Chapter 3

Global Pharmaceutical Industry: Characteristics and Trends

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ABSTRACT

The pharmaceutical industry is seen as one of the most dynamic, volatile, and innovative parts of the global economic environment. It also has a big impact on the society and is an indicator of the healthcare systems’ condition. Some changes have happened in the last decades, for example, shifting the production facilities to the developing countries, new market entries, or the new law changed the previously established and stable layout of market forces. The chapter aims at presenting the current situation of the global pharmaceutical industry including the main trends influencing the changes in this sector. Describing this part of the global market will ensure the right interpretation of the research results of the other parts of the book.

INTRODUCTION

The global economy is constantly changing. There are some long-term trends (megatrends) affecting the global ecosystem, the network of market forces and competitive advantages of every company. Some of the sectors are more innovative than others because of their core business specifics. These are automotive, chemical, IT and pharmaceutical industry. They guide other branches how to be not only innovative, but profitable, responsible, and sustainable companies. The scope of the

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global players’ supply chains operations force those big companies to better plan, perform and control their processes.

The global economic environment is changing also in the pharmaceutical industry and the aforementioned megatrends, for example, relocation of business entities, is related to those changes. The aging population and growing purchasing power of emerging countries and Eastern societies cause the new range of needs in particular regions for both original (brand) and generic drugs. Many companies made their decisions to relocate production facilities to countries with lower operation costs, especially with the qualified and not expensive workforce. There are some shifts not only in the area of the production operations, but also in research and development (Epstein, 2007).

The technological improvement is also visible in the pharma sector. New drugs require a huge financial involvement of many parties and now some of the R&D processes are carried out by third parties. All those phenomena are building the new pharmaceutical industry, so different from the well-known model established in the 1980s and 1990s.

Because of the complicated situation in the pharmaceutical industry and a wide range of the variables influencing its state, the current characteristics and trends are not known well yet. Therefore, the primary aim of the study is to present the current situation of the global pharmaceutical industry, to highlight the trends, barriers, problems and guidelines for this sector development. The structure of the paper is as follows. Firstly, the research approach is described to highlight the path to analyze materials and formulate conclusions. Then, research results are presented. In the next section, the Autor describes the research limitations, discusses the results and identify the future research directions. The last section consists general conclusions. The chapter content is supported by an appendix presenting the research data obtained from many sources.

**RESEARCH METHODS**

**Descriptive Statistics and Data Interpretation**

According to the main objective of this chapter, which is describing the current state and trends in the pharmaceutical industry, only the simple forms of data presentation and analysis were applied, such as structure and dynamics indicators (see Research results section).
Intentional Food Contamination in the Food Supply Chain: Proposal of a Management System for its Prevention
*Supply Chain and Logistics Management: Concepts, Methodologies, Tools, and Applications* (pp. 242-265).
[www.igi-global.com/chapter/intentional-food-contamination-in-the-food-supply-chain/239277?camid=4v1a](www.igi-global.com/chapter/intentional-food-contamination-in-the-food-supply-chain/239277?camid=4v1a)

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*International Journal of Applied Logistics* (pp. 1-12).
[www.igi-global.com/article/game-theoretic-approach-sensitive-information/52081?camid=4v1a](www.igi-global.com/article/game-theoretic-approach-sensitive-information/52081?camid=4v1a)