

# An Analysis on the Business Strategy of Southstar Drug Inc, Science City of Muñoz, Nueva Ecija

Agustin, Noel B<sup>1</sup>  
Cabardo, Sheena S<sup>2</sup>  
Legaspi, Joyce D<sup>3</sup>  
Sab, Kimberly A<sup>4</sup>

## **ACKNOWLEDGEMENT**

Without the assistance of numerous people, this study work could not have been completed; therefore, the researchers would like to convey their sincere appreciation to the following:

Above all, the All-Powerful God, who assisted them in every action they made to finish their work and continued to provide them wisdom and fortitude despite their challenges as they completed their research

We would also want to thank all of the respondents who willingly helped the researchers carry out the study.

To those friends who, despite their challenging times, still have faith in the researchers' abilities.

The people who were excluded deserve to know how grateful the researchers are that they believed they could finish this project.

The Researchers

## ABSTRACT

The number of drugstores in the country is consistently increasing due to the change in health care demands of the Filipino, primarily due to the aging population and increased incidents of disease due to unhealthy lifestyles. Given the demand and the potential market, many companies are seizing the opportunity and opening drug stores. This imposes threats to the existing drug stores, such as SouthStar Drug, though they are one of the largest drugstore chains in the country. Competition among the industry due to the increasing number of players in the market affected the sales and performance of the existing players, thus drug stores such as SouthStar Drug need to formulate and execute their business strategies efficiently and effectively.

In this research paper, the researchers aim to analyze the business strategies SouthStar Drug is implementing in order to remain one of the largest players in the industry. This will serve as an evaluation tool for their strategies both internally and externally. This study used a random sampling technique to help analyze the business strategy of SouthStar Drug Inc. The researchers surveyed 50 customers and 10 employees from the branches of Southstar Drug around the area of Science City in Munoz.

It was found that the external factors affecting the strategies of SouthStar Drug are the following in terms of political factors: the Senior Citizens Act (20%), economic factors: inflation rate and supply and demand of medicines, socio-demographic factors: new diseases, technological factors: CAD/CAM and CIM (advanced process), environmental factors: natural calamities, and legal factors: consumer protection. The level of competition of SouthStar Drug against its main competitors in terms of Porter's Five Forces of Competitive Analysis is medium in terms of bargaining powers of suppliers and consumers meanwhile high in terms of threats of substitutes and new entrants. Also high on rivalry among competitors. The critical success factors observed by SouthStar Drug compared to its competitors are: brand image, market share, promotion and advertising, technology and innovation, employees, management, pricing, quality of products, distribution, and corporate social responsibility. Among the mentioned success factors, employees are the most important. Using different business models, the internal factors affecting the formulation of the strategy at SouthStar Drug are the offering of a one-stop shop (strength), brand positioning (weakness), population growth (opportunity), and emerging new drugstores in the market (threats). Based on the IE Matrix of SouthStar Drug the most effective in maintaining a competitive advantage is market development.

*Keywords:- Drugstores, Consumer Protection, Strategies, Sales and Performance.*

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## CHAPTER ONE INTRODUCTION

### ➤ *Background of the Industry*

The number of drugstores in the country is consistently increasing due to the change in health care demands of the Filipino, primarily due to the aging population and increased incidents of disease due to unhealthy lifestyles. When COVID-19 broke, the Philippines had a high volume of vulnerable individuals; according to Inc. Corp. (2021), 5.5% of Filipinos would be 65 years of age or older in 2020. Comorbidities, including hypertension, cardiovascular disease, diabetes, and respiratory disorders, to name a few, are common in this age group. They are all dangerous for COVID-19. Overall, at least one of the COVID-19 hazardous comorbidities is present in 58% of older Filipinos. whereas 61% of women suffer from one or more conditions.

Hence, the increase in the demand for all forms of health care, including drug stores, in a study conducted by the ASEAN Pharma Report: Opportunities and Threats 2020 and Beyond (2020), it is forecast that the Filipino market will have a 4.5% annual growth over the next few years, given that it is the third-largest pharmaceutical market in the ASEAN, following Indonesia and Thailand. Given the demand and the potential market, many companies are seizing the opportunity and opening drug stores.

This imposes threats to the existing drug stores, such as SouthStar Drug, though they are one of the largest drugstore chains in the country. SouthStar Drug, also known as SSD, belongs to the top 1,000 corporations in the Philippines. Competition among the industry due to the increasing number of players in the market affected the sales and performance of the existing players, thus drug stores such as SouthStar Drug need to formulate and execute their business strategies efficiently and effectively.

In this research paper, the proponents aim to analyze the business strategies SouthStar Drug is implementing in order to remain one of the largest players in the industry. This will serve as an evaluation tool for their strategies both internally and externally. Through this, the strategies would be analyzed to see if they are still relevant and timely, and what areas can be improved to gain a competitive advantage over the competitors.

### ➤ *Statement of the Problem*

In general, the purpose of this paper is to identify SouthStar Drugs' business strategies. The study specifically aimed to answer the following questions:

- *What are the external factors affecting the strategies of SouthStar Drug in terms of*
  - ✓ Political Factors
  - ✓ Economic Factors
  - ✓ Socio-demographic Factors
  - ✓ Technological Factors
  - ✓ Environmental Factors
  - ✓ Legal Factors
- *What is the level of competition of SouthStar Drug against its main competitors in terms of:*
  - ✓ Bargaining Power of Suppliers
  - ✓ Bargaining Power of Consumers
  - ✓ Threat of Substitutes
  - ✓ Threat of New Entrants
  - ✓ Rivalry Among Competitors
- *What are the critical success factors observed by SouthStar Drug compared to its competitors?*
- *Using different business models, what are the internal factors affecting the formulation of the strategy at SouthStar Drug?*
- *Which of the strategies of SouthStar Drug is most effective in maintaining a competitive advantage?*

### ➤ *Hypothesis*

Based on the readings obtained, the researchers formulated tentative answers to the objectives of this research, which were the following:

- *The external factors affecting the strategies of SouthStar Drug in terms of different factors are as follows:*
  - ✓ Political Factors: Regulatory Frameworks
  - ✓ Economic Factors: Inflation Rate
  - ✓ Socio-demographic Factors: Aging Population
  - ✓ Technological Factors: New Software

- ✓ Environmental Factors: Existence of New Disease
- ✓ Legal Factors: Strong Legislation

• *The level of competition between SouthStar Drug and its main competitors is as follows:*

- ✓ Bargaining Power of Low Suppliers: Low
- ✓ Bargaining Power of Consumers: Low
- ✓ Threat of Substitutes: High
- ✓ Threat of New Entrants: High
- ✓ Rivalry Among Competitors: High

- *Brand image and pricing are some of the critical success factors observed by SouthStar Drug against their competitors.*
- *Using different business models, brand positioning, and marketing are some of the internal factors affecting the strategy formulation of SouthStar Drug.*
- *Among the strategies of SouthStar Drug, the most effective in maintaining a competitive advantage is market penetration.*

#### ➤ *History of the Company*

On July 4, 1937, a young couple in the Bicolano village of Naga City made the decision to start a modest business. Tomas Dy Macau and Magdalena Tang-Dy imported and distributed Chinese herbal remedies to the Bicolanos under the trade name Southern Drug. Southern drugs thrived after World War Two. After the war, life was challenging, but soon, their customers recognized them. Due to their honesty and excellent service, business increased.

Southern Drug recognized the potential presented by the increase in demand for western products and did not let it slip by. It started promoting Western medicine to Bicolanos in the late 1950s. Yet the alterations didn't stop there. Soon after, the expanding business received a new name. New SouthStar Drug was therefore established. Despite receiving a new name, New SouthStar Drug remained a parent enterprise for another 20 years.

The couple ultimately made the decision to inject new life into the company in 1972. They handed the business over to their kids, who by this time already knew the ins and outs of running a drugstore. New SouthStar Drug launched its second location in Tabaco City, Albay, on March 1st, 1979. The decision to expand its operations to Metro Manila was made by New SouthStar Drug after realizing the need for enhanced healthcare delivery and service. A year later, after opening its second store, New SouthStar Drug opened its first Metro Manila drugstore in Kalentong, Mandaluyong City.

The 1980s and 1990s saw the development of the corporation and the eventual accomplishment of its objective to provide healthcare to remote communities. New stores were subsequently opened as a result. When Metro Manila's demand grew, New SouthStar Drug did not forget its foundations. Although it continued to grow by adding five more stores in Metro Manila, it continued to protect Bicol by opening a total of three outlets in the area. Also, it was at this time that SouthStar Pharmacy added a number of firsts, including its first 24-hour pharmacy and its first mall pharmacy, to its network of stores.

Every year, a store or two were added to New SouthStar Drug's roster as its footprint in Bicol grew. By the year's end, New SouthStar Pharmacy operated 22 outlets in Bicol. By the year's end, New SouthStar Pharmacy operated 22 outlets in Bicol. New SouthStar Drug continued to grow in Metro Manila and Central Luzon despite being present in Bicol. New SouthStar Drug saw an opportunity in the growing trend of drugstores including convenience goods in their standard product lines and acted quickly to seize it. By February 2000, New SouthStar Drug had advanced and had started to skim the market for convenience stores in Angeles, Pampanga. In San Juan, Metro Manila, by the fourth quarter of the year, it had opened a second pharmacy-convenience store. New SouthStar Drug was incorporated in 2000. Moreover, it was renamed SouthStar Drug, Inc. (<http://www.southstardrug.com.ph/>).

