Available for free online at https://ojs.hh.se/

Journal of Intelligence Studies in Business 1 (2013) 5-14

Competitive intelligence in the South African pharmaceutical industry

A. Fatti and A.S.A. du Toit

Centre for Information and Knowledge Management, University of Johannesburg, South Africa
E-mail: afatti@gmail.com E-mail: adeline.dutoit@up.ac.za

Received February 12, accepted 25 February 2013

ABSTRACT: Currently the South African pharmaceutical industry is being affected by legislation, as the government is readjusting the whole healthcare system to make it cost-effective and equitable. The purpose of this article is to establish what the current situation is within the South African pharmaceutical's industry's competitive intelligence (CI) capacity. Questionnaires were administered electronically to senior managers in the pharmaceutical industry. The majority of the respondents were of the opinion that a culture of information sharing and an environment of collaboration on competitive issues exist in their companies. Respondents confirm that CI is used on a continuous basis in strategic decision-making and that company strategies are used to manage competitors. It is recommended that senior management of pharmaceutical companies capitalise and consolidate the CI function which is used on a continuous basis in strategic decision-making.

KEYWORDS: Competitive intelligence, pharmaceutical industry, South Africa, strategic decision-making

Introduction

In a developing country such as South Africa, the local pharmaceutical industry needs to compete in highly dynamic international markets. All global economies are in a state of flux, constantly evolving to accommodate changes, risks and opportunities as their markets develop or subside (Badr, Madden & Wright 2006, 18). Consequently, if South Africa is to compete, it will need to be open to world trade etiquette along with all the rules and regulations that operate in global markets. The South African government has new procurement rules ready to boost home-grown production to encourage export rather than importing medicines subject to fluctuating world prices. The revised preferential procurement regulations to drive economic transformation were issued on December 7th, 2011 and this Preferential Procurement Policy Framework Act (PPPFA) confirms the South African government's seriousness and concern in creating jobs for its previously economically disadvantaged people. On the international front the pharmaceutical industry has been undergoing tremendous changes as it responded to turbulent world markets. Currently the South African pharmaceutical industry is being affected by much legislation, as the government is readjusting the whole healthcare system to make it cost-effective and equitable, i.e. National Health Insurance (NHI).

Local pharmaceutical manufacturers can 'think smart' when competing with resident multinationals who have their competitive intelligence (CI) functionality assessed at headquarters in their mother countries, i.e. Glaxco, Kline and Smith Pharmaceuticals (GKS). Changes emanate from the overall economic downturn, the rising cost of healthcare and the costs associated

with the development and sales of pharmaceuticals (Baines 2010, 8). Baines outlines four major challenges facing the industry:

- Decline in the discovery, approval and marketing of new chemical entities (NCE).
- Fewer and fewer highly successful drugs are making it to the market.
- Competition from generic drugs.
- Regulatory pressures.

In South Africa all four challenges outlined above are pressing factors that pharmaceutical manufacturers have to deal with on a daily basis. Medical aid schemes too are feeling the pressure from another source, namely biologics. Buthlezi (2012, 15) reported on the unsustainability of the costs of these medicines in the next few years, despite an increasing demand for these specialised expensive drugs. Buthlezi noted too that Liberty Medical Scheme was concerned with the extensive biologics pipeline, resulting in future unsustainable medicine expenditure. Discovery Health also contributed to the argument that health-care funders and policymakers need to find a way to make these expensive medicines sustainable and affordable (Buthlezi 2012, 15).

It is the purpose of this article to report on the CI capacity of South African pharmaceutical manufacturing companies.

Competitive intelligence

McGonagle and Vella (2002, 36) define CI as:

- The use of public sources to develop data (unprocessed facts) on competition, competitors, and the market environment; and
- The transformation, by analysis, of those data into information (usable results) able to support business decisions.

Evans (2005, 6) defines CI as integrated knowledge, namely CI = C³: collecting data; converting it through analysis into meaningful information and communicating it. According to Correia (2003, 1) "Unlike business intelligence, which has become a catch-all term that companies like IBM use to describe data mining and activities involving business information, CI involves competitive analysis and examines competitive forces within one's industry."

Senior managers need to understand that good CI is critical to an organisation's competitive decision and competitive performance (Hall & Bensousson 2007, 101). They need to start practising CI routinely and comprehensively and use the intelligence in their strategic decision-making (Viviers, Muller & Du Toit 2005, 253). Sewlal (2004, 3) concurs in his research: "for a company to use its CI efforts successfully, an appropriate organisational awareness of CI and a culture of competitiveness are necessary."

