

# *Study on the Influence of Competitive Strategy on Cost Stickiness: Take Shenzhen Xinlitai Pharmaceutical as an Example*

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**Abstract:** With the advancement of the deepening reform of the pharmaceutical industry, the pharmaceutical industry in our country has been developing continuously at the same time, but also faces the fierce competition. In the context of fierce market competition, the pharmaceutical industry because of the high cost, so that corporate profits are constantly compressed. In order to improve the enterprise's operating profit and competitive strength, the management begins to pay attention to the management of cost and expense. Effective cost and expense management requires the management to first understand the traditional theory of evolution and fully understand the phenomenon of cost stickiness caused by resource allocation. Therefore, this paper selects Shenzhen Xinitai Pharmaceutical, a representative enterprise in the field of cardiovascular and cerebrovascular, as the case study object, and uses Palepu strategy to identify financial system indicators and Anderson model to identify and calculate the enterprise's competitive strategy and cost stickiness, and analyzes the impact of competitive strategy on cost stickiness. Then the conclusion that differentiation strategy enhances cost stickiness is drawn, and the impact of differentiation strategy on cost stickiness is further analyzed.

## **1. Introduction**

In recent years, with the improvement of our social wage level and the continuous aging degree of population, the people have further promoted the demand and development of Chinese medicine market for the health development of body and mind. Under the background of this demand, the country continues to deepen the reform of the pharmaceutical industry, and the pharmaceutical industry also pays more attention to the management and control of costs to further improve its market competitiveness.

Effective cost management requires the management to first understand the traditional theory of evolution, and at the same time fully understand the enterprise's cost stickiness caused by resource allocation. It can be seen from the research that the competitive strategy implemented by the enterprise determines how the management allocates the resources owned by the enterprise, and the unstable allocation of resources usually leads to the phenomenon of cost stickiness in the enterprise.

Therefore, this paper selects Shenzhen Xinlitai Pharmaceutical, a representative enterprise in the field of cardiovascular and cerebrovascular, as the case study object. By referring to domestic and foreign literature, Palepu strategy is used to identify financial system indicators and Anderson model to identify and calculate the enterprise's competitive strategy and cost stickiness, and analyzes the impact of competitive strategy on cost stickiness. It is concluded that differentiation strategy will enhance cost stickiness.

## 2. Literature Review

### 2.1. The Cost of Viscous

In the domestic and foreign literature research, the related research on cost stickiness mainly focuses on three aspects <sup>[1]</sup>. These three aspects are: the existence of cost stickiness, the cause of cost stickiness and the economic consequences of cost stickiness. The main contents of the study on the three aspects of cost stickiness are shown in the following Table 1:

Table 1: Literature research on cost stickiness.

Study time	Researchers	The research content
2003	Anderson	ABJ model successfully proves the existence of cost - expense stickiness with data <sup>[2]</sup>
2011	JiangWei	The motivation of cost stickiness is adjustment cost, manager's expectation and agency problem
2016	ZhaoYing	It is suggested that different causes of cost stickiness have different effects on enterprise performance

### 2.2. Competitive Strategy and Cost Stickiness

In domestic and foreign studies, the relationship between competitive strategy and cost stickiness is mainly shown in Table 2:

Table 2: Literature research on competitive strategy and cost stickiness.

Study time	Researchers	The research content
1980	Porter	Cost leadership strategy and differentiation strategy constitute the competitive strategy of enterprises <sup>[3]</sup>
2014	JiangWei	The cost stickiness decreases because of the cost leadership strategy, and the cost stickiness increases because of the differentiation strategy
2019	WangYong, Liu E	When the enterprise management adopts the offensive strategy, there is the tendency of the management to build the enterprise into an empire, which will lead to the moral hazard behavior in its actions, thus increasing the cost stickiness <sup>[4]</sup>
2019	TanXin	In order to increase or maintain their profit margin, enterprises with differentiation strategy provide customers with excellent services or products, adopt advanced technologies and other ways to make the cost stickiness stronger in those enterprises with differentiation strategy
2019	WangMan	The cost stickiness of enterprises with cost leadership strategy is lower than that of enterprises with differentiation strategy

