

“THE ROLE OF DIGITAL MARKETING AS A TOOL FOR CREATING AND SUSTAINING COMPETITIVE ADVANTAGE IN THE PHARMACEUTICAL MARKET IN LEBANON”

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“Abstract”

Digital marketing is a key practice for promoting competitiveness and customer engagement. However, its integration into Marketing strategies in the pharmaceutical sector in Lebanon is still limited. The objective of this research is to examine the present status of digital marketing practices, and how companies are shifting from traditional marketing. To achieve the study purpose, a mixed-methods design was employed by interviewing 21 respondents from 17 companies out of 19 in the market in parallel with 9 surveys. The results provide insights into an organization’s preparedness, skill gaps, and regulatory issues that affect the implementation of digital marketing. This paper emphasizes strategic recommendations including targeted investments in internal initiatives to address skill deficits, implementing customer-centric engagement using digital platforms for customer communication, and regulatory reforms to facilitate compliant and innovative practices. By adopting digital tools strategically, pharmaceutical companies can enhance market competitiveness and sustain growth in evolving industry dynamics.

Keywords: digital marketing, competitiveness, sustainability, communication.

1 Introduction

1.1 History and context

The pharmaceutical industry stands as a vital sector within the global economy, dedicated to providing life-saving medications to people worldwide. In the context of Lebanon, the pharmaceutical market remains dynamic and rapidly evolving, despite its relatively small size. The Lebanese pharmaceutical market was worth approximately LBP 13.9 trillion (USD 1.05 billion) in 2021, translating to a per capita spending of USD 155, which significantly exceeds regional spending for Arab Gulf and Levant countries. A substantial portion of this market, approximately 85.4%, comprises prescription medicines. Healthcare services in Lebanon are predominantly offered by the private sector, constituting 80% of healthcare provision (BLOM Invest, 2022). Lebanon boasts a high density of physicians, with approximately 22.71 physicians for every 10,000 people, making it the fifth highest in the Eastern Mediterranean region (Hussein Ismail et al, 2020).

In the Lebanese pharmaceutical market, approximately 90% of the companies are foreign based, while only 10% are manufacturing companies based locally. manufactured products (Bank Med, 2014). Major importing countries for pharmaceutical products include France, Germany, Switzerland, and the USA, represented by prominent companies such as Sanofi, Boehringer-Ingelheim, Novartis, Glaxo, and Pfizer, among others (Noaman et al, 2022).

The rising deployment of eHealth technologies is boosting healthcare efficiency. This will, of course, open the door for a new way of strategic thinking whether for Marketing or Management of the whole pharmaceutical

sector. Digital transformation will impose itself at different levels and create a base for the companies as a rescue for business continuity or even as a change mindset for building a different model in the future.

In recent years, the pharmaceutical industry has witnessed a significant transformation, especially in how companies market their products. The rise of digital technologies has propelled the integration of digital marketing strategies into the traditional business models of pharmaceutical companies. The onset of the COVID-19 pandemic besides the economic crisis further accelerated this digital shift, revolutionizing conventional marketing tactics. This transformation underlines the need for pharmaceutical companies to establish and maintain connections with their clientele, including physicians, pharmacists, hospital managers, and even patients, directly or indirectly. This shift to digital platforms has profound implications for both physicians and patients, making digital marketing a cornerstone for engagement, loyalty, and sales performance for Lebanese pharmaceutical companies.

2 Research Problem

The primary goal of most pharmaceutical organizations, regardless of their size, is to enhance their bottom line, aiming to generate more revenue. A significant portion of the marketing expenditure of pharmaceutical companies is dedicated to promoting their products and services as essential solutions in a patient's health journey. Although the COVID-19 pandemic pushed Lebanese pharmaceutical companies toward increased communication efforts, a full-fledged transition to comprehensive digital marketing strategies has not been realized.

The Lebanese pharmaceutical market is characterized by intense rivalry, emphasizing the importance of leveraging digitalization to streamline pharmaceutical operations, enhance client communication, reduce costs, and improve patient satisfaction. Despite the necessity, pharmaceutical companies in Lebanon have not adequately studied the impact of digital marketing on their businesses. Therefore, this study aims to construct a model facilitating the investigation of the shift from traditional marketing approaches to innovative digital marketing strategies, and the subsequent competitive advantages achieved. The dissertation will analyze the challenges and opportunities associated with the adoption of digital marketing in the pharmaceutical sector in Lebanon, paying close attention to the regulatory environment, and digital literacy among healthcare professionals and pharmaceutical company staff. Ultimately, this academic research aims to contribute to filling this gap by exploring the profound impact of digital marketing on Lebanese pharmaceutical businesses.