Competitiveness in the pharmaceutical industry

According to Wright, Fleischer and Madden (2008, 2), the pharmaceutical industry needs to maintain its position by keeping "abreast of all decisions influencing factors, including competitors." Astra Zeneca was one of the few pharmaceutical companies that "had devised a fully integrated early warning system" concerning the impact of biotechnology on the industry (Badr et al. 2006, 19). Furthermore, Fuld (2004), cited in Badr et al. (2006, 19), states that the "frenzy surrounding the provision of AIDS drugs to Africa" was due to "the inadequacies of a CI function in many leading pharmaceutical companies."

Since 2008, South Africa, along with the rest of the modern world, has witnessed evolving business platforms where complexity, rapid change and a competitive environment co-exist. In order to grow in this new global economy, organisations tend to address the advantages of implementing CI. South African industries need to grow markets internationally because their domestic market offers limited returns on their investments and as a result of more complicated government regulations, a volatile currency and political uncertainty, profit margins are under threat. In addition, to penetrate and maintain a position in international markets, significant hurdles need to be overcome. In aspects of decision-making that involve factors such as competitors, risks, blind spots and unseen opportunities, CI has the edge in terms of analysis to provide actionable intelligence for strategy. The pharmaceutical industry has been experiencing major shifts since 2008. Henderson (2011, 35) states that "The past decade has not been kind to the pharmaceutical industry. While many of its biggest blockbusters stating anti-depressants and painkillers have drifted out of patents, others have been forced off the market by serious side-effects with health services driving a harder bargain than ever and the cost of research and development pushing £630 million ($1 billion) for every new drug."

Savioz and Sugasawa, cited in Wright, Fleisher and Madden (2008, 2), particularly state that because the pharmaceutical industry is a highly dynamic market, it needs to maintain its position by keeping "abreast of all decisions influencing factors, including competitors." Richardson (2008, 1) notes that while some pharmaceutical companies have jettisoned their CI activities, others have invested more into developing them.

The manufacturing of drugs is an expensive business. The pharmaceutical industry itself is highly competitive, driven by the need to innovate and discover new, expensive drugs. The time span of 20 years to discover and market a new drug is an added reason why multinationals have unique CI challenges. By becoming more globalised, multinationals can reduce their dependency on local markets where competition has increased, especially in the pharmaceutical industry. Global markets offer a better return on investments. In particular, the global affluent ageing populations with higher disposable incomes are an enticement to multinationals, which have to contend with the current South African government's decision to give business to foreign manufacturers that offer donor-funded discounts (RNCOS Industry Research Solutions 2011, 1). Consequently, when profit margins are under pressure, multinationals need to base future strategy by factoring in such a unique CI challenge if they initially saw the risk, but if they saw the opportunity too, they might have global markets earlier. RNCOS Industry Research Solutions (2011, 2) supports this notion by stating that their "overseas expansion strategy is being driven by a need to reduce its dependence on its home market."

Seemingly the current characteristic of the South African pharmaceutical industry is to encourage multinationals to keep their bases on South African soil, as this is where the huge disease burdens occur, for example diabetes, TB, high blood pressure and HIV/Aids. They could expand globally to gain a profitable return on their investments, but keep their options open in the hope that new government regulations, economic and political agendas will become more favourable. Notably the incidence of clinical trials for HIV/Aids is significantly lower than in other countries (Montague & Oosthuizen 2010, 23), providing further reason for multinationals to continue doing business in South Africa.

Since the new political dispensation after 1994, the South African pharmaceutical industry has undergone dramatic changes in trying to adapt to the new order. Martin (2002, 4) advocates that: "the new landscape in which business operates, demands agility." Government and business operate in the same environment. Their integration defines characteristics for the pharmaceutical industry. Some of these characteristics, such as price and volume of medicines, a volatile labour force, changing regulations and government legislation can be characterised by the contemporary examples given below.

Medical aids have to decide annually which patients should benefit in the current economic climate from expensive biological drugs because there is a growing demand from a minority of patients who need to be serviced by these new drugs (Kahn 2012, 10).These specialised drugs are used for chronic conditions. The majority of clients would have to have their monthly premiums increased to accommodate these escalating costs, which are unlikely to drop, as biologics are sought after innovations and pharmaceutical companies need to get a return on their investments. Pushing up costs is a dilemma for patient, doctor and medical aid (Kahn 2012, 10). Dr Rajesh Patel, head of risks and benefits at the Board of Healthcare Funders, affirms this analysis and suggests that the South African government's NHI could have a central fund that would be a solution to finance biologics (Kahn 2012, 10). This example illustrates one of the problems of the industry, the dilemma of cost versus quality healthcare in a developing country.

