

# NEW INTERNATIONAL SMES IN THE PHARMA–NUTRACEUTICAL MARKET

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*SUMMARY: This study reflects upon the need for small and medium-sized enterprises (SMEs) in pharma–nutraceuticals to embrace business intelligence (BI) data analysis. SMEs in this field can best establish themselves as international SMEs and when a company first enters the market, it should be “born global” and have direct interactions with the global market, all while embracing the use of BI. Taking the case of the Swedish company MediTec International FairLife Group, this study examines how startup pharmaceutical SMEs in the United States and Europe can enter a market by taking a “born global” perspective that leverages online facilities.*

## **Introduction**

Small and medium-sized enterprises (SMEs) in the United States and Europe have in recent decades developed and gone from being minor players in local markets to essential actors in the global market. The introduction of online-based global standards for communication and analytics has made it possible for SMEs to function in the international market (Aspelund & Moen, 2001). In this way, SMEs can promote themselves as full-fledged international companies and as niche suppliers, as they develop and execute company-wide trade strategies for use on the global market (Loane, 2006).

It has become essential that SMEs in the pharmaceutical field set up a “born global” business intelligence (BI) strategy for marketing online and embrace international market expansion from their very inception (Emden et al., 2006). As e-market ownership structures remain open, a small-scale brand can make its way into a buyer’s consciousness (Freeman, Edwards, & Schroder, 2006). Perhaps more importantly, by following this strategy, an international SME (ISME) can preclude failure or mitigate the risk of being sold to investor conglomerates (Luostarinen & Gabrielsson, 2006).

## **Building a Knowledge-Based Organization and Business Intelligence**

Alnoukari (2011) asserts that “Business Intelligence (BI) is a set of tools and techniques that can help organizations to collect, clean, and integrate all their data.” By leveraging BI, says Alnoukari (2011), “Organizations can then be able to analyze, mine, and dig more into their data in order to make the right decisions at the right time.”

MediTec International FairLife Group (MediTec Group), a Sweden-based ISME in the nutraceutical field, works with a variety of BI systems; for this company, these systems represent “the linking between competitive advantage and BI [that] appears as a critical point in company strategy and info systems” (Chen, Chiang, & Storey, 2012).

■ To optimize its BI management, MediTec Group makes a point of minimizing its number of stakeholders. BI supports business management by optimizing client relationships, controlling business ventures, and informing strategic decision-making wherever BI applications can be used in order to maintain distinct operations and leverage BI data usage (Negash, 2004).

Corporations use BI as a means of providing calculable and accurate data that will inform strategic decision-making, based on pressures seen in the business environment (Lönnqvist & Pirttimäki, 2006); various technologies and methods are used to understand company data and drive interactions between company partners and in-house divisions. Among those divisions, MediTec Group undertakes design collaboration with regard to business analysis work and analysis strategies involving suppliers and third-party partners; it also makes use of various in-house MediTec Group analytical results (Parenteau et al., 2016).

### **Building a Competitive Advantage**

A competitive advantage derives from various resources and capacities that put a company in a position of performing better, relative to its competitors, in a specific market. To compete in international markets, transnational companies like MediTec Group need to enhance themselves in terms of three factors that can give a company a competitive advantage in the global market: a company and its products must be of value; the products are preferably unique; and the products are not easily copied or substituted, which allows them to withstand pressure from other companies and brands (Barney, 1991; Collis, 1991). These values and unique resources can bestow upon a company competitive advantages and serve as core competencies (Prahalad & Hamel, 1990), dynamic capabilities (Eisenhardt & Martin, 2000), and strategic assets (Amit & Shoemaker, 1993).

International companies continuously enforce strategies by which they can better position themselves and their products to create stronger fundamentals for expansion. In line with international organization theory, they may encourage—through the use of better BI—inter- and/or intra-organizational cooperation to achieve this advantage (Child, Faulkner, & Tallman, 2005).

