

Marketing Crisis Management of C Pharmaceutical Company: Basis for Strategic Plan

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Abstract. This research employed a quantitative descriptive research methodology to analyze the marketing crisis management of C Pharmaceutical Company, a Company Limited operating in Hunan Province since 2002. The study unveiled the company's evolution over its 21-year operational history, from a single drug business to a prominent player in centralized drug production, medical device research, and sales. With a workforce of 300 employees, extensive collaborations, and a unique role as the exclusive supplier of ephedrine and caffeine raw materials, the company showcased stability, growth orientation, and influence in the pharmaceutical industry, supported by robust financials with total assets of 2,034.7 billion yuan and annual sales revenue of 200 million yuan. The research recognized C Pharmaceuticals' marketing crisis management for its well-defined and adaptable scope, organized structure, and effective strategies. However, challenges in the dynamic communication landscape, internal team issues, and industry-specific preparedness were identified. The proposed strategic plan took a comprehensive approach, addressing challenges through proactive monitoring, industry-specific preparedness, improved crisis communication, internal resilience, and adapting to evolving communication channels. Additionally, engaging with industry experts for insights and advice was suggested to enhance the company's crisis management strategies. The research underscored the significance of continuous improvement, adaptability, and proactive measures in navigating the intricate nature of crisis management in the pharmaceutical industry.

Keywords: *Crisis Communication, Company Limited, Marketing Crisis Management, Pharmaceutical Industry, Strategic Plan*

1. Introduction

In the intricate and highly regulated terrain of the pharmaceutical industry, where scientific innovation converged with societal well-being, the management of marketing crises assumed a pivotal role in determining a company's resilience and prosperity. The sector operated at the nexus of groundbreaking advancements, stringent regulatory standards, and the delicate fabric of public trust. Navigating this complex environment, pharmaceutical companies had to

strike a delicate balance to ensure their survival and success. Marketing crises within this industry were not merely challenges to be overcome; they were potential catalysts for profound consequences on brand equity, market standing, and the overarching corporate reputation.

Crisis scenarios could emanate from various sources, and the implications were far-reaching. Product recalls, regulatory compliance issues, and negative public perceptions were among the multifaceted challenges that could disrupt the otherwise meticulous operations of pharmaceutical companies. As elucidated by Stark, McConnell, & Drennan (2014), crisis management in this context demanded a systematic approach encompassing the identification, planning, and execution of strategies to mitigate the impact of crises. It was within this intricate landscape that the present research endeavored to explore the nuanced intricacies of marketing crisis management, placing a specific focus on C Pharmaceutical Company.

The pharmaceutical sector, distinguished by its commitment to scientific progress and societal welfare, faced a dual reality. The introduction of novel medications and therapies held the promise of transformative health outcomes, yet this very innovation exposed companies to an array of risks. These risks materialized into marketing crises, posing challenges to established norms and necessitating strategic interventions. This study sought to unravel the strategic imperatives that should serve as the bedrock of crisis management within the marketing domain of pharmaceutical companies. Through an in-depth exploration, using C Pharmaceutical Company as a case study, the research aimed to provide actionable insights into the foundational elements of crisis response and recovery.

In the realm of strategic planning, the pharmaceutical industry's approach to marketing crisis management demanded not only a proactive stance but also adaptability to the evolving landscape. Vargo & Seville (2011) argued that effective strategic planning extended beyond foreseeing potential crises; it involved the formulation of robust strategies to navigate through them. For pharmaceutical companies, this signified a commitment to addressing immediate concerns during a crisis while concurrently extracting valuable lessons to fortify future marketing endeavors. The ensuing research critically reviewed existing literature on crisis management, strategic planning, and the unique challenges inherent in the pharmaceutical sector. By contributing to a comprehensive understanding of the strategic foundations required for navigating marketing

crises, this study sought to inform and guide pharmaceutical companies in their crisis response efforts.