#### ➤ *Organizational Structure*

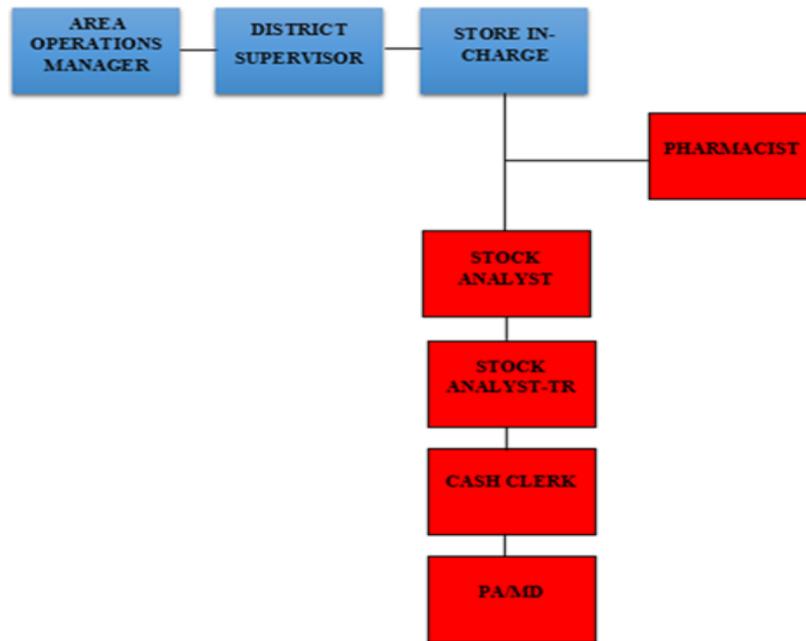


Fig 1 Organizational Structure of South Star Drug at Science City of Muñoz, Nueva Ecija

Every organization has its own organizational structure, and the SouthStar Drug branch located in Muñoz, Nueva Ecija exemplifies a simple type of organizational structure commonly utilized by various businesses. This type of structure is characterized by centralized decision-making, wherein the owner delegates tasks to individual employees who report back to them.

This organizational structure employed by the SouthStar Drug branch in Muñoz, Nueva Ecija, is relatively efficient due to its flatness; it becomes increasingly challenging to maintain as the organization grows in both complexity and size. Nonetheless, it offers the advantage of faster decision-making compared to other organizational structures, which may experience delays.

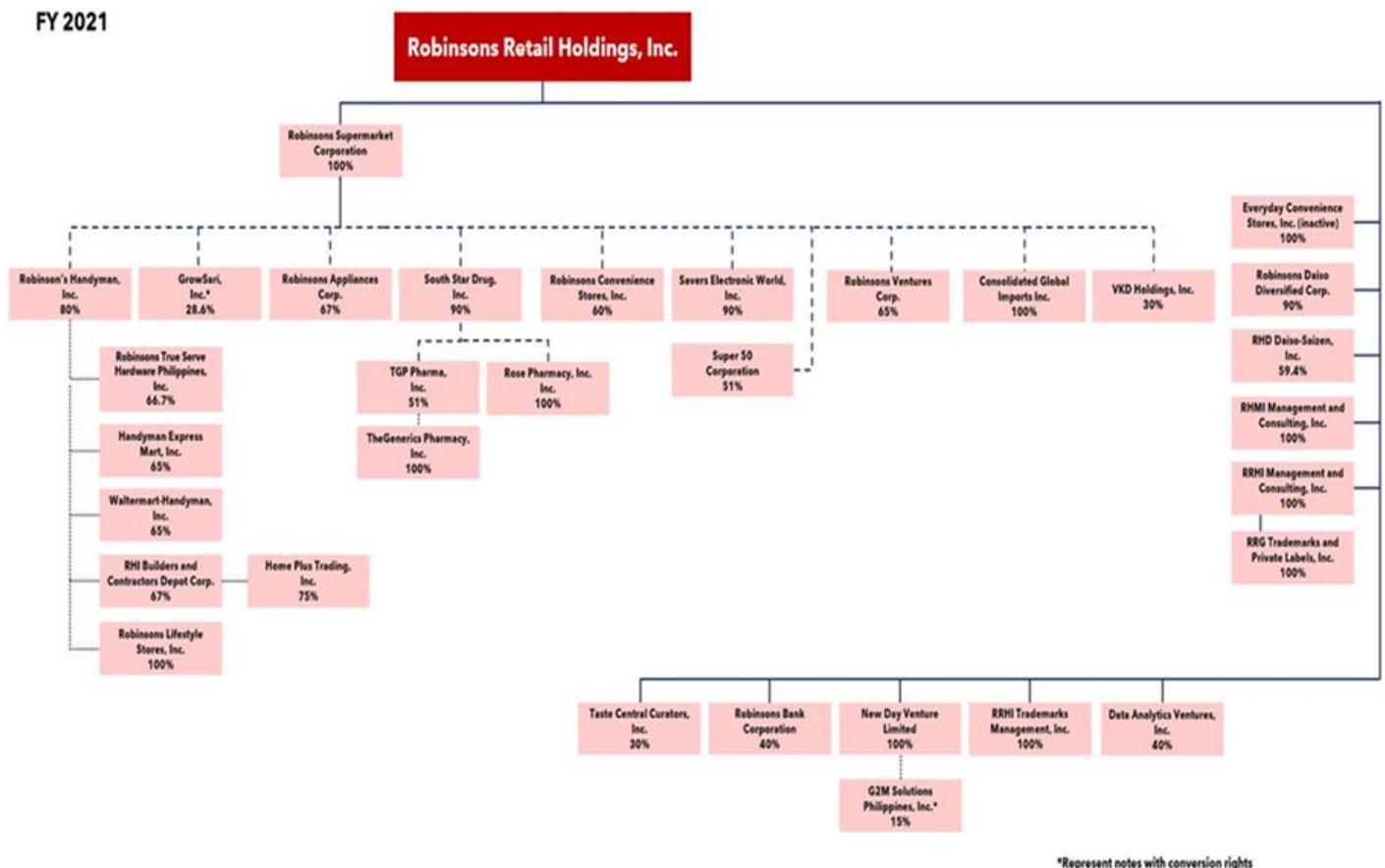


Fig 2 Organizational Structure of Robinsons Retail Holdings Inc

South Star Drug is a subsidiary of Robinsons Retail Holdings Inc., and the company employs a hybrid type of organizational structure chosen from a wide range of potential organizational designs. This structure offers greater flexibility in distributing work and assigning job roles, which is particularly advantageous for small businesses with fewer employees managing daily operations. The structure also determines the chain of command and responsibility within a company or group, designates the number of reporting relationships and management level depth, and allocates responsibilities and duties by combining two or more traditional organizational design formats based on strategy and business needs.

This organizational design enables companies to achieve their goals by providing specialized expertise and economies of scale in major functional areas. However, it may lead to an excessively large corporate staff and be slow to respond in exceptional situations requiring coordination between a division and a corporate functional department. Nevertheless, it can be strictly controlled to ensure that products meet reliability standards.

➤ *Significance of the Study*

This study will give benefit to the following population:

• *To the Organization:*

This study can serve as a reference and evaluation for SouthStar Drug, Inc. in Science City of Muñoz to measure its business strategies' effectiveness and efficiency. The analysis made by the researchers can help determine the areas for improvement on how to maintain or further improve their business strategies for continuous growth and development of the company. Other factors that will be identified as weaknesses and threats through the conduct of this research will be able to be resolved and determined before it greatly affects the organization.

• *To the Researchers:*

This study will help the researchers expose and improve their abilities and skills regarding analyzing the processes involved in the strategies application towards the growth and development of the company. On top of that, this will serve as a fulfillment of the requirement needed for the course title.

• *To the Community:*

This study can be beneficial to the community and its people because when business and strategy are applied effectively and efficiently, good customer service and quality products can be provided. It is also for the end-users to gain trust with the company and for the other interested stakeholders to invest and have a prosperous partnership to the same related to business operation in the future.

➤ *Scope and Limitation*

The SouthStar Drug business strategies were the focus of the research. The study was conducted in Science City of Muñoz, Nueva Ecija. A total sample size of 60 respondents were randomly selected. Fifty randomly selected customers and ten employees were selected.

➤ *Review of Related Literature*

Different business organizations are using different business strategies in order to gain competitive advantage in the business industry. According to Glassdoor Team (2021), business strategy refers to all the actions a firm takes to accomplish its goals, mission, and vision. It entails comprehending what the company performs, what it needs to have, and what it must accomplish in order to achieve those objectives. Emeritus (2022) stated that businesses can become market leaders in their industry by understanding what a business plan is and how to implement it effectively. The foundation of each business or firm depends on its strategy, and any flaws could result in the corporate objectives slipping out of reach.

Business strategies are important, according to Boyles (2022), the success of a firm depends on its business plan. It provides businesses with a competitive edge and aids leaders in setting corporate goals. It determines a number of commercial factors, such as the cost of raw materials and consumer satisfaction, the suppliers, recruitment and retainment of talents, and resource distribution.

There are different business strategies that can be used based on assessing the business strategies, one is the PESTEL Analysis. PESTEL Analysis stands for Political, Economic, Social, Technological, Environment and Technological. It is used to evaluate the different factors in the business environment. According to Peterdy (2023), management teams and boards apply the framework in their corporate risk management planning and strategic planning processes. This analysis helps the business analyze different factors that might impact their business strategy. Another strategy is Porter's Five Forces of Competitive Position Analysis, according to Chartered Global Management Accountant (2013), it is effective for examining and evaluating a business organization's competitive position and strength. This model can be used in identifying the areas of strengths and weaknesses and how this can be improved. In analyzing the business strategy of the company against the top competitors is called the Competitive Profile Matrix. It gives the company a clear view of their advantages and disadvantages compared to their rivals by assigning relevant critical success factors and comparing them (Sridharan, 2018).

SWOT Analysis and TOWS Analysis are both essential tools in analyzing the business strategies. SWOT and TOWS have the same acronyms for Strengths, Weaknesses, Opportunities, and Threats, and the order of the words is reversed. As cited by Cybermedial (2022), TOWS matrix is an action tool, whereas a SWOT matrix is a planning tool. Business owners can analyze all their business strengths, weaknesses, opportunities, and threats using the SWOT analysis. Business owners need to approach each point as a single point of view in order to come up with a TOWS analysis. These two tools are used in strategic management and can help business owners on gaining competitive advantage in the business industry.

Other tools which can be used on analyzing business strategies are the Internal Factor Evaluation (IFE) Matrix and the External Factor Evaluation (EFE) Matrix which analyze the internal and external environment respectively (Jurevicius, 2022). These two tools are used to build other business models such as the SWOT, PESTEL, IE Matrix and others. Further business analyses are the Internal-External (IE) Matrix which is used to evaluate workplace conditions and a company's strategic positioning (Maxi-pedia, n.d.).