MediTec Group creates its core products by leveraging raw and unique in-house materials; doing so constitutes a company advantage. Furthermore, MediTec Group has in recent years worked towards the creation of a competitive advantage in the form of reorganizing the company structure so as to site locations in countries and regions that have a distinct importance for the company. This reconstruction management, as part of an in-house international marketing strategy, can create an appropriate presence in multiple areas to build business environments where the company is active. For example, MediTec Group has opted to site its headquarters (HQ) in Dubai instead of Sweden (as was previously the case) because much of MediTec Group's business takes place in the Middle East, Africa, and Asia. The Dubai area is central to MediTec Group's business and is an international hub for BI management.

Dubai has in 20 years grown from a figurative “business desert” to a universal center for international trade; this has occurred on the basis of its cost-based logistical advantages, which foster a business environment in which companies can set up a central trade node for transnational business. MediTec Group maintains full ownership of its business in the free zones and this offers the company the highest standards of infrastructure and business environment. It also gives MediTec Group a competitive advantage, as 90% of trade in the United Arab Emirates comes from international business (MENA, 2017).

In MediTec Group, the introduction of marketing and sales efforts in the East Africa subsidiary has increased the need for the company to build a knowledge base to elevate its BI. This

BI will, in particular, relate to marketing efforts in the region but also aim to interlink with the HQ's manufacturing, logistics, and research and development (R&D) efforts with respect to the company's products to support them as well.

MediTec Group realizes that integrated intelligence on the business and the overall market from the perspective of a manufacturer derives from the knowledge base that the company collects from on-the-ground sales and marketing input. For this reason, MediTec Group has established the use of strict planning and reporting tools that capture general opinions on their products; the company also captures product responses from doctors, pharmacists, and end users. In this way, the company has been able to form an overall understanding of the market response from crucial opinion leaders, as well as responses from the market and reactions to sales initiatives.

MediTec Group has, based on these data, built a knowledge-based response system geared towards company-wide organizational improvement. This system has undergone constant development since September 2017, which has occurred in three distinct stages. In the first stage, the company used data to discover ways in which it could support marketing personnel on how to best expand into the existing market and reach virgin market segments. In the second stage, the company established new raw-material and production sites to accommodate needs anticipated by interpreting BI data. In the third stage, the company reconstructed its international organizational presence and set up its HQ in Dubai to synchronize BI management and establish better strategies by which it can support future logistics and company decision-making.

### **A Competitive Advantage: Cultural Differences In Meditec Group Global Markets**

As much as cultural differences in various markets do not hinder MediTec Group as it evolves, it is most challenging to understand how to leverage intercultural business aspects to perform better as a company (Hofstede, 2002). On this point, MediTec Group understands that by approaching other cultures with humility and great respect, many problems that could otherwise arise can be handled and translated into market growth.

### **Building a Knowledge-Based Organization and Business Intelligence**

MediTec Group is undertaking business performance management through the use of analytics and data mining (i.e., through the processing of records used primarily in in-house marketing and sales efforts). The on-the-ground sales teams of MediTec Group's subsidiaries use these data in tandem with rigid weekly planning formats and daily reporting structures. From these data, the company extracts statistics that are used to develop effective sales-oriented interactions with marketing and manufacturing divisions; these statistics are also used in in-house communications. These data are supplemented with datasets drawn from Amazon Analytics, Akida, Power BI, Google Analytics, and local stakeholders.

### **Setting Up Global Business Intelligence**

To better establish its presence among local daughter companies and distribution partners, MediTec Group exercises polycentric management with the intention of creating a global environment in which BI stakeholders can interact and find common ground in optimizing interactions within the global BI team (GBIT). The company's R&D and manufacturing teams practice an ethnocentric strategy to minimize the risk of competitors learning in-house product and

manufacturing secrets. The company's GBIT, meanwhile, takes a geocentric approach to consciously optimize all parts of the company architecture and develop a more finely structured transnational BI management system (Korbin, 1994). In choosing candidates for a virtual BI management team, companies need to address cross-cultural issues and hire self-initiated people with good mental stability, empathy, and the ability to handle cultural discrepancies while holding a global mindset (Hill, 2016).

Establishing links among between the various parts of a company (i.e., R&D, manufacturing, international marketing, regional marketing, daughter companies, local production, and marketing efforts) is crucial in developing a global strategy that involves executive management (Daily, Certo, & Dalton, 2000).