A second example highlights a problem accelerated by government legislation. In 2011 doctors and HIV clinicians warned of a pending national shortage of antiretroviral (ARV) drug supplies. Those responsible are the suppliers rather than the manufacturers *per se*, because contracts are awarded annually to government-favoured suppliers, in this case 30% to Sonke Pharmaceutical and 70% to Aspen Pharmacare. In addition, there has been an enormous increase in the number of HIV patients requesting treatment and the USA's contribution has been dwindling. The Department of Health seems to lack the capacity to put timeous pressure on contracted suppliers to be answerable to their mandate (Bodibe 2012, 1). Admittedly the fallout was addressed in June 2012 by the Department of Health. It requested other suppliers to assist; among others Aspen Pharmacare exceeded its contractual mandate. Subsequently the cause of the problem was related to an increase in the number of patients requesting ARV drugs because of government's advertising of free testing and free medication. In addition, the previous international non-governmental organisations donors did not fulfil their commitments, stating that the South African government had enough funds to supply the drugs. Government was caught unprepared.

A third matter of concern in the industry is cost. The manufacturer, Pharma Dynamics, recently cut its prices on antidepressants and drugs for hypertension and diabetes to benefit "a greater proportion of the population" (Buthelezi 2012, 19). Such a magnanimous step characterises the agility with which the South African pharmaceutical industry is able to participate in the global economy. These examples help to illustrate the kinds of challenges that characterise the current industry.

Timur (2006, 8) identifies a set of more universal characteristics which are equally applicable to the South Africa situation. He states that

pharmaceuticals are "the world's most research-intensive industry, generating new drugs that satisfy vital consumer needs in healthcare by saving lives and significantly increasing quality of life", which is fundamental to its existence. Scherer, cited in Timur (2006, 8), credits the industry as a 'crucial component in delivering healthcare'. Ultimately, although these characteristics have a noble ring to them, the industry also demands a heavy price in terms of service delivery, involving factors such as government regulations, fluctuating profit margins, spiralling costs and an escalating capacity demanding to be addressed.

The South African pharmaceutical industry is undergoing rapid transformation spurred on by the current economic climate, government policy and an evolving local existing customer base. Also within this cauldron of factors is the dominating framework of globalisation. South Africa, like many developing countries, needs to embrace an open-market economy to develop competitiveness which, in turn, will "enhance its competitiveness to improve living standards" (Blanke 2007, 3).

Besides the evidence from literature reviews narrated above, it seems that there is a powerful argument for the pharmaceutical industry to adopt a CI functionality in South Africa. There are additional benefits that CI can bring to the industry. CI's chief benefit to any organisation, is its ability to monitor a company's competition within the industry and the wider market continuously. This is currently of great importance as there are opportunistic firms that have penetrated the traditional, monopolistic pharmaceutical industry. Buck-Luce (2011, 1) confirms this trend: "IT firms, telecommunications companies, data management firms, internet services companies and social media sites" are encroaching on the lucrative international pharmaceutical industry."

Empirical survey of CI in South African pharmaceutical companies: Methodology

There is no complete list of manufacturing pharmaceutical companies in South Africa, except for a list of viable current manufacturers used by retail pharmacies (MIMS, 2011, 2063-2064). Additional manufacturer's contacts were accessed via telephone directories and the Internet and eventually a list of 68 manufacturing pharmaceutical companies was compiled. The questionnaire consisted of 24 questions divided into Sections A, B, C, D and E. Section A required background information while Section B explored the respondents' thinking on CI activities. Section C attempted to elicit the extent of CI capacity in the respondent's company. Section D focused on analysis and interpretation of a senior manager's use of CI as a tool to help with information analysis. Section E queried whether respondents could comment on the value CI adds to strategic management.

The questionnaire was tested in a trial or pilot run with six different respondents involved with the medical and pharmaceutical industry. They appreciated the significance of strategic planning and knew about CI. Consequently justifiable constructive criticism was levelled at the existing questionnaire. A few minor changes were made to accommodate the valid criticism.