➤ *Conceptual Framework*

This part consists of the summary of the research focus.

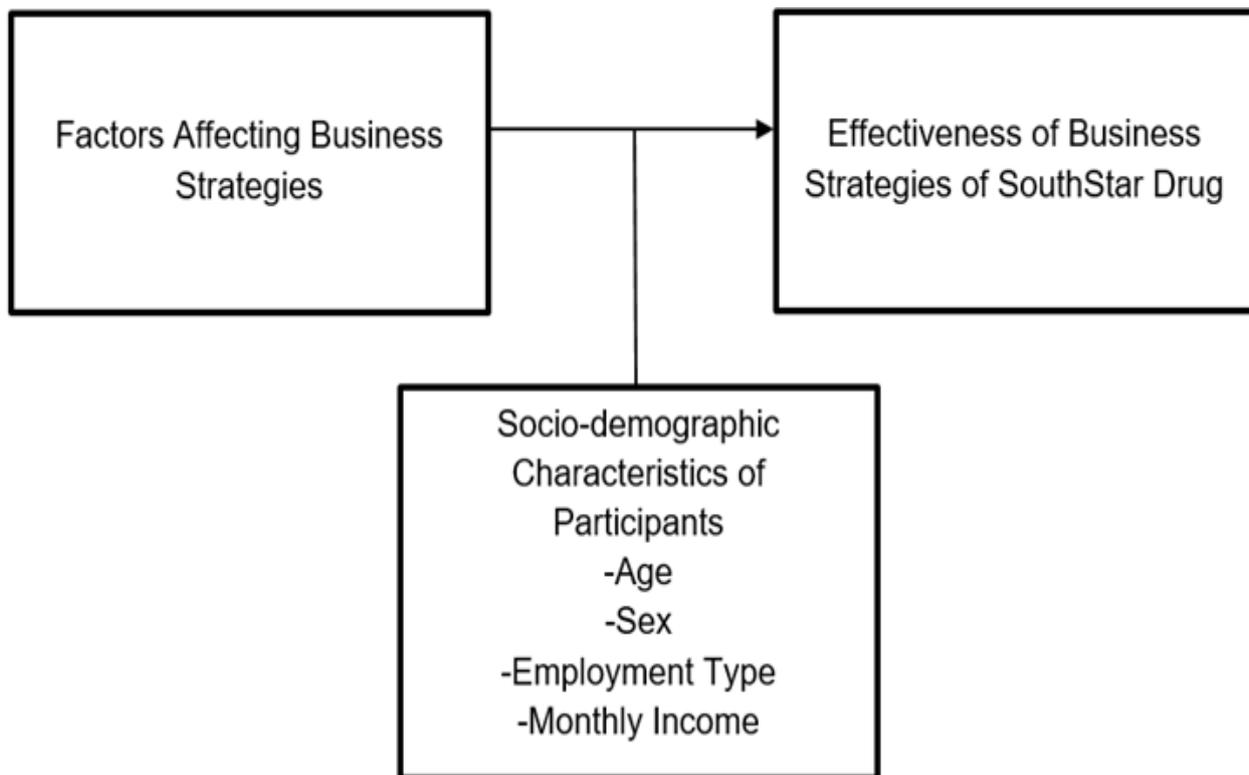


Fig 3 Conceptual Framework of the Study

To make it easier for individuals to understand the ideas presented in this study, a conceptual framework outlining the study's major goal was developed. It can be gleaned from the above figure that the factors affecting the business strategies of the SouthStar Drug is the independent variable meanwhile the dependent variable is the effectiveness of the business strategies of the company. The found moderating variables that potentially affect the cause-and-effect relationship between the two previously mentioned variables are the socio-demographic traits of respondents, including age, sex, employment type, and monthly income.

## CHAPTER TWO METHODOLOGY

How the research will be conducted will be discussed in this portion of the paper. The focus of this chapter is how data will be gathered, interpreted and analyzed. Some particular methods were used by the researchers. References or sources of data, respondents and instrumentation will afterwards be included and discussed.

### ➤ *Research Design*

This study used a random sampling technique to help analyze the business strategy of SoutSstar Drug Inc. The researchers surveyed 50 customers and 10 employees from the branches of SouthStar Drug around the area of Science City of Munoz. The researchers used a quantitative research method and designed a questionnaire survey using a Likert scale as the instrument.

### ➤ *Instrumentation*

Construction of the questionnaire. The researchers constructed a questionnaire to serve as a structure for the interview. The questionnaire had the purpose of examining the perceptions of customers and was divided into the following sections:

- *External factors affecting the strategies of SouthStar Drug, Inc.*
- *The level of competition to its main competitors.*
- *The critical success factors observed by SouthStar Drug.*
- *Internal factors affecting the formulation of strategies at SouthStar Drug.*
- *Determining the most effective strategy in maintaining a competitive advantage.*

Aside from questionnaires, interviews were also done to be able to collect more data that would be beneficial for the research study.

### ➤ *Site and Respondent Selection*

The research was conducted at Science City of Munoz, Nueva Ecija SouthStar Drug Inc. A total sample of 60 respondents were selected where 50 of them were customers and the other 10 selected respondents were employees.

### ➤ *Data Collection Strategies*

The respondents received questionnaires given by the researcher and through an online distribution via google forms by which instructions are included and some assistance were also provided. Other respondents answered the questions via questionnaires personally handed by the researchers. The researchers ensure that all the information gathered from respondents through the survey were only used for the fulfillment of the course and that providing their name is optional to protect the confidentiality from each respondent during the conduct of the research.

### ➤ *Data Analysis Procedure*

After the data was collected, it was analyzed using the Descriptive statistics. The central tendency in statistics will help in the computation of percentages and for further analysis of data. In this research mean, cumulative mean were being computed using the following formula

Whereas  $\sum x$  = sum of all the values

N = number of values in data set

$$\bar{X} = \frac{\sum X}{N}$$

- *For objectives 1 and 4, the following indicators were assigned weight as follow:*

- ✓ Strongly Agree (SA)= 5
- ✓ Agree (A)= 4
- ✓ Neither Agree nor Disagree (N)= 3
- ✓ Disagree (DA)= 2
- ✓ Strongly Disagree (SD)= 1

- *The mean was interpreted based on the following corresponding values:*
  - ✓ 4.21- 5.00 = Strongly Agree
  - ✓ 3.41- 4.20 = Agree
  - ✓ 2.61- 3.40 = Neutral
  - ✓ 1.81- 2.60 = Disagree
  - ✓ 1.00- 1.80 = Strongly Disagree
  
- *For objective 2, the following indicators were assigned weight as follow:*
  - ✓ Very High= 5
  - ✓ High= 4
  - ✓ Medium= 3
  - ✓ Low= 2
  - ✓ Very Low= 1
  
- *The mean was interpreted based on the following corresponding values:*
  - ✓ 4.21- 5.00 = Very High
  - ✓ 3.41- 4.20 = High
  - ✓ 2.61- 3.40 = Medium
  - ✓ 1.81- 2.60 = Low
  - ✓ 1.00- 1.80 = Very Low
  
- *For objective 3 and 5, the following indicators were assigned weight as follow:*
  - ✓ Major Strength= 5
  - ✓ Minor Strength= 4
  - ✓ Neither Strength nor Weakness= 3
  - ✓ Minor Weakness= 2
  - ✓ Major Weakness= 1
  
- *The mean was interpreted based on the following corresponding values:*
  - ✓ 4.21- 5.00 = Major Strength
  - ✓ 3.41- 4.20 = Minor Strength
  - ✓ 2.61- 3.40 = Neither Strength nor Weakness
  - ✓ 1.81- 2.60 = Minor Weakness
  - ✓ 1.00- 1.80 = Major Weakness

### CHAPTER THREE RESULTS AND DISCUSSION

➤ *Presentation, Analysis and Interpretation of Data*

The objectives of this study were to determine the external and internal factors affecting the strategies of SouthStar Drug, the level of competition between SouthStar Drug and its major competitors, the critical success factors observed through SouthStar Drug compared to its competitors, and the strategies most effective in maintaining a competitive advantage.

➤ *Socio-Demographic Information of the Respondents*

These data were collected from the questionnaire responses and were gathered in order to determine the respondent’s relationship with SouthStar Drug, Inc. and to know the respondents age, sex, and monthly income.

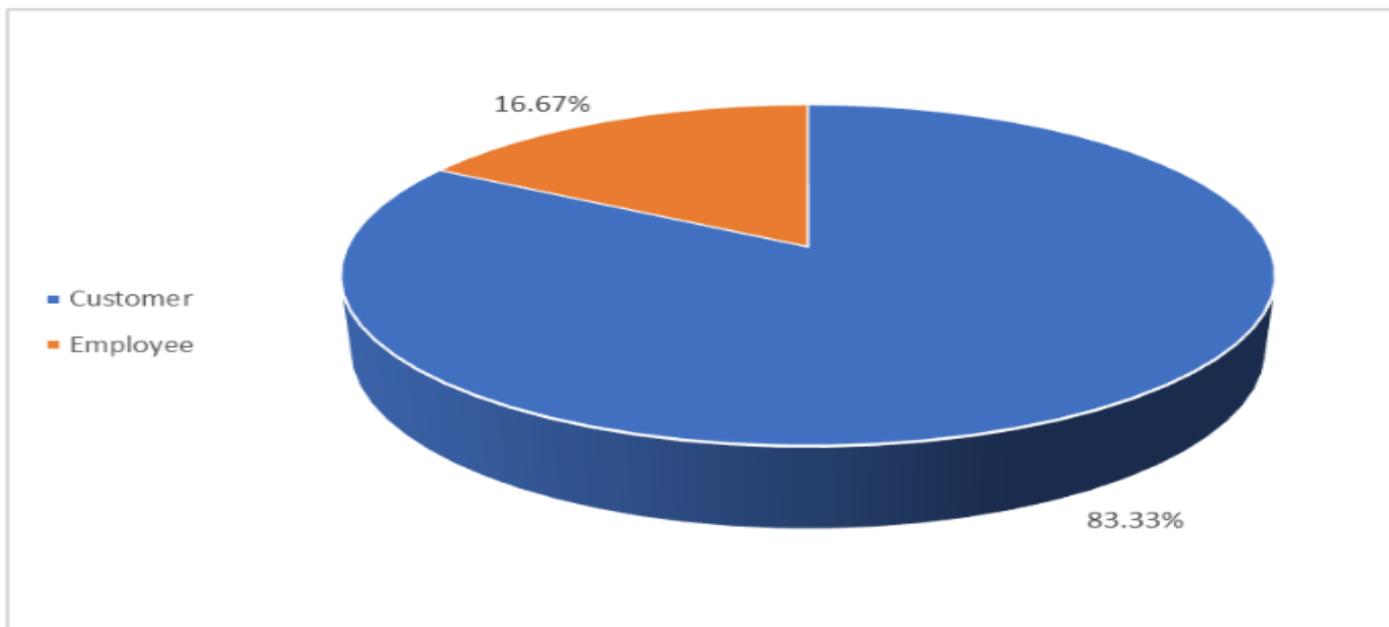


Fig 4 Respondent's Relationship with South Star Drug

The graph above shows the socio-demographic respondents’ relationship with SouthStar Drug, Inc., wherein the proportion of the respondents' relationships with SouthStar Drug was about 83.33% for customers and 16.67% for employees. Customer respondents were 50 respondents, while employees were 10.