Crucial to this understanding was an exploration of the typology of crises that pharmaceutical companies confronted. As the research progressed, the subsequent sections delved into these diverse crisis typologies within the pharmaceutical domain, scrutinizing their specific challenges and outlining strategic considerations for an effective response. The analysis was thoughtfully contextualized within the operations and experiences of C Pharmaceutical Company, offering real-world insights that contributed meaningfully to the broader discourse on marketing crisis management in the pharmaceutical industry.

The pharmaceutical industry was characterized by high technical complexity, extensive integration, and a high level of automation, but it also stood out for its substantial costs and profits. In contemporary society, medicine held a unique position, bringing significant financial gains to pharmaceutical companies and thrusting them into the limelight of public scrutiny. In the ever-competitive pharmaceutical market, effective marketing management was a pivotal component. Nevertheless, unforeseen marketing crises had consistently impeded the progress of pharmaceutical enterprises.

It held immense importance to accurately comprehend the nature and magnitude of these marketing crises within pharmaceutical companies, conduct a comprehensive analysis of their root causes, present tailored recommendations, and establish an efficient, prompt, and responsive marketing crisis prevention and early warning system for pharmaceutical firms.

2. Methodology

The study utilized a quantitative descriptive research design to thoroughly investigate the marketing crisis management practices at C Pharmaceuticals Company. This approach placed a strong emphasis on numerical data and statistical analysis, aiming for an objective description of observed phenomena. By prioritizing the collection of numerical data, the study objectively measured and analyzed various aspects related to marketing crisis management. Through statistical analysis, the study identified patterns and trends, offering clear and concise descriptive findings about different facets of marketing crisis management. This method also minimized researcher bias, contributing to the

objectivity and reliability of the insights provided. Overall, the adoption of a quantitative descriptive research design facilitated a systematic and structured exploration, providing valuable and objective insights for C Pharmaceuticals Company.

2.1. Sampling Procedure

The sampling technique employed in this study is stratified sampling, a method chosen for its ability to provide a more precise and representative understanding of the population. The population under investigation comprises 300 individuals within C Pharmaceutical Company, and to ensure a comprehensive examination, the researcher identified two distinct strata: employees and administrators. These strata were recognized based on the roles and perspectives each group holds within the organization.

The stratified sampling process involved dividing the population into these two strata and then randomly selecting participants from each group. The total sample size for the study was determined to be 169 individuals. This sample size was computed using the RaoSoft Sample Size Calculator, with a specified confidence level of 95% and a margin of error of 5%. The chosen confidence level reflects the researcher's confidence that the results are representative of the entire population, and the 5% margin of error indicates an acceptable level of variability in the estimates. The participation and accessibility of respondents were fundamental considerations, improving the efficiency and effectiveness of data collection (Domingo, 2023a; Domingo, 2023b; Domingo, 2023c).

2.2. Respondents

The participants in this study were drawn from two key groups within C Pharmaceutical Company—salespersons and administrators. Salespersons play a pivotal role as frontline representatives, directly engaging with clients and stakeholders, making them integral sources of insights into the practical aspects of marketing crisis management. Their experiences provide valuable perspectives on the challenges encountered in the field and the effectiveness of implemented strategies. On the other hand, administrators, being part of the internal management structure, contribute unique insights into the organizational strategies, decision-making processes, and the overall framework of marketing crisis management from a higher-level perspective. Combining

these two groups allows for a comprehensive examination of marketing crisis management practices, capturing both the operational intricacies faced by salespersons and the strategic considerations made by administrators. This dual-perspective approach enriches the study's findings, providing a holistic understanding of the dynamics and challenges within C Pharmaceutical Company's marketing crisis management framework.

Table 1.