To continuously educate itself, the GBIT uses Black and Mendenhall's (1990) three-dimensional typology to elevate cross-cultural competencies. The GBIT embraces both practical and theoretical training for expatriate management, which supports openness to new experiences and the development of the stable mindset needed to optimize BI management competencies (Leiba-O'Sullivan, 1999). Furthermore, training enhances previous cross-cultural work experiences, which may translate into certain desirable traits, such as cultural flexibility, less ethnocentrism, and a tolerance for ambiguity. These qualities form a stable foundation for an individual in performing well within a transnational group setting as a BI leader (Caligiuri & Tariqueb, 2012).

## **Internet Trade and E-Commerce**

International trading facilitated by better logistics and communications—in addition to global marketing via websites, email lists, and social media—has revolutionized ISME capabilities and capacity. The result has been better-functioning businesses that operate and succeed in the global market (Luostarinen & Gabriellson, 2006). In the past 10 years, internet trade has taken a formidable position in international trade; this has been especially the case in China and the United States but internet trade is also growing elsewhere. People prefer to have goods sent directly to their home, as this allows them to conserve the energy they would otherwise spend in collecting products in a shop and transporting it home. The new understanding that shopping is something that can be done online and not in bricks-and-mortar shops is growing among the general public to the extent that e-commerce now represents about 10% of all retail sales in the United States and Europe (IPC, 2017). For an ISME to take part in the international market and secure its role in future trade routes, it must consider crafting and adhering to a strategy that considers the best approaches to online sales (i.e., e-commerce). There is a plethora of ways in which pharmaceutical ISMEs can partake in e-commerce but they must choose ways from which they will benefit in the long term. The MediTec Group leverages data from Akida, Google Analytics, and Power BI software to analyze the status quo and set up strategies by which it can make further improvements in its current-day markets; in this way, it can also improve its performance in terms of expanding to new markets.

## **International E-Commerce**

Creating solutions with regard to ISMEs' e-commerce BI strategies—and for introducing new product sales—is challenged by differentiation in data inflows from local markets characterized by a variety of business cultures. Frequently, when setting up a company homepage

for e-trade purposes, higher costs often accrue with the introduction of products to local e-commerce markets or with price discriminations among various markets.

The solution promoted in this paper relates to e-commerce business analysis and sales in the context of an international e-commerce marketplace. By using an international trading platform, the marketing efforts already managed through an ISME's marketing strategy (through, for example, a global homepage, email lists, and regular updated social media postings) are enforced by commercializing the products through a distributor devoted specifically to international e-commerce. There are numerous e-commerce marketplace platforms but ISMEs in the pharma–nutraceutical field tend to opt for a marketplace that discriminates among markets in terms of both pricing and market approach; the ability to do so is essential to adaptive market differentiation.

### Conclusion

The current study examined how startup pharmaceutical small and medium-sized enterprises (SMEs) in the United States and Europe can enter a market while taking a “born global” perspective—namely, by focusing on enhanced communication capacities, online logistics and marketing proficiencies, email lists, and social media.

Furthermore, this study highlighted that pharma–nutraceutical international SMEs (ISMEs) must consider the capacity of e-commerce business analysis management and adapt a BI strategy by which they can react to market responses and generate market growth in the future.

This study also examined business analysis in e-commerce and proposed that the use of business analytics in the e-commerce platform be considered a solution by which to offset the comparative disadvantages of being a new and minor player entering the market. This is especially the case for ISMEs, which can involve both in-house subsidiaries and distribution partners when reaching a fuller understanding of markets and how to integrate upcoming e-business market capacities.

The assertion is that ISMEs build competitive advantages by forming a global company BI structure that features cultural competence teams and by positioning the headquarters in an area that supports long-term strategies, which, in turn, support decision-making needed to make the company competitive.

The final recommendation is that smaller companies in the pharma–nutraceutical field set up a global strategy from the start based on marketing and sales networks that are fundamentally integrated. These networks can be integrated through business analysis management and transplanted into internet marketing and trade that support traditional sales networks (i.e., through distributors and in-house marketing) to build up company BI on a global scale.

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