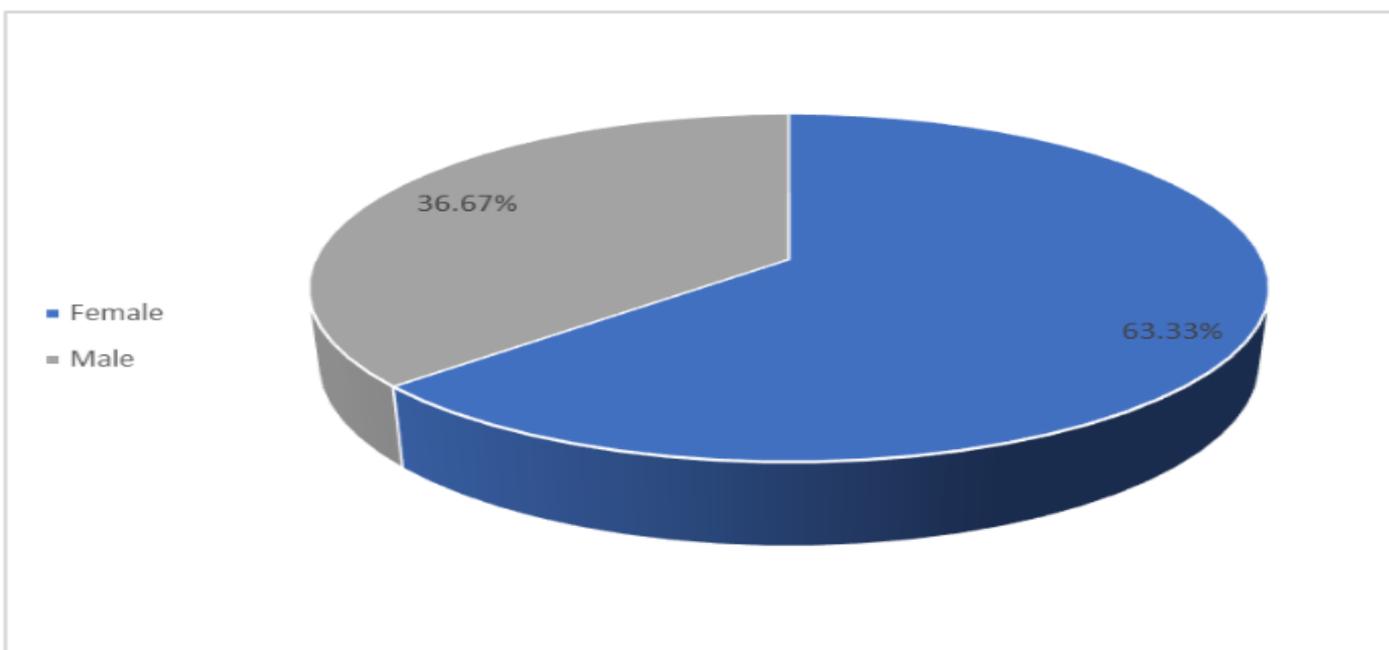


Fig 5 Sex of the Respondents

As presented on Figure 5 are the sex of the respondents. There were more female respondents than male respondents among the sixty individuals who participated in this study. There were 38 women, or 63.33% of the total, and 22 men, or 36.67%.

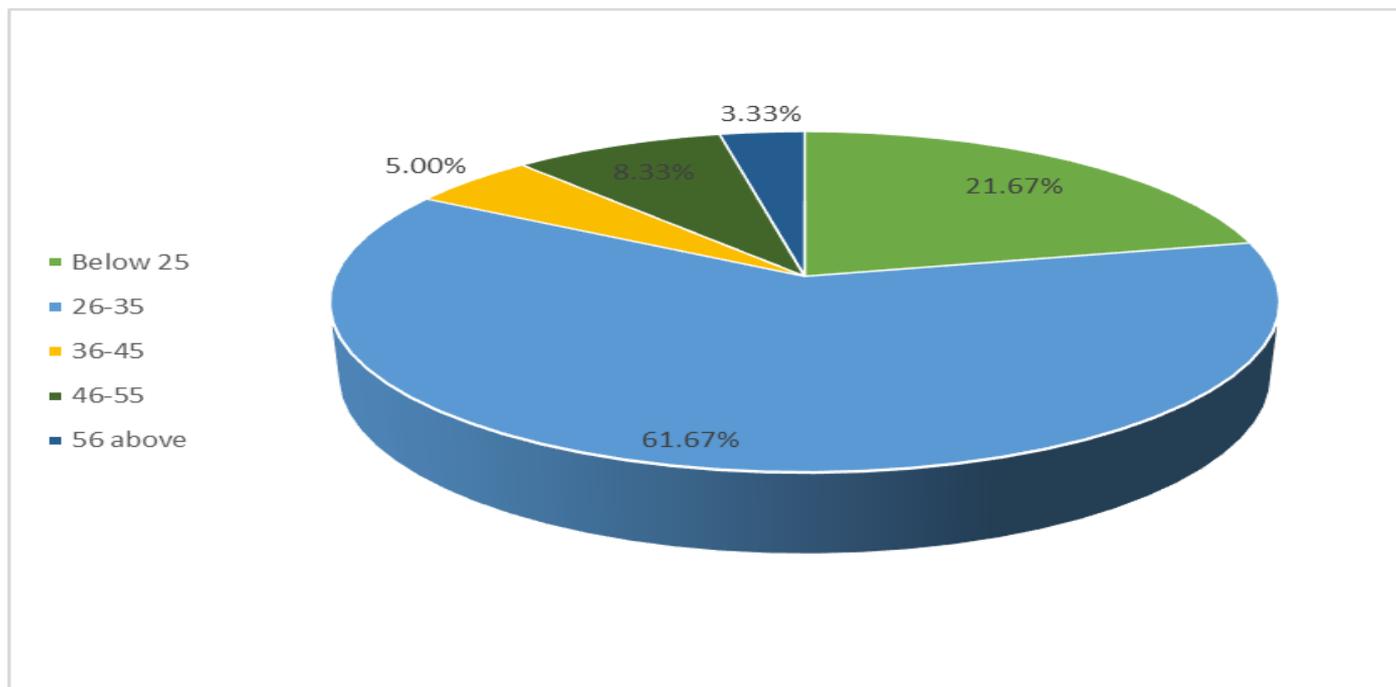


Fig 6 Age of the Respondents

This research was conducted in-person and online. Figure 6 revealed that 61.67% of those who responded to the survey were between the ages of 26 and 35, while the percentage of those aged 56 and older was the lowest at 3.33%. There were 13 respondents below the age of 25, 37 respondents between the ages of 26 and 35, 3 respondents between the ages of 36 and 45, 5 respondents between the ages of 46 and 55, and 2 respondents over the age of 56.