An electronic questionnaire as an instrument of data collection was chosen because of its practicality in surveying the perceptions of busy senior managers spread across a wide geographical base. Access to the questionnaire was via an electronic link embedded in the covering letter. The link is part of the web-based surveymonkey tool (www.surveymonkey.com). It was used as a format to capture completed responses, which could be automatically submitted once each respondent had completed the questionnaire. The Statistical Consultation Service (Statkon) at the University of Johannesburg assisted with data capturing analysis, using Statistical Package for Social Science (SPSS) software. The main disadvantage of an electronic questionnaire over most other forms of surveys is that response rates can be low (O'Leary 2005, 106). To address the problem, the authors reminded potential respondents every week to participate.

An email was sent directly to the contact responsible for strategic planning in the company. The email included a covering letter with a link embedded for the recipient to access the questionnaire. The number of completed questionnaires was 30 giving a response rate of 44%.

Findings

Background information

The majority of respondents were between the ages of 40 and 49 years (44.8% (13)), with 27.6% (8) respondents falling into the 30 to 39 years range and 20.7% (6) respondents in the 50 to 59 years level. In findings by Strauss (2008, 51), she noted that the majority of respondents fell into the age category 40 years and above, while Du Toit and Sewdass (2012, 230) found that 50% of respondents were younger than 50 years. All three findings suggest a tendency for a younger generation of CI professionals starting to filter through in South Africa. The majority of respondents (30% (9)) have a post-school diploma/certificate. However, 39.9% (12) of the respondents have a post-graduate degree – 13.3% an honours degree, 23,3% a master's degree and

3.3% a doctoral degree and the majority of the respondents (80.0% (24)) were at top management level. These findings suggest that CI is being supported by senior management in the South African pharmaceutical industry, which is in keeping with the position of taking on responsibility for a company's strategy.

CI activities

A formal CI function is only available in 42.3% (11) of the companies. According to Du Toit (2003, 117) formal intelligence units were used by only 26% of the manufacturing companies she surveyed, with 76% having some kind of CI system in place. When comparing the present results, where only 42.3% of the pharmaceutical manufacturing companies have a formal CI function, no real improvement since 2003 is evident for companies operating in 2012. Research by Du Toit and Sewdass (2012, 231) found that 60% of the companies they surveyed had a formal CI function. The CI function has been operating in the majority of companies for less than ten years and only 23.1% (3) of respondents confirmed that the CI function has been operating in their companies for more than 10 years. Nineteen respondents said they did not know, indicating that they did not have a CI function in their companies. These findings support the research by Du Toit and Strauss (2010, 29) that CI has been around for more than five years but less than 10 years and that of Du Toit and Sewdass (2012, 231) that "the CI function has been in existence for more than five years in 65% of the companies" surveyed. The majority of respondents (69.6% (16)) viewed environmental scanning as extremely important and 68% (17) of the respondents have strategies in place to manage competitors on a continuous basis. According to the findings of Du Toit (2003, 117), only 43% of the companies used "formal environmental scanning systems." The 69.6% mentioned above shows that there has been some improvement in the importance pharmaceutical companies paid to environmental scanning systems. This result suggests that the pharmaceutical industry is starting to take CI more seriously and using it to get a competitive edge.

CI capacity

The majority of respondents (52.2% (12)) confirmed that CI capacity is used in their company to generate profit. According to Table 1, CI is often used to guide decision-making processes in 71.4% (15) of the companies. CI is often conducted in an organised and systematic way by 42% (9) of the companies, while it is sometimes used for early warning of competitive activities by 33.3% (7) of the respondents. CI is often used as early warning of emerging industry trends by the majority (52.45 911)) of respondents and it often helps to consolidate intelligence for strategic reasons at 42% (9) of the companies. At 42% of the respondents, the CI stature sometimes affects strategic planning. This evidence shows that CI is often considered by the majority of respondents to be a worthwhile business tool to be used in the company.

The majority of the respondents (82.6% (19) were aware of the key intelligence needs of senior managers in their companies. This finding shows an improvement on how companies viewed the CEO's needs in comparison to the findings of Du Toit (2003, 117) in 2003 where only 21% of CI units regularly interviewed CEOs to understand their needs. With regard to the question 'How are details of CI held collectively by your company?' the majority of respondents (42.1% (8)) said that data were held in a database that was only available to the CI unit professionals.

