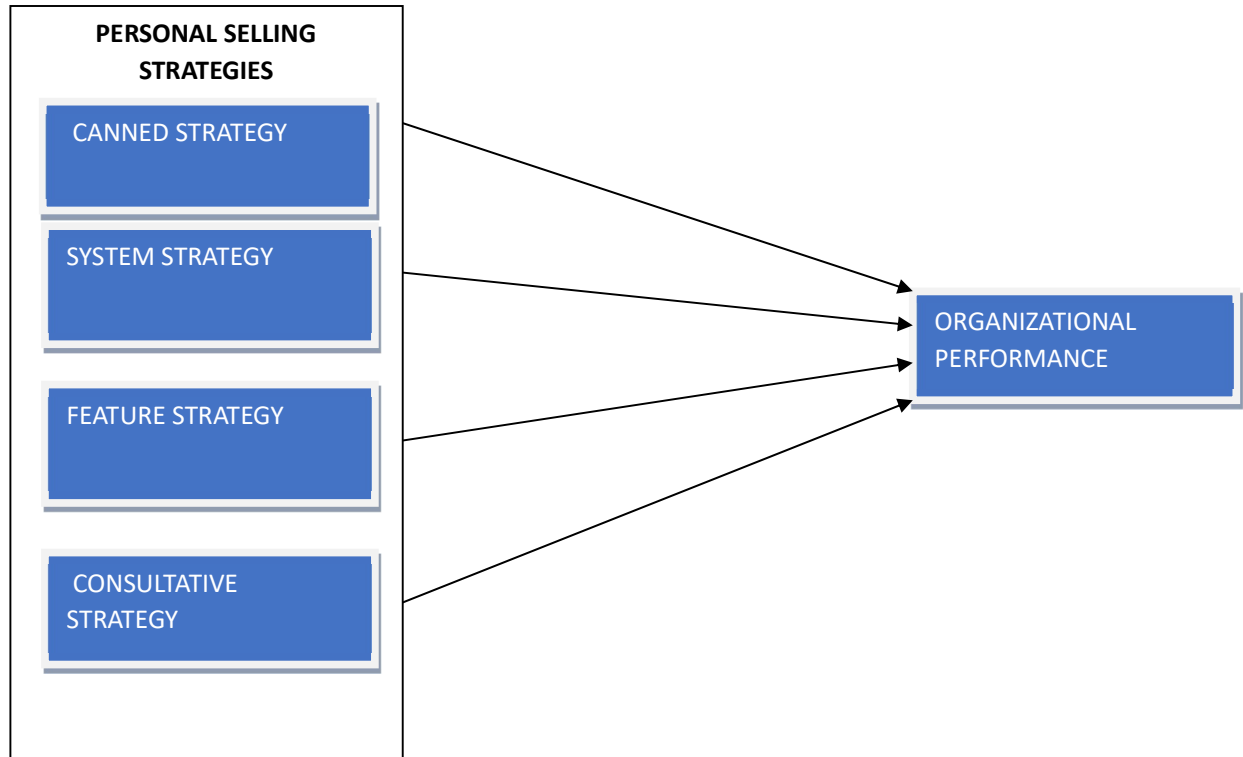
H1: There is a positive effect of canned strategy on organizational performance.

H2: There is a positive effect of system strategy on organizational performance.

H3: There is a positive effect of feature strategy on organizational performance.

H4: There is a positive effect of consultative strategy on organizational performance.

Figure 2 Conceptual Framework



Research Methodology

This study is done in quantitative manner because the focus and objective of the study is find out the extent the pharmaceuticals companies in Karachi are using the personal strategies and how effective they contribute to the company's performance. The thesis is established in a cross sectional and descriptive manner which will describe the relationship between personal strategies and pharmaceutical performance. This research design will also help us to gather the relevant data according to the study. The data is this study is a pure primary data which is collected from the doctors, pharmaceutical employees, medical representatives and patients from my very own city Karachi. The main objective is the thesis done in descriptive research design as it describes the relationship between two things. Descriptive research is very useful in achieving the information about the objectives that we have set and also describe the variables relationship (Kombo & Tromp 2006). Population of the study is the people who have knowledge about the pharmaceuticals companies who are involves in sales of the drugs. By doing this we will get the desired results about the objective we have set.

- Pharmaceuticals employees
- Medical representatives
- Sales manager
- Patients

The sample size of my study is 514 which are very much enough to describe the objectives of the research. All the data gathered is relevant to this study which will also help us giving the accurate results. In this situation of the global pandemic this sample size was difficult to gather this amount of data. The technique which I used in collecting the data is simple random sampling technique. This technique is very useful and easy for the collecting the data and everyone has an equal chance to get selected in the study.

Results

This part contains the data analysis which was collected for the completion and to obtain the objective of the study. The data was collected from medical representatives, sales manager, pharmaceutical employees and patients.

Description of the Respondent

In this thesis the data was collected by the approach known as survey approach. The survey approach is used through email and WhatsApp because the global pandemic restricts us to not visiting the respondents personally. In this survey 531 respondents gave us the information which turned out to be very significant results. The total 531 amount of respondent is a very good number for analysis of the data.