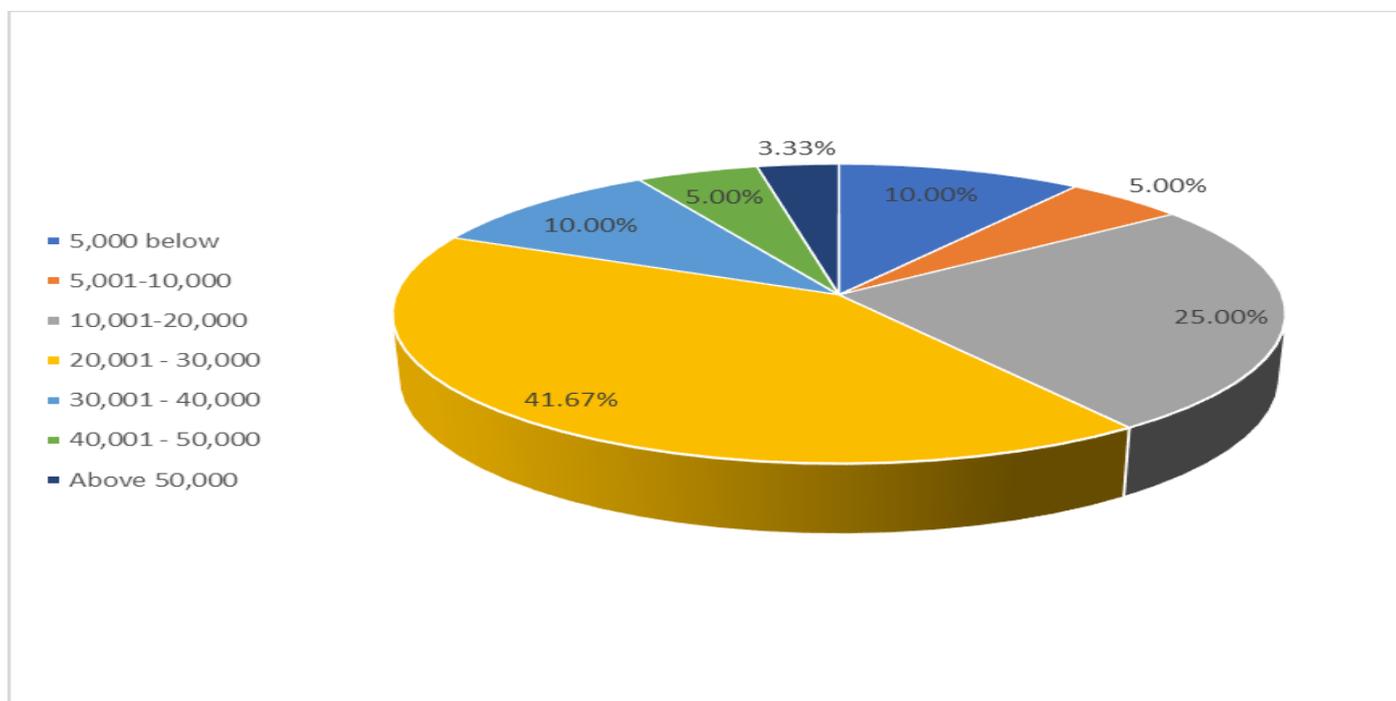


Fig 7 Monthly Income of the Respondents

On figure 7, the majority of respondents' incomes range from P20,001 to P30,000, 25 respondents (41.67%) answered this. It was then followed by the income brackets of P10,001–20,000 with a frequency of 15 (25%), P30,001–40,000 and 5,000 or less with a frequency of 6 (10%), P5,001–10,000 and 40,001–50,000 with a frequency of 3 (5.00%), and 50,000 or more with a frequency of 2, which is the lowest (3.33%).

➤ *PESTEL Analysis*

The PESTEL analysis is a useful tool for identifying and assessing the key factors that affect the business environment. The acronym stands for Political, Economic, Socio-Demographic, Technological, Environmental, and Legal factors. For each factor, the respondents answered using the Likert Scale degree, ranging from *strongly agree, agree, neither disagree nor agree, disagree, and strongly disagree*. The Political Factors category takes into consideration the political situation of a country and its relationship with the world. This includes the policies, tax laws, and tariffs set by the government for trade purposes (Kotler et al., 2018).

Table 1 Political Analysis of South Star Drug

Political	Mean	Corresponding Values
Maximum Retail Drug Price	3.72	Agree
Government-Controlled Prices	3.80	Agree
Senior Citizen Act (20%)	4.48	Strongly Agree
Generics Act of 1988	4.27	Strongly Agree
Medicines Act of 1968	4.37	Strongly Agree
Cumulative mean	4.13	Agree

The mean of the political factors that affected the external strategies of SouthStar Drug, including the Maximum Retail Drug Price, Government-Controlled Prices, Senior Citizen Act (20% discount), the Generic Act 1988, and the Medicines Act of 1968, were presented on Table 1. From the collected data, it was found that the Maximum Retail Drug Price received the lowest mean of 3.72 with a corresponding value of agree. This meant that the pharmacy was unable to raise its medication prices due to the high cost of drugs, and noncompliance with government regulations could result in penalties. According to The Lawphil Project (2008), Section 17 of Republic Act 9502, also known as the "Universally Accessible Cheaper and Quality Medicines Act of 2008," stipulated that the maximum retail prices of drugs and medicines were set with the approval of the president and the recommendation of the DOH secretary, and violations of the law could result in administrative fines and penalties that ranged from fifty thousand to five million pesos.

The twenty percent senior citizen discount mandated by Republic Act No. 9994, which got the highest mean of 4.48, equivalent to strongly agree corresponding values, also impacted the pharmacy's profits. As stated by (Salenga et al., 2016) the "Expanded Senior Citizens Act of 2010" (Republic Act 9994) amended Section 4 of the "Expanded Senior Citizens Act of 2003" (Republic Act No. 7432, as amended by Republic Act No. 9257), which entitled senior citizens to receive a discount of twenty percent (20%) and exemption from value-added tax (VAT), if applicable, on medicines they purchased.

To cope with these challenges, SouthStar Drug, Inc. offered both branded and generic medications and educated customers on proper usage. In the Philippines, the Generics Act of 1988 promoted the production, distribution, and use of affordable generic drugs, while the Medicines Act of 1968 mandated that most medications could only be sold or supplied with a prescription at a pharmacy under the supervision of a pharmacist. The cumulative mean of Political Factors was 4.13, which fell within the range of "agree," indicating that the respondents agreed that SouthStar Drug's strategies had been affected by political factors.

Table 2 Economic Analysis of South Star Drug

Economic	Mean	Corresponding Values
Exchange Rates	3.90	Agree
Increase of Unemployment Rates	3.72	Agree
Inflation Rates	4.18	Agree
Supply and Demand of Medicines	4.18	Agree
Global Economic Crisis	4.10	Agree
Cumulative mean	4.02	Agree

Table 2 displayed that the increase in unemployment rates had the lowest mean of 3.72, which implied that least respondents agreed with this factor. On the other hand, the inflation rates and supply and demand of medicines had the highest mean of 4.18, indicating that most respondents agreed with the factors under Economic Analysis. Furthermore, the cumulative mean of economic factors was 4.02, indicating that the respondents agreed that economic factors had influenced SouthStar Drug's strategies.

Perera (2017) noted that economic factors, such as exchange rates, unemployment rates, inflation rates, supply and demand, and global economic crises, had the potential to impact businesses. Unfavorable economic conditions could make the industry less attractive for new investments, growth, and survival, while favorable conditions could help businesses thrive. High tax rates significantly reduced business profits. In the past, the limited number of drugstores did not pose a significant threat to businesses, unlike today, where emerging drug stores reduce customer base. Seasonal demand for certain drugs also affected business operations. For example, certain drugs had high demand during changing weather for specific months, and sudden diseases, such as hypertension medicine during hot weather and fever, runny nose, and cough medicine during rainy days, or significant events such as Christmas and New Year. Inflation rates affected consumer behavior, and lower rates had both positive and negative effects on purchasing behavior. Higher exchange rates had unfavorable effects on SouthStar Drug since the drugstore had to pay much higher purchasing costs. Lastly, the global crisis factor caused problems and difficulties that affected individuals' purchasing behavior when there were issues in the government.

Table 3 Socio-Demographic Analysis of South Star Drug

Socio-Demographic	Mean	Corresponding Values
Age Structure	3.87	Agree
Population Growth	3.93	Agree
People Lifestyle	4.00	Agree
New Disease	4.08	Agree
Attitude towards Health and Safety	4.13	Agree
Cumulative mean	<u>4.00</u>	<u>Agree</u>

In Table 3, based on the responses of the respondents, the Attitude towards Health and Safety received the highest tallied mean of 4.13, while the age structure received the lowest mean with 3.87. According to Future Learn (n.d.), socio-demographic or socio-cultural factors such as consumers' lifestyles, education, religion, beliefs, values, demographics, social classes, sexuality, and attitudes were essential in determining whether an organization's products and services were able to fulfill the requirements of its clients. The medication's dosage and use without a doctor's prescription or professional supervision were the factors that affected the business. People had their own beliefs about medicine intake and use; however, this commonly led to drug misuse that could be harmful to health in both the short term and long term and could even change a person's body and brain and could possibly lead to addiction. Because of these beliefs, SouthStar Drug established a relationship with their customers and provided proper medical orientation to foster awareness of the proper usage of their products. The pharmacists also recommended the right doses and schedules required for the proper intake of the medicine. All of the categories on Table 3 under sociodemographic factors fell within the range of "agree," indicating that respondents concurred on the external factors affecting SouthStar Drug's external strategies.

Table 4 Technological Analysis of South Star Drug

Technological	Mean	Corresponding Values
Advance equipment and facilities	4.25	Strongly Agree
New software	4.03	Agree
High Information technology	4.12	Agree
Secure System	4.13	Agree
Computer Aided Design (CAD) / Computer Aided Manufacturing (CAM) and Computer Integrated Manufacturing	4.17	Agree

(CIM) (Advance Process)		
Cumulative mean	<u>4.14</u>	<u>Agree</u>

(IET, 2022) explained that technological factors were related to how a business's operations, services, and outreach to specific markets were influenced by new technological advances and equipment. These factors could have brought about increased efficiency, reduced costs, and new opportunities for product and service development. Ultimately, technological factors were concerned with how technology and equipment could impact a business's operations, services, and market reach, resulting in improved efficiencies, cost savings, and innovation. As shown in Table 4 above, the majority of the respondents strongly agreed that advanced equipment and facilities affected the external strategies of SouthStar Drug, Inc., with an average of 4.25, while the new software had the lowest mean with an average of 4.03. Based on researchers' interviews with their employees, SouthStar Drug utilized technology to simplify complex tasks and operate more effectively and efficiently. By employing the latest software, employees were able to perform their duties with ease and conduct transactions more quickly. High information technology (HIT) played a vital role in reducing reliance on memory, standardizing terminology, applying appropriate constraints, employing forcing functions, protocols, and checklists, and minimizing data handoffs within the drugstore. The use of HIT could also reduce healthcare costs associated with inefficient medical errors, care, and information. Secure systems, including encryption and digital certificates, enabled faster and more efficient transactions and operations. Additionally, CAD/CAM and CIM devices were employed to minimize waste and maintain the company's competitiveness. The cumulative mean of technological factors was 4.25, indicating that the respondents concurred that technological factors had affected SouthStar Drug's strategies.

Table 5 Environmental Analysis of South Star Drug

Environmental	Mean	Corresponding Values
Natural Calamity	3.95	Agree
Corporate Social Responsibility Cultures	3.93	Agree
Waste Management	3.90	Agree
Laws regulating environment pollution	3.95	Agree
Recycling	3.73	Agree
Cumulative mean	<u>3.89</u>	<u>Agree</u>

The term "environmental factors" refers to various trends and impacts of the actual environment. These include natural disasters, climate change, environmental laws, and the increasing need for environmentally-friendly "green" products (Mitchell & Britt, 2019). In Table 5 above, the means of each statement answered by the respondents to determine the environmental factors that affected the strategies of SouthStar Drug are presented. Recycling received the lowest mean, which was 3.73, signifying that it had a minimal impact on Southstar's drug strategy. Natural calamity and laws regulating environmental pollution received the highest mean in the environmental category, which was 3.95, and it implied that the majority of the respondents agreed. Therefore, the statement about natural calamities, which had the highest mean, is supported by (Coppock, 2018), who noted that after a natural calamity, power outages or flooding could cause harm to medications as prescription drugs could be compromised by extreme temperatures resulting from power outages, and they may be tainted by floodwater or damaged pipes. The cumulative mean of all statements was 3.89, which was within the "Agree" range, implying that the respondents agreed that environmental factors had an effect on the strategies of Southstar.