3 Literature Review

3.1 Pharma-marketing trends in the post-COVID-19 era

The study by Khan et al. (2021) serves as a foundational exploration of the pharmaceutical marketing landscape in the post-COVID-19 era. The authors highlight the industry's response to the global pandemic, emphasizing the adoption of advanced marketing, digital strategies, and telemedicine.

3.2 E-mail marketing and content strategies

Tabiat et al. (2022) emphasize the significance of e-mail campaigns tailored to physicians, ensuring relevant information delivery and increased engagement. Content marketing emerges as a powerful tool for establishing pharmaceutical companies as industry authorities. The implementation of this technique in the Lebanese pharmaceutical market was the quickest Not only because scientific content is the core of any communication with the physicians but also because the companies saw this channel as a plus to “Reach” strategy for physicians who were not able to be visited previously. Yet, one drawback remains is that the continuous feeding of the content is the trigger to continuity. If it is not of great interest e-mail will remain unread or will be after a certain time. In the evolving digital marketing paradigm, Bhaskar et al. (2020) highlight the potential of influencers in

reaching specific medical audiences. The use of various platforms, such as YouTube, Instagram, Twitter, and Facebook, is crucial for tailored content delivery.

3.3 Shift in pharma-marketing trends and telemedicine

Khan et al. underscore the adoption of e-detailing, advanced marketing, and digital strategies as key responses to the pandemic's challenges. Telemedicine plays a pivotal role in virtual interactions between physicians and pharmaceutical representatives. Lebanon was late in adopting these techniques since geographically all regions are accessible and culturally the physicians, patients, and even the companies favor face-to-face discussion.

3.4 E-detailing and customization

Hamade et al. (2022) elaborates on the central role of e-detailing in enhancing engagement with physicians, offering various forms such as scripted sessions and video conferencing. E-detailing and other e-tools like e-congresses were much favorite among physicians.

3.5 Adopting digital strategies in marketing to physicians

Okano et al. (2021) emphasize the dynamic nature of the pharmaceutical industry, requiring continuous remodeling to respond effectively to market trends, regulatory changes, and technological advancements.

3.6 Creating competitive advantage through digital marketing

Oyekunle et al. (2021) highlight the pivotal role of digital marketing in establishing and sustaining competitive advantage in a landscape where product differentiation is crucial. It had established a new weapon to highlight this differentiation and put it more in the perspective of the audience.

3.7 Design thinking as practical digital marketing guidelines and innovation

Ngamvichaikit et al. (2021) highlight the increasing reliance on digital media for health and medical information, necessitating the pharmaceutical industry to gear up toward digital marketing strategies. In fact, not only for the Lebanese market but for many markets as well attending physically any medical conferences is no longer a necessity. Ngamvichaikit et al. (2021) suggest that the application of design thinking should extend beyond mere marketing tactics to address ethical concerns. The ethical considerations in pharmaceutical marketing are intricate, involving issues such as transparency, data privacy, and the responsible communication of product information

4 Research Methodology

This research will employ a mixed-methods approach. Quantitative data will be collected through structured questionnaires distributed to marketing experts within approximately 17 pharmaceutical companies in Lebanon out of 19, including Sanofi, GSK, Novo-Nordisk, Roche, and others, in addition to local manufacturing companies, according to the algorithm, which is the biggest in its category. Non-probability sampling is used to select participants. Qualitative data is gathered through semi-structured interviews with 9 pharmaceutical managers from both local and international companies.

4.1 Figure

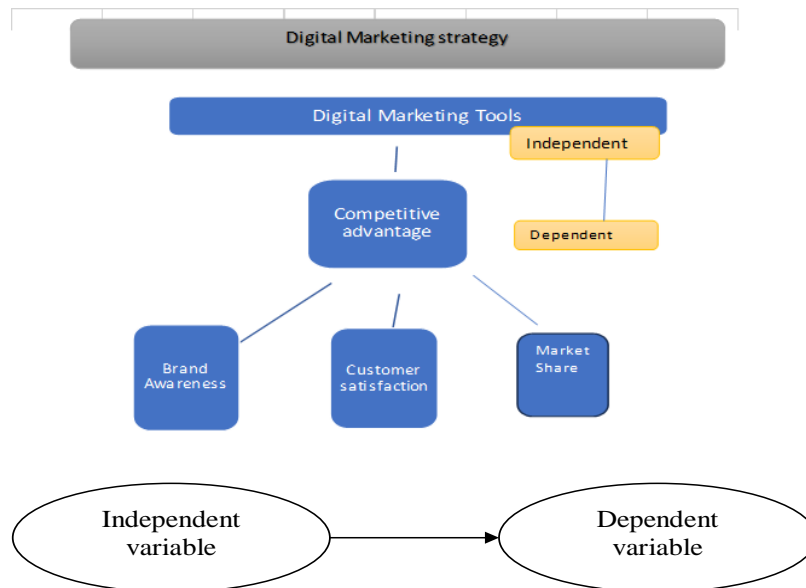


Figure 1. Research Model

From the above diagram, the competitive advantage is dependent on the implementation of digital marketing tools which are independent. Three factors Upon implementation of Digital tools are studied, such as Brand Awareness, competitive advantages, and digital Market Share. In this case, the competitive advantage of a pharmaceutical company is dependent on variables such as brand awareness, customer satisfaction, and market share while digital tools are independent. Tools like e-detailing, and e-mails are significant for increased chances of sustainability in the pharma industry. On the contrary, digital marketing strategies can provide both failure and success in an intensified market scenario.