	Never		**Rarely**		**Sometimes**		**Often**		**Always**		**Total**	
CI is used to guide decision-making processes	0	0%	3	14.3%	2	9.5%	15	71.4%	1	4.8%	21	100%
CI is delivered in an organised and systematic way	2	9.5%	5	23.8%	5	23.8%	9	42.0%	0	0%	21	100%
CI is used for early warning of competitor activities	1	4.8%	2	9.5%	7	33.3%	6	28.6%	5	23.8%	21	100%
CI is used for early warning of emerging industry trends	1	4.8%	2	9.5%	4	19.0%	11	52.4%	3	14.3%	21	100%
CI helps to consolidate intelligence for	1	4.8%	3	14.3%	3	14.3%	11	52.4%	3	14.3%	21	100%

strategic reasons												
CI stature impact on strategic planning	1	4.8%	1	4.8%	2	9.5%	9	42.0%	8	38.1%	21	100%

Table 1: CI as used in company (The modal category for each option is shaded)

Use of primary sources

According to Table 2, the most important primary sources are staff attending conferences and seminars on a quarterly basis (54.5%), employees reporting back on competitor actions on a monthly basis (45%) and members of professional trade and industry associations on a monthly basis (40.9%). Employees in competitor organisations are seldom used, indicating that the respondents use ethical ways to collect primary information. Suppliers, customers (33.3% of respondents) and distributors (26.1% of respondents) are accessed on a daily basis. Industry experts were accessed quarterly by 36.4% (8) of the respondents, which supports the finding by Du Toit and Sewdass (2012, 232) that industry experts were an important source (See Table 2: the modal category for each option is shaded).

Source	Daily		Weekly		Monthly		Quarterly		Annually		Never		Total	
Consultants, market researchers	0	0%	0	0%	8	34.8%	3	13%	7	30.4%	5	21.7%	23	100%
Suppliers, customers	7	33.3%	5	23.8%	1	4.8%	5	23.8%	2	9.5%	1	4.8%	21	100%
Distributors	6	26.1%	4	17.4%	4	17.4%	4	17.4%	2	8.7%	3	13%	23	100%
Industry experts	0	0%	1	4.5%	5	22.7%	8	36.4%	6	27.3%	2	9.1%	22	100%
Staff joining from competitors	2	10%	0	0%	3	15%	3	15%	7	35%	5	25%	20	100%
Members of professional trade and industry associations	1	4.5%	2	9.1%	9	40.9%	4	18.2%	3	13.6%	3	13.6%	22	100%
Employees in competitor organisations	0	0%	1	4.8%	4	19%	2	9.5%	2	9.5%	12	57.1%	21	100%
Journalists	0	0%	1	4.8%	3	14.3%	7	33.3%	2	9.5%	3	38.1%	21	100%
Staff attending conferences and seminars	0	0%	1	4.5%	3	13.6$	12	54.5%	5	22.7%	1	4.5%	22	100%
Recreational social activities	0	0%	1	4.5%	4	18.2%	4	18.2%	3	13.6%	10	45.5%	22	100%
Employees report back on competitor actions	3	15%	5	25%	9	45%	2	10%	1	5%	0	0%	20	100%
Employees report back on customer needs	5	23.8%	7	33.3%	8	38.1%	0	0%	0	0%	1	4.8%	21	100%
Other	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	2	100%

Table 2: Use of primary sources (The modal category for each option is shaded)

Use of secondary sources

According to Table 3, the most important secondary sources are trade literature, which is accessed monthly by 59.1% of the respondents, promotional material, which is accessed monthly by 54.5% of the respondents, information on regulatory bodies, which is accessed monthly by 50% of the respondents, and general newspapers, which is accessed daily by 50% of the respondents. Survey summaries are seldom used by the respondents. This finding is in direct contrast to a similar finding by Du Toit and Sewdass (2012, 231) that survey summaries are accessed quarterly and monthly by South African companies. Corporate websites (accessed by 22.7% of the respondents on a monthly and quarterly basis) and industry analyst reports (accessed by 45.5% of the respondents on a quarterly basis) were not as frequently accessed, according to the findings of Du Toit and Sewdass (2012, 231).