Table 6 Legal Analysis of South Star Drug

Legal	Mean	Corresponding Values
Employment Laws	3.97	Agree
Data Protection Laws	4.00	Agree
Consumer Protection	4.17	Agree
Anti-Trust Laws	4.07	Agree
Compulsory Licensing	3.92	Agree

Cumulative mean	4.02	Agree
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The legal aspects that regulated a particular market typically included requirements for entry, laws governing operations, and procedures for resolving disputes with other stakeholders (Emba Pro, n.d.). The table above showed the results of legal factors that affected the strategies of SouthStar Drug. Consumer protection had the highest mean, which was 4.17, while compulsory licensing had the lowest mean. Overall, the legal factors listed on the above table had an impact on the strategies of SouthStar Drug with a cumulative mean of 4.02, implying that the respondents agreed that legal factors had an effect on the strategies of SouthStar.

➤ *Porter's Five Forces of Competitive Analysis*

Porter’s Five Forces Model is used to analyze the level of competition within an industry and business strategy development.

Table 7 Porter's Five Forces of Competitive Analysis

	Mean	Corresponding Values
<b>Bargaining Power of Suppliers</b>		
Suppliers have control over the SouthStar Drug, they can sell their products to the drugstore at the price and terms favorable to them.	3	Medium
<b>Bargaining Power of Consumers</b>		
Customers have power into SouthStar Drug, they can pressure the store to lower the price, increase product quantity and improve customer service	3	Medium
<b>Threat of Substitutes</b>		
Other forms of medicines available in the market such as generic, organic and others offering the same price can affect the sales of drugs at SouthStar Drug.	4	High
<b>Threat of New Entrants</b>		
A new business establishment begins selling the same items as SouthStar Drug.	4	High
<b>Rivalry Among Competitors</b>		
Level of competition of SouthStar Drug against the other drugstores in the area.	4	High
<b>Cumulative Mean</b>	3.6	High

Table 7 showed that all of the categories fell within the range of "high," indicating that respondents agree on the degree of level of competition of SouthStar Drug against its main competitors, which includes the bargaining power of suppliers, the bargaining power of consumers, the threat of substitutes, the threat of new entrants, and rivalry among competitors.

- *Bargaining Power of the Supplier (Medium)*

SouthStar Drug is one of the Philippines' oldest drug retailers, but the power of its suppliers is on the medium level. There aren't many suppliers competing in the market for branded prescription medicine. Also, the product cost of one supplier is relatively similar to that of the other suppliers; otherwise, it is a low-cost generic medication. Due to the presence of low-cost generic medicines, SouthStar gained a few more substitute suppliers to reduce the power of branded medicine suppliers. Though the biggest suppliers, such as Unilab Inc. and Pfizer, have high demand for their products, they have only medium power over SouthStar Drug since there are few other substitutes available in the business environment.

- *Bargaining Power of the Consumer (Medium)*

Hospitals and other healthcare facilities always get discounts on bulk medicine purchases. Large purchasers also buy cheaper drugs. They buy a lot of medicine, yet generics, one of the most regularly prescribed prescriptions, remain. Generic drugs with low prices may increase in price. Regular prescription drug buyers have lost bargaining leverage due to generic drug price

increases. This situation also involves government regulation of the purchasing process. Since the government regulates price sensitivity and profitability laws for ordinary buyers. Also, the power of customers is medium because they can increase the quantity of products SouthStar Drug is ordering from the suppliers. Buyer power is also on the medium side since there are substitute products and drugstores available in the market.

- *Threat of Substitutes (High)*

The number of replacements, mostly generic drugs, is high. These ones undermine the branded ones since they are inexpensive and believed to have the same quality and effects. Generic medication businesses can sell their products at lower prices due to lower research and development costs. SouthStar Drug offers generic brands; however, not all of its devoted consumers know this. Some patients also take natural drugs, believing they are potent painkillers. Technology also affects replacement dangers, as pharmaceutical technology often leads to imitations. Products are also homogenous.

- *Threat of New Entrants (High)*

Many businessmen are deciding to invest in opening a new drugstore due to the increase in the size of the market and the potential of the industry. Drugstores in the area are losing customers since there is a low level of brand loyalty, though they are offering membership cards for their regular customers. Also, the government is weak on regulating the number of players in the market.

- *Rivalry Among Competitors (High)*

Drug and pharmaceutical distributors face fierce competition. This industry competes on price, advertising, and promotions. Although Mercury Drug owns the market share, other companies are competing to take it. Because they sell the same things at different prices, product differentiation is poor. Another is heavy government intervention, which allowed generic medicine proliferation and increased competition.

➤ *Competitive Profile Matrix*

Table 8 Competitive Profile Matrix

Critical Success Factors	Weight	SouthStar Drug		Mercury Drug		Generika Drugstore	
		Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score
Brand image	0.15	3.72	0.56	4.42	0.66	3.5	0.53
Market Share	0.03	3.82	0.11	4.42	0.13	3.47	0.10
Promotion and Advertising	0.05	3.35	0.17	4.43	0.22	3.57	0.18
Technology and Innovation	0.10	3.72	0.37	4.28	0.43	3.25	0.33
Employees	0.15	3.88	0.58	4.20	0.63	3.40	0.51
Management	0.12	4.03	0.48	4.08	0.49	3.28	0.39
Pricing	0.05	3.57	0.18	3.65	0.18	4.27	0.21
Quality of Products	0.12	3.97	0.48	4.32	0.52	3.23	0.39
Distribution	0.09	3.87	0.35	4.38	0.39	3.5	0.32
Corporate Social Responsibility	0.14	3.83	0.54	3.92	0.55	3.35	0.47
<b>Total</b>	<b>1.00</b>		<b>3.82</b>		<b>4.2</b>		<b>3.43</b>

Brand image is how the company positions its products and services in the market. Based on the above table, Generika got a weighted score of 0.53, making it the lowest of the three. It has been a minor weakness for the company since they are always on customers' minds whenever they are looking for a drugstore. SouthStar Drug needs to improve its brand image; they are always

changing their company name from Southern Drug to SouthStar Drug. They also retained Manson Drug, even though Manson Drug and SouthStar Drug are the same. The company name is a major factor that influenced their brand image.

In terms of market share, SouthStar Drug landed in second place while Mercury Drug remained in first place. Based on their company profile, Mercury Drug occupies almost half of the market share of the top drug retail stores in the country. In the above table, SouthStar Drug got a 0.11 weighted score with a corresponding rating of 3.82, meaning a minor weakness for the company.

Promotion and advertising are the ways in which the company conveys the message of their products and services. SouthStar Drug is the lowest among the three when it comes to promotion and advertising, with a weighted score of 0.17 and a corresponding rating of 3.35. Mercury is leading and is followed by Generika. Mercury Drug is known for its give-aways, such as calendars, umbrellas, and others. Meanwhile, Generika is working hard on online consultations for their customers.

When it comes to technology and innovation, Mercury Drug is leading among its rivals. The business got a 0.43 weighted score among its competitors. Meanwhile, SouthStar Drug followed with a 0.37 weighted mean. SouthStar Drug has CAD (computer-aided design), CAM (computer-aided manufacturing), and CIM (computer-integrated manufacturing) to ensure competitiveness.

SouthStar Drug got a 0.58 weighted mean in terms of employees following Mercury Drug. Among the mentioned critical success factors observed by SouthStar, it got the highest, implying that the respondents noted this as a major strength against its competitors. SouthStar Drug got a 0.48 weighted mean in terms of employee management following Mercury Drug. It is due to the fact that the management team is visiting every branch they established to check on and monitor the performance and progress of the said branches.

For pricing, a uniform pricing strategy is a weakness for SouthStar Drug since not all of its customers who will buy their drugs and medicines in their different branches can be assured that these customers can avail of the product, especially if the prices are too high. These customers can shift to other drugstores that offer the same variety and quality but at possibly lower prices.

SouthStar Drug falls in second place in terms of quality of products, with Mercury Drug being the first and Generika remaining the last. As the tagline of Mercury Drug goes, "*Nakasisigurong gamot ay laging bago,*", many customers assume that it offers the highest quality of product by ensuring that it is always new.

Distribution is a means of how the products can reach its end customers. In the comparison above, Mercury Drug got the highest weighted score of 0.39 with the highest rating of 4.38, indicating the company's major strength. It has two branches in the area, both of which are strategically located in areas where many customers pass by. SouthStar Drug followed since it also had two branches in the area; however, they do not have the same name; one is SouthStar Drug and the other is Manson Drug.

In terms of corporate social responsibility, SouthStar Drug provides scholarships for selected pharmacy students with an allowance, review, and work after graduation. They also offer free services for the community such as blood pressure testing, blood sugar testing, massage, and bone screening.

➤ *EFE Matrix*

Table 9 External Factor Evaluation (EFE) Matrix

Key External Factors	Weight	Rating	Weighted Score
<b>Opportunities</b>			
Population Growth	0.23	4.18	0.96
Vehicle Traffic Passing the branch	0.08	4.07	0.33
Existence of new diseases	0.16	4.12	0.66
Increasing Number of Hospitals/Health Centers	0.07	4.02	0.28
Technological Advancement	0.13	4.05	0.53
<b>Threats</b>			
Number of licensed pharmacist	0.07	4.24	0.30

Emerging New Drugstores in the Market	0.11	4.12	0.45
Increase in Tax Imposed	0.05	4.13	0.21
Reduced demand for prescription medicine	0.06	4.07	0.24
Counterfeit items	0.04	3.92	0.16
<b>Total</b>	<b>1</b>		

The table showed the external factors of SouthStar Drug, which are based on the company's opportunities and threats. The highest weighted score in terms of opportunities is the population growth. It is considered the business' best opportunity since it will give chances for an increase in the population in the country. It received a weight point of 0.23 with a corresponding rating of 4.18, which means major strength, and a weighted score of 0.96.