Demographic Information

The data is collected from medical representatives, pharmaceutical employees, sales managers and patients. As I am residing in Karachi, I gather the data from my own city. It was compulsory for my thesis to gather information from Karachi. The respondents in this study really participated well and also appreciated it well.

Core business of the Firm	Frequency	Percent
Manufacturing	195	36.7
Wholesale	222	41.8
Retail	114	21.5
Total	531	100

This table indicates to us that 36.7 are manufacturing, 41.8 are wholesale and 21.5 are retail. This is the information which is given by the respondent

Table 4.4 Number of full time Sales Staff

Number of full time Sales Staff	Frequency	Percent
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Less than 12	27	5.1
11-25	33	6.2
26-40	75	14.1
41-55	117	22
56-70	96	18.1
71-85	96	18.1
Above 85	82	16.4
Total	531	100

The result shows us that the respondent says 5.1% company have less than 12, 6.2 % says that their company have 11-25 number of sales staff, 14.1% says that their company have 26-40 number of sales staff, 22% respondent says that their company have 41-55 number of sales staff, 18.1% respondent says that their company have 71-85 number of sales staff and lastly 16.4% respondents says that their company have more than 85 number of sales staff. These numbers indicates us how many sales staff they have and how much bigger their company is.

Table 4.5 Sector Constituting Major Customers

Sector Constituting Major Customers	Frequency	Percent
Public	264	49.7
Private	267	50.3
Total	531	100

The respondent says that 49.7% are public pharmaceuticals customers and 50.3% are private pharmaceuticals customers.

Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
.811	3
Cronbach's Alpha	N of Items

.729	3
Cronbach's Alpha	N of Items
.744	3
Cronbach's Alpha	N of Items
.703	4
Cronbach's Alpha	N of Items
.705	5

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.511 ^a	.261	.256	.82400

a. Predictors: (Constant), CONSULTATIVE, CANNED, FEATURE, SYSTEM

Explanation

In this part “R” is representing the prediction level which is here .511 %. This value means that it is very much of good quality and it tells us that here dependent variable ORGPFRFO is showing very good prediction level. “R Square” is showing and called the (assurance of coefficient), which is the fluctuation in dependent variable that can be clarified by the independent variable. In this study R Square is 0.261. This investigation is cross sectional so the value of R Square is very significant in this case.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	126.289	4	31.572	46.500	.000 ^b
Residual	357.139	526	.679		

Total	483.427	530			
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a. Dependent Variable: ORGPERFO

b. Predictors: (Constant), CONSULTATIVE, CANNED, FEATURE, SYSTEM

Explanation

This section explains us that overall model of the thesis is sophisticated or not, satisfactory or unsatisfactory whether the proposed model is overall fit or unfit. In this particular investigation significance is less than 0.05 it means our proposed model is overall fit.

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.538	.157		9.770	.000
1 CANNED	.109	.036	.122	3.035	.003
SYSTEM	.080	.038	.087	2.099	.036
FEATURE	.136	.033	.172	4.184	.000
CONSULTATIVE	.301	.039	.326	7.719	.000

a. Dependent Variable: ORGPERFO

Explanation

This table explains whether there is connection present between dependent variable and independent variable. This explains that in this investigation there is very big and positive connection between dependent variable and independent variable. In this investigation there is one insignificant variable and other three variables are very significant.

Summary of Hypotheses Testing

H1: There is a positive effect of canned strategy on organizational performance	ACCEPTED
H2: There is a positive effect of system strategy on organizational performance	REJECTED
H3: There is a positive effect of feature strategy on organizational performance	ACCEPTED
H4: There is a positive effect of consultative strategy on organizational performance	ACCEPTED

Conclusion

The study reveals that the organizational performance of pharmaceuticals firms is greatly enhanced and influenced by the personal selling strategies used in the organization. As the world is rapidly changing businesses need rapid adoption of new technologies and as well as new and contemporary approaches and strategies. Adopting new strategies give organization a competitive advantage on the competitors. Personal selling strategies is one of the most successful strategies which is widely recognized and greatly influenced by most of the top organizations. Pharmaceuticals market has been a great user of personal selling strategies by which they capture big market share. By using this they are able to capture new clients/ customers and also able to retain them.

In my thesis it is also found out that they are very crucial in the organizational performance. In my thesis there are four variables out of four three turns out to be very prominent in organizational performance. The three variables which are very prominent are canned strategy, feature strategy and system strategy and one turns out to be not prominent which system strategy was. The conclusion of the investigation is that personal selling strategies plays very important role in the success of the performance of the organization. That does not only enhance

performance, but it also increases the profit and market share of the organization. By using this they also have a competitive advantage over their competitors. By this they also have chance to enhance their products, the sales representatives will better know the specifications and information of the products. A personal selling strategy is one of the very best selling tactics that stand as a strong block in the organizational foundation of success. It also has an ability that sustains the market share among the competitors.

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