Source	Daily		Weekly		Monthly		Quarterly		Annually		Never		Total	
Corporate websites	1	4.5%	4	18.2%	5	22.7%	5	22.7%	4	18.2%	3	13.6%	22	100%
Sales forecasts	4	19%	6	28.6%	5	23.8%	2	9.5%	1	4.8%	3	14.3%	21	100%
Operational performance data	4	19%	6	28.6%	4	19%	5	23.8%	1	4.8%	1	4.8%	21	100%
Internal financial information	3	13.6%	7	31.8%	7	31.8%	2	9.1%	0	0%	3	13.6%	22	100%
Information on regulatory bodies	3	13.6%	2	9.1%	11	50%	4	18.2%	0	0%	2	9.1%	22	100%
Customer demographics	1	4.5%	1	4.5%	8	36.4%	6	27.3%	6	17.3%	0	0%	22	100%
Information on potential business partners	2	9.1%	1	4.5%	5	22.7%	11	50%	3	13.6%	0	0%	22	100%
Research reports	1	4.5%	1	4.5%	8	36.4%	7	31.8%	4	18.2%	1	4.5%	22	100%
Trade shows/conferences	0	0%	1	4.5%	3	13.8%	11	50%	7	31.8%	0	0%	22	100%
Trade literature (journals)	1	4.5%	3	13.8%	13	59.1%	4	18.2%	0	0%	1	4.5%	22	100%
Promotional material	2	9.1%	3	13.8%	12	54.5%	3	13.8%	0	0%	2	9.1%	22	100%
Corporate annual/quarterly reports	0	0%	2	9.5%	1	4.8%	9	42.9%	7	33.3%	2	9.8%	21	100%
Industry analyst reports	0	0%	2	9.1%	2	9.1%	10	45.5%	6	27.3%	2	9.1%	22	100%
Survey summaries	0	0%	0	0%	2	9.5%	5	23.8%	8	38.1%	6	28.6%	21	100%
Market research reports	1	4.5%	0	0%	6	27.3%	9	40.9%	5	22.7%	1	4.5%	22	100%
Specific government literature	1	4.5%	2	9.1%	7	31.8%	8	36.4%	3	13.6%	1	4.5%	22	100%
General newspapers	11	50%	5	22.7%	3	13.6%	0	0%	0	0%	3	13.6%	22	100%
Other	0	0%	0	0%	0	0%	0	0%	0	0%	1	100%	1	100%

Table 3: Use of secondary sources (The modal category for each option is shaded)

Analytical methods/models used

Table 4 shows that the respondents often use industry analysis (59.1% of respondents), GAP analysis (57.1% of respondents) and benchmarking (54.5% of respondents). Only 31.8% of the respondents always use SWOT analysis, while the sophisticated methods Porter's ™ Four Corner model and blind-spot analysis are seldom used by the respondents (See Table 5.6: the modal category for each option is shaded).

Method/Model	Never		Rarely		Sometimes		Often		Always		Total	
Benchmarking	2	9.1%	1	4.5%	6	27.3%	12	54.5%	1	4.5%	22	100%
Porter's™ Four Corner Model	8	38.1%	8	38.1%	1	4.8%	4	19%	0	0%	21	100%
Blind-spot Analysis	7	33.3%	7	33.3%	4	19%	2	9.5%	1	4.8%	21	100%
Competitor Analysis	1	4.5%	2	9.1%	3	13.6%	10	45.5%	6	27.3%	22	100%
GAP Analysis	2	9.5%	1	4.8%	3	14.3%	12	57.1%	3	14.3%	21	100%
Industry Analysis	1	4.5%	0	0%	4	18.2%	14	59.1%	4	18.2%	22	100%
Macro-environment (STEEP) Analysis	3	14.3%	3	14.3%	6	28.6%	7	33.3%	2	9.5%	21	100%

Patent Analysis	5	22.7%	3	13.6%	6	27.3%	7	31.8%	1	4.5%	22	100%
Scenario Analysis	3	13.6%	4	18.2%	5	22.7%	8	36.4%	2	9.1%	22	100%
Strategic Group Analysis	4	18.2%	4	18.2%	4	18.2%	9	40.9%	1	4.5%	22	100%
SWOT Analysis	1	4.5%	1	4.5%	3	13.6%	10	45.5%	7	31.8%	22	100%
Value Chain analysis	4	20%	3	15%	3	15%	7	35%	3	15%	20	100%

Table 4: Analytical Methods/Models used

Importance of analysed information for decision making

Recent findings by Du Toit and Sewdass (2012, 231) confirm that 30% of companies they surveyed in South Africa strongly agreed that they use CI for decision-making. With regard to the question on how often CI is used in strategic decision-making, the majority of the respondents (47.6% (10)) use CI on a continuous basis (see Figure 1). This is encouraging, because it shows that CI is a business tool in the pharmaceutical industry. It is important to note that because of the rapid changes in the external environment, continuous use of CI is imperative for a company to survive.