In terms of threats, the major threat to SouthStar Drug is the emerging new drugstores in the market; it gained a weighted average of 0.11 and a rating of 4.12, which means a major weakness. It resulted in a threat since opening new drugstores strengthened the rivalry by delivering or offering the same products in the market.

➤ *IFE Matrix*

Table 10 Internal Factor Evaluation (EFE) Matrix

Key Internal Factors	Weight	Rating	Weighted Score
<b>Strength</b>			
They offer one stop shop	0.27	4.03	1.09
Offers wide variety of affordable pharmaceutical drugs	0.12	4.00	0.48
Strong distribution network	0.09	3.92	0.35
Increasing number of branches	0.09	3.90	0.35
Open communication with top management	0.12	3.75	0.45
Providing scholarship grants	0.15	3.57	0.54
<b>Weakness</b>			
Brand positioning	0.07	3.92	0.27
Uniform pricing policy	0.03	3.77	0.11
Weak advertising	0.05	3.72	0.19
Maximum Retail Drug Price	0.01	3.90	0.04
<b>TOTAL</b>	<b>1</b>		

This table above shows the Internal Factor Evaluation (IFE), with the highest weighted score of 1.09 and a corresponding rating of 4.03, meaning the major strength is offering a one-stop shop. They were able to reduce the hassle of moving one store to another since most of the related products needed by a customer were already available.

The highest weighted average in terms of weaknesses is high standard of brand positioning, with a weighted score of 0.27 and a rating of 3.92, meaning a major weakness for the drugstore. SouthStar Drug has two names in the area; the other one is Manson Drug. These two names were creating confusion among the customers; instead of identifying them as one, others identified them as different entities.

➤ *IE Matrix*

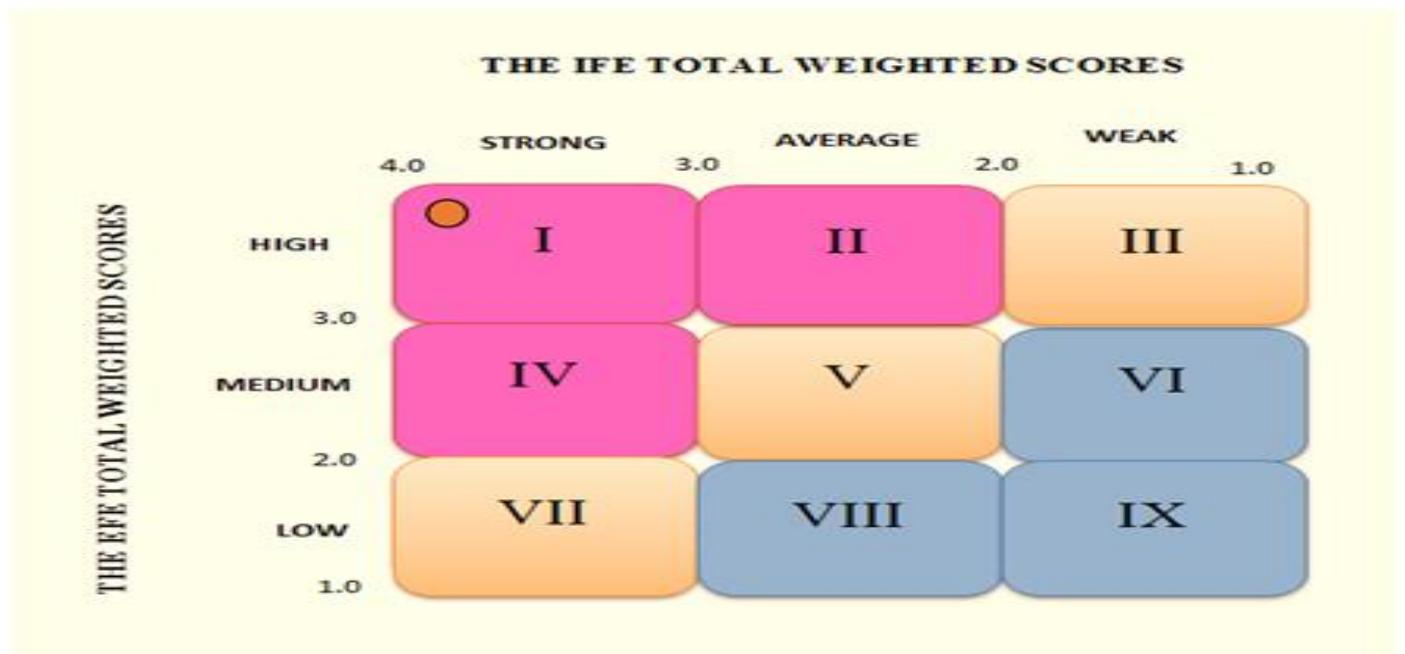


Fig 8 IE Matrix

The total weighted score for IFE is 3.87, while the total for EFE is 4.12, which places them in Quadrant I. This quadrant describes the business as strong and high in terms of market growth and competitive position. It is the quadrant of growth and building strategy. The company should focus on market development to gain greater market share and a competitive advantage.

➤ *SWOT Analysis*



Fig 9 SWOT Analysis of South Star Drug

SWOT is an analysis that helps organizations identify their strengths and weaknesses (S-W) and the opportunities and threats (O-T) that exist in their business environment. Strategic planning and decision-making helps the organization to develop awareness of the situation.

Strengths are the advantages of the company over its major competitors. Based on the IFE Matrix, among the strengths identified by the researchers, the respondents agreed with a 4.03 computed rating and a 1.09 weighted score that the major strength of SouthStar Drug is offering a one-stop shop to the customers. Aside from pharmaceutical drugs, SouthStar Drug is also offering other related products their customers might need for their health, such as wellness and personal care products, baby and kid products, and others, to eliminate the need for customers to visit different stores.

Offering a broad range of pharmaceutical products is another one of SouthStar Drug's strengths. The company has a wide range of branded and generic drugs. SouthStar Drug has touched many areas that are desperately in need of high-quality pharmaceuticals and medicines, as well as food and personal care products, by establishing multiple branches across the nation and creating a strong distribution network. One of their strengths was also noted to be open communication with the senior management; a head office representative regularly visited their branches. In addition to this, SouthStar offers numerous scholarship programs for pharmacy students that include a free allowance, no cost for the board exam, and employment after graduation.

On the other hand, weaknesses are the major disadvantages of the company. In the IFE Matrix, the highest identified weakness of SouthStar Drug is weak brand positioning. The rating was 3.92 with a 0.27 weighted score. Due to the change in the company name, the drugstore weakens its position in the market. SouthStar Drug and Manson Drug are the same company, but they have different names. It created confusion on the part of the customers. This weakness can contribute to low brand positioning. Additionally, their advertising is weak; businesses should advertise their goods widely to raise consumer awareness and help them gain ground in consumers' minds. The maximum retail drug price and the uniform pricing policy have an impact on the cost of items sold. SouthStar Drug needs to develop new pricing plans that can compete in the market and benefit clients. The best way to do that is through in-depth study and development.

Next are opportunities identified in SouthStar Drug; opportunities are favorable chances given to the company that will contribute to the success of its operations and processes. Based on the collected data from the respondents, the identified major opportunity for SouthStar Drug is population growth with a 4.18 rating. The increase in population would result in an increase in consumption. According to Study.com, population growth has many benefits for the economy, including an increased supply of labor, increased productivity, and increased consumption.

Customers may choose to purchase something from SouthStar Drug, such as a cold drink or a snackbar, while waiting, thanks to the vehicle traffic that passes the store, which was also identified as an opportunity. The COVID-19 illness and other new diseases gave drugstores an opportunity. Weather changes, pollution, and close contact with those who have specific diseases make it impossible for people to avoid being ill. A huge opportunity for drugstores has arisen as a result of this scenario. Customers looking for a reliable pharmacy will find SouthStar Drug's multiple store locations to be quite accessible.

One of its opportunities will come from the growth in the number of hospitals, since these institutions can purchase pharmaceuticals in large quantities and refer their patients to SouthStar Drug for the purchase of their prescribed medications. SouthStar Drug can improve its performance and productivity through advancing technology. Increases in revenue, profits, and team dynamics can all be used to gauge performance. By routinely evaluating the stocks provided by their various suppliers, productivity may be assessed. Due to the entry of new suppliers who can provide the shop with high-quality products and medicines at the most competitive pricing, it will also be a chance for the SouthStar Drug team.

Threats are undesirable outcomes that could lead to the failure of the company. One threat identified is the nation's small pharmacy population. In the survey, it was found that the opening of new drugstores, whether they are small or large, poses a further threat because the highly similar products they will sell will only strengthen the rivalry. This has a 4.12 rating and a 0.45 weighted score.

Another threat is the number of licensed pharmacists. Licensed pharmacists frequently apply for jobs and hold the same degrees and credentials abroad. According to Loquias and Robles (2012), low pay rates, a heavy workload, and the low status of the profession in the Philippines are some of the reasons why licensed pharmacists opt to work abroad rather than using their skills, talents, competencies, and expertise there. A lack of certified pharmacists will prevent the company from expanding, which would lead to a fall in business.

The business may be impacted by the government's new rules and regulations because, even if their drugstore is subject to a high tax, they cannot charge a high price for their medications if the government establishes a maximum drug price guideline. Finally, if the government takes over the pharmaceutical industry, there will be fierce competition, leading to the emergence of new government rules and regulations that will undoubtedly have an impact on the stability and development of the pharmacy.

Last but not least, another threat is the existence of counterfeit items; since these are sold at a lower price, other customers opt to buy them instead of buying from the drugstores.