5 Findings and Results

The focus of this study is to explore the adoption and impact of digital marketing strategies as a tool for creating and sustaining competitive advantage in the pharmaceutical market in Lebanon. The Pillars for this analysis were based on the relationship and correlation between adopting digital marketing tools and its relationship with brand awareness, customer satisfaction, and market share within this sector.

The quantitative analysis employed statistical tools to examine the relationship between the adoption of digital marketing tools and these indicators to see the impact and direct relationship from this adoption. For Brand Awareness: The model explains a small portion of the variance (3.4%) in brand awareness (R-squared). This suggests other factors likely play a more significant role. There's a weak positive relationship between the adoption of digital marketing tools and brand awareness (Beta = 0.185). However, it's not statistically significant (Sig. value = 0.195). This means we can't be confident the observed association is not due to chance. Implications: While digital marketing tools are widely used, their impact on brand awareness is unclear based on this analysis. We need to explore other factors influencing brand awareness in the thesis, such as the specific types of digital marketing strategies employed or the quality of the delivered content. This is exactly what the interpretation of the results of the questionnaire will reveal in this chapter. For Customer Satisfaction: Like brand awareness, the model explains a small portion (2.6%) of the variance in customer satisfaction. The relationship between the adoption of digital marketing tools and customer satisfaction is also weak and not statistically significant (Sig. value = 0.258). Implications: Similar to brand awareness, the link between digital

marketing tool adoption and customer satisfaction is unclear. Consider exploring other factors influencing customer satisfaction, such as customer service interactions or the overall customer experience. This model explains a more substantial portion (11.5%) of the variance in market share (R-squared). There's a moderate positive relationship between the adoption of digital marketing tools and market share (Beta = 0.339), and it's statistically significant (Sig. value = 0.015). This suggests companies using digital marketing tools tend to have a higher market share. Implications: There is a positive association between the adoption of digital marketing tools and market share. We will discuss the potential reasons for this connection. Perhaps effective use of digital marketing tools helps companies reach a wider audience, build stronger brand recognition, or improve customer engagement, all of which could contribute to a larger market share.

This analysis suggests a positive association between the adoption of digital marketing tools and market share. However, the impact on brand awareness and customer satisfaction is unclear based on this data. The following details on what was implemented will set the relation more clearly. Especially since the adoption of digital tools is still in its infancy and companies are still in the transition phase.

Complementing the quantitative findings, the qualitative data from in-depth interviews provided insights into the challenges, perceptions, and attitudes of pharmaceutical managers toward digital marketing transformation. Through these interviews, we explored the readiness of companies to embrace digital strategies, encountered obstacles during the transition, and uncovered potential opportunities for innovation and growth. Some general guidelines will be common between all companies however the implication of each tool in relevance to the company's needs and product No need to elaborate that if a company did not complete its digital mapping and persona, it cannot implement a clear and concise digital journey.

5.1 Findings from the quantitative results discussion

5.1.1 Adoption of digital marketing tools

The high adoption rate of digital marketing tools (94.1%) among respondents signifies a proactive approach towards embracing technology for marketing purposes within the pharmaceutical sector. This readiness was present in some companies before COVID however the implementation was boosted by the lockdown and the urgent need for business continuity. This widespread adoption suggests that companies recognize the importance of digital strategies in enhancing market presence and customer engagement. It aligns with global trends where digital transformation is becoming integral not only to enhance communication with customers and the creation of a competitive edge but also to business success and a means for sustainability. Although the implementation was shy at the beginning, the lack of experience of internal staff and sometimes the customer's reluctance in some cases made adopting some tools selective and progressive.

The survey sample comprised 21 respondents from the pharmaceutical industry in Lebanon, with a notable gender distribution where 62% were female and 38% were male. In terms of age distribution, most respondents (47.62%) fell into the 45-54 age bracket, followed by 38.1% in the 35-44 age group. Notably, there were no respondents under the age of 25 or over the age of 55. This age profile suggests a cohort of experienced professionals in the industry, likely with extensive backgrounds in traditional marketing methods. The dominance of respondents in the 35-54 age range suggests that most individuals surveyed have substantial experience in traditional marketing methodologies. While this experience is valuable, it also implies potential challenges in adapting quickly to digital marketing strategies, which may require a shift in mindset and skillset. The survey respondents overwhelmingly demonstrated significant tenure in their roles, with 90% having more than 10 years of experience. This high level of experience is reflected in their positions within pharmaceutical companies, where marketing managers represent the largest proportion (29%), followed by general managers (19%) and BU/franchise heads (14%).