Respondents of the Study

Respondents	Population	Sample
Salesman	270	152
Administration (Managers/Supervisors)	30	17
Total	300	169

2.3 Research Site

This study was conducted at the premises of C Pharmaceutical Company, a key player in the pharmaceutical industry, located in Hunan Province, China. Medicine, a vital and indispensable commodity in modern society, not only yielded substantial profits for pharmaceutical enterprises but also subjected them to intense public scrutiny. In the past context of the Chinese pharmaceutical landscape, marketing channels were intricately woven, resulting in a scenario marked by "small scale, limited diversity, and low content." This intricate network transformed the typical competition among pharmaceutical enterprises into a fierce and competitive environment. Given the critical role that pharmaceutical companies played in providing essential healthcare products, understanding and optimizing the marketing strategies employed by C Pharmaceutical Company was of paramount importance. By focusing on this specific locale, the research aimed to unravel the unique challenges and opportunities inherent in the Chinese pharmaceutical industry, shedding light on the strategies that could enhance the marketing crisis management practices within this dynamic and highly regulated sector.

3. Results and Discussion

3.1 Profile of C Pharmaceutical Company:

C Pharmaceutical Company operates as a Company Limited, as indicated by the "Co., Ltd." in its name. This legal structure denotes that the company is a separate legal entity, distinct from its shareholders. The use of "limited" implies that the liability of the shareholders is restricted, offering protection to their personal assets.

Established in 2002, C Pharmaceutical Company boasts a significant operational history of 21 years. This extensive period of activity underscores the company's experience and resilience in the pharmaceutical industry. Over the years, it has likely adapted to evolving market trends and regulatory changes, contributing to its growth and development.

C Pharmaceutical Company is the exclusive supplier of ephedrine and caffeine raw materials in Hunan Province. Additionally, it is designated as the sole drug reserve unit in the region. Originally focused on a single drug and medical device, the company has evolved into a major player in the pharmaceutical industry. Today, it engages in centralized drug production, medical device research and development, and sales of medicines and medical devices. The company has built a strong network through collaborations with various enterprises, medical institutions, and retail pharmacy chains in the region.

In terms of financial strength, C Pharmaceutical Company demonstrates a robust economic standing with total assets amounting to an impressive 2,034.7 billion yuan. This substantial asset base underscores the company's financial stability and capacity for sustained growth. Moreover, the company's annual sales revenue of 200 million yuan further underscores its market presence and commercial success. This substantial revenue stream not only reflects the effectiveness of its business strategies but also suggests a strong demand for the pharmaceutical products and services that C Pharmaceutical Company provides, positioning it as a key player in the pharmaceutical landscape.

3.2 Current marketing crisis management of C Pharmaceuticals Company

3.2.1 Scope

The evaluation of C Pharmaceuticals Company's marketing crisis management focuses on its scope, covering aspects like alignment with company objectives and communication with stakeholders. The highest-rated indicators show unanimous agreement that the company's scope aligns well with its goals and comprehensively addresses potential risks. Respondents strongly agree that the scope is adaptable to various crisis scenarios and considers both internal and external factors impacting the company. Additionally, there's consensus that the scope is clearly communicated to stakeholders. Overall, respondents unanimously agree that C Pharmaceuticals Company excels in its marketing crisis management scope, with a high grand mean score indicating positive perceptions across all indicators. Clear communication is a fundamental aspect of crisis management, ensuring that stakeholders are well-informed and aligned with the company's crisis response efforts. (Blyth, 2009).

3.2.2 Structure

The evaluation of C Pharmaceuticals Company's marketing crisis management structure examines its efficiency, clarity, responsiveness, communication channels, and employee preparedness. The highest-rated indicator reflects unanimous agreement that the company's structure is well-organized, facilitating efficient coordination and communication. Respondents strongly agree that roles and hierarchy are clearly defined, aiding effective decision-making during crises. There's consensus that the structure enables a swift and effective response to marketing crises, emphasizing agility in decision-making. Additionally, respondents strongly agree that communication channels facilitate timely information flow, crucial for crisis management. Lastly, there's a strong consensus that employees are well-trained and aware of their roles, enhancing the company's crisis response capabilities. The high grand mean score indicates unanimous agreement that C Pharmaceuticals Company excels in its marketing crisis management structure. A well-defined and organized structure is crucial for efficient coordination and communication during crises, reinforcing the effectiveness of C Pharmaceuticals Company's approach to marketing crisis management structure (Kahn, Barton, & Fellows, 2013).