➤ *TOWS Analysis*

Table 11 TOWS Analysis of South Star Drug

	<p><b>Strengths (S)</b></p> <ol style="list-style-type: none"> <li>1. They offer one stop shop</li> <li>2. Offers wide variety of affordable pharmaceutical drugs</li> <li>3. Strong distribution network</li> <li>4. Increasing number of branches</li> <li>5. Approachability of top management</li> <li>6. Building a foundation giving scholarship grants</li> </ol>	<p><b>Weaknesses (W)</b></p> <ol style="list-style-type: none"> <li>1. Weak brand positioning</li> <li>2. Uniform Pricing Policy</li> <li>3. Weak advertising</li> <li>4. Maximum Retail Drug Price</li> </ol>
<p><b>Opportunities (O)</b></p> <ol style="list-style-type: none"> <li>1. Population Growth</li> <li>2. Vehicle Traffic Passing the Store</li> <li>3. Emerging New Diseases</li> <li>4. Increasing Number of Hospitals/Health Centers</li> <li>5. Technological Advancement</li> </ol>	<p><b>SO Strategies</b></p> <ol style="list-style-type: none"> <li>1. (S1, O2), put more goods into the one stop shop to generate income from the customers bored in traffic.</li> <li>2. (S2, O3), offer more variety of drugs that can cure the emerging diseases.</li> <li>3. (S4, O3), increase the number of branches to generate more income.</li> <li>4. (S5, O5), inform the management of the need for the advancement of equipment and facilities.</li> <li>5. (S6, O1), invest on the human capital by educating and training them on becoming a personnel in the company.</li> </ol>	<p><b>WO Strategies</b></p> <ol style="list-style-type: none"> <li>1. (W1, O5), invest on the leading equipment and facilities to establish a competitive frame in the industry.</li> <li>2. (W3, O4), be more aggressive on promotion to attract more customers from different facilities.</li> </ol>
<p><b>Threats (T)</b></p> <ol style="list-style-type: none"> <li>1. Limited number of licensed pharmacist</li> <li>2. Emerging New drugstores in the Market</li> <li>3. Increase in Tax Imposed</li> <li>4. If controlled by the government, competition will increase</li> <li>5. Existence of counterfeit items</li> </ol>	<p><b>ST Strategies</b></p> <ol style="list-style-type: none"> <li>1. (S1, T2), use the one stop shop as a competitive advantage among the new competitors.</li> <li>2. (S2, T1), higher level of variety means higher level of tasks to accomplish, increasing manpower.</li> <li>3. (S5, T1), the top management must increase their salaries and benefits, and maintain a good working relationship.</li> </ol>	<p><b>WT Strategies</b></p> <ol style="list-style-type: none"> <li>1. (W1, T2), improve the brand positioning in the market.</li> <li>2. (W4, T2), comply with the laws and regulations but improve the pricing strategy to attract customers.</li> <li>3. (W5, T3), invest more on the advertisement to establish the importance of authentic drugs.</li> <li>4. (W1, T2), maintain the current company name to avoid confusion among the newly built drug stores.</li> </ol>

## CHAPTER FOUR CONCLUSION

The purpose of this paper was to identify the business strategies of SouthStar Drugs' business strategies. In the light of the results collected, the researchers therefore conclude that:

- *The external factors affecting the strategies of SouthStar Drug are the following in terms of*
  - *Political Factors: Senior Citizen Act (20%)*
  - *Economic Factors: Inflation Rate and Supply and Demand of Medicines*
  - *Socio-demographic Factors: Attitude towards Health and Safety*
  - *Technological Factors: Advance Equipment Facilities*
  - *Environmental Factors: Natural Calamity and Laws Regulating Environment Pollution*
  - *Legal Factors: Consumer Protection*
- *What is the level of competition of SouthStar Drug against its main competitors in terms of*
  - *Bargaining Power of Suppliers: Medium*
  - *Bargaining Power of Consumers: Medium*
  - *Threat of Substitutes: High*
  - *Threat of New Entrants: High*
  - *Rivalry Among Competitors: High*
- *The critical success factors observed by SouthStar Drug compared to its competitors are: brand image, market share, promotion and advertising, technology and innovation, employees, management, pricing, quality of products, distribution, and corporate social responsibility. Among the mentioned success factors, employees are the highest.*
- *Using different business models, the internal factors affecting the formulation of the strategy at SouthStar Drug are as follows:*
  - *IFE Matrix: They offer one-stop shopping (strength) and brand positioning (weakness).*
  - *EFE Matrix: Population Growth (opportunity) and Emerging New Drugstores in the Market (threats)*
  - *SWOT Analysis: same data found on IFE and EFE.*
- *Based on the IE Matrix of South Star Drug the most effective in maintaining a competitive advantage is market development.*

## RECOMMENDATION

➤ *The following recommendations are based on the findings and conclusion of the study:*

- It is recommended that SouthStar Drug Inc. contemplate using the company name SouthStar Drug in all of its branches. Instead of using Manson Drug in some of their branches, they must gradually replace it with SouthStar Drug in order to position themselves in customers' minds. If the company will not use SouthStar Drug as the company name in all branch stores, they should inform the market that Manson Drug and SouthStar Drug are the same pharmacy.
- The researchers suggest diversifying a company's advertising mediums. SouthStar Drug must promote their store in all forms of media advertising in order to increase their store's market recognition and customer base. If SouthStar Drug is unable to advertise in various forms of media, it can affix flyers to the packaging.
- It is also recommended that SouthStar Drug Inc. create intensive market promotion for generic brands. SouthStar Drug must advertise the availability of their generic brand on the market. If SouthStar Drug Company does not actively promote generic brands in the marketplace, they must inform customers on a regular basis that they also carry generic brands. Their pharmacists can also inform customers that they offer generic versions of their medicines.
- Lastly, it is recommended that future researchers use this study as a basis or reference, and it is suggested that future studies on this topic conduct an information needs assessment.

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**APPENDICES**

➤ *Questionnaire*

• *Dear Respondents:*

We, the MBA students of Nueva Ecija University of Science and Technology, are requesting your effort to actively participate in answering this questionnaire for our research entitled “An Analysis on the Business Strategy of SouthStar Drug Inc, Science City of Muñoz, Nueva Ecija”. Rest assured that your identity and responses will be treated with confidentiality and the results will be used for academic purposes only. Thank you and God bless!

➤ *PART I: Respondent Information*

• *Respondent's Relationship with South Star Drug:*

- ✓ Employee
- ✓ Customer

• *Sex:*

- ✓ Male
- ✓ Female

• *Age:*

- ✓ Below 25
- ✓ 26-35
- ✓ 36-35
- ✓ 46-55
- ✓ 55 above

• *Monthly Income:*

- ✓ 5,000 below      \_\_\_\_\_ 5,001-10,000
- ✓ 10,001-20,000    \_\_\_\_\_ 20,001 - 30,000
- ✓ 30,001 - 40,000    \_\_\_\_\_ 40,001 - 50,000
- ✓ 50,000 above

**PART II: Survey Questionnaire**

Using PESTEL Analysis, please rate the degree of your agreement on the external factors affecting the external strategies of SouthStar Drug with (5) being the highest and (1) being the lowest.					
	<b>Strongly Agree (5)</b>	<b>Agree (4)</b>	<b>Neither Disagree or Agree (3)</b>	<b>Disagree (2)</b>	<b>Strongly Disagree (1)</b>
<b>Political</b>					
Maximum Retail Drug Price					
Government-controlled prices					
Senior Citizen Act (20%)					
Generics Act of 1988					
Medicines Act of 1968					
<b>Economic</b>					

Exchange Rates					
Increase of Unemployment Rates					
Inflation Rates					
Supply and Demand of Medicines					
Global Economic Crisis					
<b>Socio-demographic</b>					
Age Structure					
Population Growth					
People Lifestyle					
New Disease					
Attitude towards Health and Safety					
<b>Technological</b>					
Advance Equipment and Facilities					
New Software					
High Information Technology					
Secure System					
CAD/ CAM and CIM (Advance Processing)					
<b>Environmental</b>					
Natural Calamity					
Corporate Social Responsibility Cultures					
Waste Management					
Laws regulating environment pollution					
Recycling					
<b>Legal</b>					
Employment Laws					
Data Protection Laws					
Consumer Protection					
Anti-Trust Laws					
Compulsory Licensing					

Please rate the degree of level of competition of SouthStar Drug against its main competitors:					
	Very High (5)	High (4)	Medium (3)	Low (2)	Very Low (1)
<b>Bargaining Power of Suppliers</b>					
Suppliers have control over the SouthStar Drug, they can sell their products to the drugstore at the price and terms favorable to them.					
<b>Bargaining Power of Consumers</b>					
Customers have power into SouthStar Drug, they can pressure the store to lower the price, increase product quantity and improve customer service					
<b>Threat of Substitutes</b>					
Other forms of medicines available in the market such as generic, organic and others offering the same price can affect the sales of drugs at SouthStar Drug.					
<b>Threat of New Entrants</b>					
A new business establishment begins selling the same items as SouthStar Drug.					
<b>Rivalry Among Competitors</b>					
Level of competition of SouthStar Drug against the other drugstores in the area.					

Please rate the critical success factors observed by SouthStar Drug compared to its competitors.					
	Very High (5)	High (4)	Medium (3)	Low (2)	Very Low (1)
Brand Image					
Market Share					
Promotion and Advertising					
Technology and Innovation					
Employees					
Management					
Pricing					
Quality of Products					
Distribution Channel					
Corporate Social Responsibility					

Using SWOT Analysis, please rate the degree of your agreement on the different factors affecting the internal strategies of SouthStar Drug with (5) being the highest and (1) being the lowest.					
	Strongly Agree (5)	Agree (4)	Neither Disagree or Agree (3)	Disagree (2)	Strongly Disagree (1)
<b>Strength</b>					
They offer one stop					
Offers wide variety of affordable pharmaceutical drugs					
Strong distribution network					
Increasing number of branches					
Open communication with top management					
Providing scholarship grants					

<b>Weakness</b>					
Brand positioning					
Uniform pricing policy					
Weak advertising					
Maximum Retail Drug Price					
<b>Opportunity</b>					
Population growth					
Vehicle traffic passing the branch					
Existence of new disease					
Increasing number of hospitals/treatment center					
Technological advancement					
<b>Threats</b>					
Number of licensed pharmacist					
Emerging new drug stores in the market					
Increase in tax imposed					
Reduced demand for prescription medicine					
Counterfeit items					

Please indicate if you have any comments and suggestions for South Star Drug’s business strategies:

### DOCUMENTATION