The predominance of managerial roles among respondents, especially in marketing, underscores the strategic importance placed on digital marketing initiatives within these organizations. The seniority and experience of these individuals are likely influential in driving digital transformation efforts within their respective companies.

Most respondents (81%) belonged to multinational pharmaceutical companies, indicating a strong presence of global players in the Lebanese market. They are presented as scientific office representatives or direct pharma

office trading entities. This finding is significant, as multinational corporations often set trends and standards in digital marketing practices, influencing the strategies adopted by local and regional players.

5.1.2 Readiness and challenges

The majority (71%) of pharmaceutical companies in Lebanon acknowledge the importance of digitalized marketing services. However, internal limitations, particularly a lack of understanding and necessary skills hinder full implementation. This highlights a critical gap in skill sets within the industry, underscoring the need for targeted training programs to equip professionals with the expertise required for effective digital marketing strategies.

5.1.3 Perceptions and utilization of digital tools

A significant proportion of pharmaceutical companies (90.5%) express willingness to invest in and utilize digital tools for client communication. Motivations behind this inclination include global market trends, communication needs during the COVID-19 lockdowns, and cost-effectiveness amidst economic challenges in Lebanon. This readiness signifies a positive outlook toward integrating digital marketing into business strategies.

The prevalent use of e-detailing and e-mailing tools for client engagement underscores the initial steps taken toward digital transformation. However, the satisfaction level with current tools hints at opportunities for improvement and diversification to optimize client communication.

5.1.4 Impact of digital marketing strategies

Respondents recognize digital marketing's positive impact on customer engagement, with 52.4% attributing its effectiveness to increased brand awareness, market share, and customer satisfaction. Despite this acknowledgment, only a minority (19%) actively measures the impact of digital marketing on business performance, suggesting a need for enhanced analytics and KPI frameworks. While respondents perceive digital marketing as effective in reaching target audiences, a more comprehensive approach to measuring its success beyond mixed criteria is recommended. This includes quantifying effects on brand visibility, customer satisfaction, and market mapping for holistic performance evaluation.

5.1.5 Transition from conventional to digital marketing

Pharmaceutical companies demonstrate a high readiness (52.4%) to transition from traditional to digital marketing. However, challenges persist, primarily related to skill readiness (45%) and internal governance (40%) to drive cross-departmental collaboration effectively. Customer interaction barriers, particularly technological readiness (66.7%), highlight external challenges that require infrastructure improvements for seamless digital engagement.

5.1.6 Challenges and opportunities

Rigid regulations from the Ministry of Health (43%) pose significant challenges to digital marketing implementation, emphasizing the need for compliance and ethical considerations in strategy development. Internal procedures and SOPs (standard operating procedures) further accentuate the scrutiny of implementation.

Despite challenges, cost-effectiveness emerges as a driving force behind digital implementation, positioning it as a growth catalyst and competitive advantage in the pharmaceutical sector. Digital marketing is increasingly perceived as a strategic pillar for business growth, surpassing traditional methods.

Conclusion and implications

The data underscores a positive inclination towards digital marketing adoption within Lebanese pharmaceutical companies, driven by global trends, communication needs, and economic considerations. However, significant challenges exist, including skill gaps, internal governance issues, regulatory hurdles, and technological limitations.

To capitalize on digital opportunities effectively, targeted initiatives are necessary. These include comprehensive training programs, improved analytics frameworks, enhanced cross-departmental collaboration, and infrastructure investments. Addressing these challenges will enable pharmaceutical companies in Lebanon to leverage digital marketing as a transformative force for business growth and competitive advantage in the evolving healthcare landscape.

The qualitative insights gathered through semi-structured interviews provide an understanding of Lebanese pharmaceutical companies' perceptions, challenges, and advantages associated with the transition to digital marketing strategies. Let us analyze the findings and link them with the quantitative data presented earlier.

The synthesis of quantitative data and qualitative insights underscores the multidimensional impact of digital marketing strategies on Lebanese pharmaceutical companies. It highlights the interplay between internal perceptions, external challenges, and strategic adaptations necessary for successful digital transformation. Moving forward, addressing skill gaps, regulatory constraints, and customer engagement challenges will be pivotal in leveraging digital tools to enhance marketing practices, drive innovation, and capitalize on emerging opportunities in the pharmaceutical sector.

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