3.2.3 Strategies (formulation, implementation, evaluation and control)

The evaluation of C Pharmaceuticals Company's marketing crisis management strategies, reflects a well-structured and effective approach, with high mean scores across all indicators. Respondents strongly agree that the formulation of crisis management plans is thorough and aligns with industry standards, indicating proactive strategic planning. Implementation of these strategies is seen as timely and coordinated, crucial for crisis mitigation. Evaluation processes are robust, allowing for continuous improvement, while effective control mechanisms prevent escalation. The adaptability of strategies to different crisis scenarios is highlighted, essential in the pharmaceutical industry. Overall, there is unanimous agreement among respondents that C Pharmaceuticals Company excels in its marketing crisis management strategies, demonstrating a commitment to best practices and versatility. Overall, these findings reinforce the notion that C Pharmaceuticals Company is well-prepared to navigate and manage marketing crises in a dynamic and challenging industry landscape.

3.2.4 Best Practices:

Respondents strongly agree that the company's approaches adhere to recognized standards, demonstrating proactive efforts to maintain industry benchmarks. Additionally, C Pharmaceuticals actively integrates and benchmarks against industry best practices, reflecting a commitment to continuous improvement and staying abreast of emerging standards. Employee training and adherence to best practices are emphasized, contributing to the company's successful crisis management strategy. Despite a slightly lower mean in the fifth indicator, indicating a commitment to continuous improvement, the overall sentiment remains positive. The grand mean score reinforces unanimous agreement among respondents that C Pharmaceuticals excels in implementing recognized industry best practices in its marketing crisis management. The company demonstrates alignment with industry standards, actively incorporates and benchmarks against best practices, consistently reviews and updates its practices, and emphasizes employee training. This aligns with the notion that companies in the pharmaceutical industry should not only adopt best practices but also continuously assess and benchmark their practices against industry standards (Chaturvedi, Sharma, Dangayach, & Sarkar, 2017).

3.2.5 Results

The indicators show strong agreement that the company's efforts have successfully mitigated risks, preserved its reputation, and aligned with predefined objectives. Effective stakeholder management has minimized the impact of recent crises, underscoring the importance of maintaining trust and credibility. Lessons from past crises have contributed to overall effectiveness, highlighting the value of a learning-oriented approach. While the assessment of results is regularly conducted for continuous refinement, the overall sentiment remains positive, with unanimous agreement that C Pharmaceuticals achieves positive outcomes through its crisis management efforts. The findings suggest that C Pharmaceuticals Company excels in achieving positive results in marketing crisis management. The company's efforts align with predefined objectives, effectively minimize the impact on stakeholders, leverage lessons from past crises for improvement, and demonstrate a commitment to continuous refinement.

3.3 Marketing crisis management of C Pharmaceuticals Company

3.3.1 Benefits

The assessment of marketing crisis management strategies at C Pharmaceuticals Company indicates significant tangible benefits across various dimensions. Firstly, respondents strongly agree that these strategies have positively influenced the company's reputation and brand image, aligning with the core objective of crisis management to safeguard reputation amidst challenges. This resonates with a mean score of 3.68, indicating robust agreement among respondents. Secondly, employees perceive these practices as effective guides during challenging situations, facilitating coordinated and decisive actions, which also scored 3.68, emphasizing the structured framework crisis management provides for decision-making.

Additionally, the findings reveal that these strategies have been instrumental in maintaining stakeholder trust and confidence, with effective stakeholder management playing a pivotal role in crisis response, as evidenced by the mean score of 3.68. Moreover, the implementation of these practices has mitigated the financial impact on the company during crises, highlighting their

financial benefits with a mean score of 3.68. Despite a slightly lower mean score of 3.32 in the fifth indicator, which assesses adaptability and recovery capabilities, it still falls within the "Strongly Agree" category, indicating an overall positive sentiment regarding the company's ability to adapt and recover from unforeseen challenges. Overall, the grand mean of 3.61 consolidates these findings, demonstrating a strong collective agreement on the substantial benefits derived from C Pharmaceuticals Company's marketing crisis management efforts.