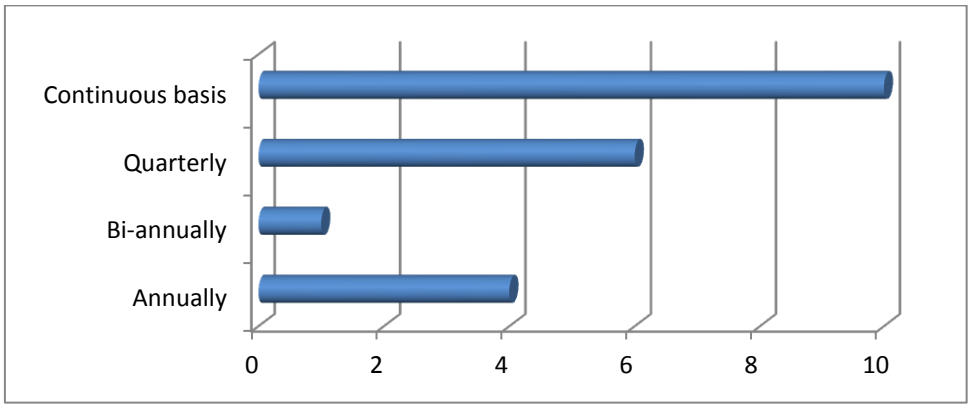

Figure 1: Use of CI in strategic decision-making

Conclusion and recommendations

The objective of this article was to determine the situation of the South African pharmaceutical industry and CI capacity. With regard to CI capacity and the South African pharmaceutical industry, the findings suggest that there is sustainable commitment to the principles and practices of CI, although the enhancement of a CI culture through organisations seems to be lacking. The use and importance of CI environmental scanning showed positive development, thereby expanding CI capacity. Most companies tend to access primary sources quarterly and monthly rather than continuously, which is a better option in terms of CI capability. Staff attending conferences and seminars and employees reporting back on competitive actions were the most popular primary sources. Secondary sources are accessed daily, quarterly and monthly, with trade literature and promotional material being the most popular. Surprisingly, blind-spot analysis is seldom used as an analysis method/model and there is room for concern, as it is part of the analysis toolkit necessary to glean intelligence. The findings do support the importance and value of analysing information for continuous strategic decision-making. Most organisations attempt to nurture CI capacity in the industry.

In order to contribute to the existing pool of CI evidence in the industry, the following recommendations based on the findings of the questionnaire are detailed for further consideration:

- Senior management of pharmaceutical manufacturing companies needs to take advantage of the current climate of information-sharing and collaboration that exists and promote CI values.
- Companies in the pharmaceutical industry should try to establish a formal rather than an informal CI function.
- Senior management needs to capitalise and consolidate CI that is used on a continuous basis in strategic decision-making.

- The frequent use of analytical methods and models to generate CI requires fine-tuning with more sophisticated analysis techniques.
- Companies should organise CI information systems to reduce time and the costs of monitoring of external environment profiling.
- Companies should capitalise and consolidate on the use of CI activities to promote strategic decision-making.
- Although primary and secondary sources are accessed mainly monthly and quarterly, there should be a directive from management to access these sources daily wherever possible.
- Senior management needs to promote a full CI team by upgrading the ad hoc team that will service CI principles and practices.
- There needs to be more nurturing within companies to establish a thriving CI culture.
- Senior management should endorse the need to have one full CI database into which all employees feel valued to add their snippets of gossip and any other more serious items of information. The CI professional will be able to select and continue with appropriate analysis.
- More training is required for all employees to become knowledgeable about CI's value in the company.
- Innovation is generated from applied sciences, accumulated knowledge and human creativity; consequently a highly specialised industry like pharmaceuticals needs to rigorously adopt a full CI package to help find solutions to global competitive markets.

In the light of the world-wide interest in CI, the hope is expressed that the definition of CI as quoted earlier (McGonagle & Vella 2002, 36), can be paraphrased as follows:

CI is the process of gathering information that would then be processed, analysed and disseminated to those who require intelligence. CI is vital for South African organisations to remain competitive and to perform well.

References

Badr, A., Madden, E. & Wright, S. 2006. The contribution of CI to the strategic decision making process: Empirical study of the European pharmaceutical industry. Journal of Competitive Intelligence and Management 3 (4): 15-34.