3.3.2 Challenges

The examination of challenges faced by C Pharmaceuticals Company in marketing crisis management reveals significant hurdles from external factors like regulatory changes and market fluctuations, as evidenced by a mean score of 2.80. Employees also express concerns about the crisis management plan's adequacy in addressing the pharmaceutical industry's unique challenges, reflected in a mean score of 2.60. These findings highlight the complexity of crisis navigation in a highly regulated and dynamic industry, necessitating tailored approaches to management.

Internally, challenges persist in communication strategies and addressing internal issues within the crisis management team. Despite a slightly lower mean score of 3.60, categorized as "Strongly Agree," respondents robustly agree on the need to enhance communication strategies during crises. Additionally, there's a strong consensus, with a mean score of 3.80, that internal challenges within the crisis management team hinder a culture of continuous improvement. Moreover, employees perceive challenges in adapting to the rapidly evolving communication landscape and evolving public expectations, as indicated by a mean score of 2.93. These findings underscore the multifaceted nature of crisis management challenges within the pharmaceutical industry, calling for adaptive strategies and a holistic approach to address them effectively. These challenges underscore the complexity of crisis management within the pharmaceutical industry, requiring tailored strategies and an adaptive approach (Tagarev & Ratchev, 2020).

3.4. Proposed strategic marketing crisis management plan as a result of the study.

The strategic marketing crisis management plan for C Pharmaceuticals is formulated after a thorough analysis of the company's existing challenges, recognizing the critical need to enhance resilience in navigating the dynamic pharmaceutical industry. Firstly, the plan prioritizes external resilience by proactively monitoring regulatory changes and market fluctuations, aiming to minimize their impact through regular reviews and adaptability initiatives. Secondly, industry-specific preparedness is strengthened through crisis simulation drills and collaboration with industry experts to better anticipate and manage sector-specific disruptions. To enhance crisis communication effectiveness, measures are introduced to improve information sharing and stakeholder engagement, including additional training and advanced communication tools. Internally, the plan fosters resilience by establishing feedback mechanisms for addressing internal challenges swiftly and promoting a culture of continuous improvement. Lastly, initiatives to keep pace with evolving communication channels and public expectations, such as training programs and continuous monitoring of emerging trends, ensure the company remains adaptable and aligned with evolving communication preferences. Overall, the plan integrates industry best practices and proactive measures to fortify C Pharmaceuticals' ability to respond effectively to future uncertainties, positioning it as a resilient and adaptive player in the pharmaceutical landscape.

4. Conclusion

C Pharmaceutical Company, operating as a Company Limited, has evolved over 21 years into a leading player in centralized drug production, medical device research, and sales, with a unique role as the exclusive supplier of ephedrine and caffeine raw materials in Hunan Province, supported by a workforce of 300 employees, extensive collaborations, and robust financials, positioning it as a stable, growth-oriented, and influential entity in the pharmaceutical industry. C Pharmaceuticals Company's marketing crisis management earns praise for its well-defined and adaptable scope, organized structure, and effective strategies, reflected in high grand means and unanimous agreement on excellence, despite a slightly lower commitment to continuous improvement. Recognition is unanimous for the tangible benefits derived from C Pharmaceuticals' marketing crisis management, positively impacting reputation, decision-making, stakeholder trust, financial resilience, and adaptability, emphasizing substantial advantages despite facing a spectrum of challenges in the pharmaceutical

industry. The proposed strategic marketing crisis management plan for C Pharmaceuticals takes a comprehensive approach, addressing challenges through proactive monitoring, industry-specific preparedness, improved crisis communication, internal resilience, and adapting to evolving communication channels, aiming to enhance the company's response capabilities in the pharmaceutical industry.

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