Baines, D.A. 2010. Problems facing the pharmaceutical industry and approaches to ensure long term viability. Master of Science in Organisational Dynamics Dissertation. Philadelphia: University of Pennsylvania.

Bodibe, K. 2012. Anitretroviral drug supply disaster averted. Natal Mercury Newspaper 7 June: 4.

Blanke, J. 2007. Assessing Africa's competitiveness in a global context. Available http://www.members.weforum.org/pdf./gcr/africa/1.1pdf : 1-26. [Accessed 17 April 2012].

Buck-Luce, C. 2011. Pharma 3.0 and the new healthcare eco-system. Keynote address delivered at Pharma CI Conference Parisppany Hotel, New Jersey. 13-14 September 2011. Available http://www.nature.com/nbt/journal/V18/n/05/full/hbt1000-IT5.html. [Accessed 5 May 2012].

Buthlezi, L. 2012. Pharma dynamics : Drug price cut to benefit more. Mercury Business Report 5 June:19.

Correia, C.C. 2003. Features how competitive is your law firm? CI for the legal industry. Available http://www.llrx.con/node/1043/print [Accessed 8 August 2012].

Du Toit, A.S.A. 2003. Competitive intelligence in the knowledge economy: What is in it for South African manufacturing enterprises? International Journal of Information Management 23(1):111-120.

Du Toit, A.S.A. & Sewdass, N. 2012. Current state of competitive intelligence in South Africa. Proceedings of the International Conference on Knowledge Management, 4-6 September. Johannesburg: University of Johannesburg.

Du Toit, A.S.A. & Strauss, C. 2010. Competitive intelligence and Africa's competitiveness: what's happening in South Africa? Mousaion 28(2): 17-32.

Evans, M. 2005. Global CI – best practice methods. Conference proceedings of the Competitive Intelligence conference, held in Somerset West. Available http://www.marketing-intelligence.co.uk/datasources [Accessed 12 August 2012].

Hall, C. & Bensoussan, B. 2007. Staying ahead of the competition: How firms really manage their competitive intelligence and knowledge; evidence from a decade of rapid change. New York: World Scientific Publishing Data.

Henderson, M. 2011. A bitter pill: Is big pharm prepared to swallow a new business model? The Times Eureka supplement 28 February: 35-39.

Kahn, T. 2012. Discovery warns industry on biologic drugs costs. Business Day 6 June: 10.

Martin, T. 2002. Pharmaceutical care in the armed forces, American Pharmaceutical Association Annual Meeting, Philadelphia.

McGonagle, J.J. & Vella, C.M. 2002. A case for competitive intelligence. Information Management Journal July/August: 35-50.

MIMS DESK REFERENCE.2011. Directory of Manufacturers: Johannesburg: MIMS.

Montague, C. & Oosthuizen, H. 2010. Growing the fruits of HIV/AIDS. Leadership Lab 4(1): 22:24.

O'Leary, Z. 2005. Researching real world problems : A guide to methods of inquiry. London: Sage Publications.

Richardson, D. 2008. Fully dedicated competitive intelligence groups on the rise. Cutting edge information study finds. Available http://findarticles.com/p/articles/ini-pwwwi/is-200807/ai-n27974662/ [Accessed 1 September 2012].

RNCOS Industry Research Solutions. 2011. SA pharmaceutical industry competitive landscape. Available http://www.rncos.com/report/imz48.htm [Accessed 16 April 2012].

Sewlal, R. 2004. Effectiveness of the Web as a competitive intelligence tool. South African Journal of Information Management 6(1): 1-16. Available .http://general.rau.ac.za/infoci/www:2003/papers/Sewlal%20R%20Effectiveness%20of20%..pdf [Accessed 20 November 2011].

Timur, A . 2006. The single market and pharmaceutical industry in the European Union: Is there any evidence of price convergence? Available http://scholar-commons.usf.edu/cgi/viewcontent.cgi?article=3727.....etd [Accessed 8 June 2012].

Viviers, W., Muller M.L. & Du Toit, A.S.A. 2005. Competitive intelligence: An instrument to enhance South Africa's competitiveness. South African Journal of Economic and Management Sciences 8(2): 246-254.

Wright, S., Fleischer, C.S. & Madden. E. 2008. Characteristics of competitive intelligence practice in R&D driven firms: evidence from the U.K. pharmaceutical industry. Available .http://dora.dmu.ac.uk/bitstream/handle/2086/ [Accessed 24 May 2012].