### 2.3. The Literature Review

As can be seen from the above domestic and foreign literature, the research on cost stickiness mainly focuses on the existence of cost stickiness, the causes of cost stickiness and the economic consequences of cost stickiness <sup>[5]</sup>. [5] The research on cost stickiness and competitive strategy

mainly believes that different competitive strategies have different effects on cost stickiness. On the basis of domestic and foreign research, through the identification of the case company's competitive strategy and the measurement of cost stickiness, this paper obtains the impact of competitive strategy on cost stickiness, and focuses on the analysis of the impact path of competitive strategy on cost stickiness <sup>[6]</sup>.

### **3. Identification of Competitive Strategy and Measurement of Cost Stickiness of Xinlitalai Pharmaceutical**

#### **3.1. Brief Introduction of Xinlitalai Pharmaceutical**

Shenzhen Xinlitalai Pharmaceutical was established in 1998 and listed in Shenzhen Stock Exchange in 2009 (stock code: 002294). It is an innovation-driven pharmaceutical company in the field of cardiovascular and cerebrovascular, which is based in China and has a global distribution, including R&D, production and sales <sup>[7]</sup>. Focusing on the field of cardiovascular and cerebrovascular, the company has formed a strategic synergy product system of chemical drugs, biological drugs and medical devices to provide better comprehensive solutions for the majority of patients.

As a leading enterprise in the field of cardiovascular and cerebrovascular diseases, The main products are mainly divided into: raw materials, pharmaceutical products and medical devices. The pharmaceutical preparations contain a variety of drugs, most representative of the main Xinlitan, Taiyi and Taijia. Xinlitalai Pharmaceutical has a vast market for innovative drugs for chronic diseases. Xinlitalai is the only domestic leading pharmaceutical company specializing in innovative drugs for chronic diseases, especially cardio-cerebrovascular drugs, such as Xinlitan and Taiyi, which have brought great revenue to Xinlitalai Pharmaceutical, so there is a very broad space for the production and development of innovative drugs for chronic diseases. Innovative drugs for chronic diseases have patent protection, Xinlitalai Pharmaceutical is the production and development of cardiovascular and cerebrovascular disease, the most comprehensive industrial layout in China. Xinlitan, developed and produced by Xinlitalai Pharmaceutical, is the only antihypertensive drug independently developed in China with independent intellectual property rights. Chronic disease usually refers to cardiovascular and cerebrovascular, three higher 4 fields. From the perspective of the domestic chronic disease field of class 1 new drugs, Xinlitalai covers 4 mainstream innovative drug fields. In this field, Xinlitalai has little competition with domestic pharmaceutical companies, and its main competitors are all foreign companies.

Based on the operating status and financial data of Xinlitalai Pharmaceutical in recent years, the costs and expenses of Xinlitalai Pharmaceutical from 2019 to 2021 will be analyzed as follows:

It can be seen from Table 3 above that the research and development investment and sales expense of Xinlitalai Pharmaceutical do not match the growth rate of operating revenue. In the case of a brief decline in operating income, in terms of sales, Xinlitalai pays attention to the marketing and promotion of medical products, and constantly increases the publicity and promotion services of cardiovascular and cerebrovascular drugs. In terms of research and development investment, we focus on the core areas of cardiovascular and cerebrovascular. Put the core area of drug research and development in the first place, increase the investment in research and development, to innovate high-quality products and good brand image to help the company's long-term development. As a result, the short-term growth rate of research and development investment and sales expense is higher than that of operating revenue, which leads to the decline in performance. This mismatch between cost expense and operating revenue growth also causes the company's cost stickiness to increase.

Table 3: Costs and expenses of Xinlitai from 2019 to 2021 (Unit: 100 million Yuan).

The project name	2019		2020		2021	
	Numerical	Percentage	Numerical	Percentage	Numerical	Percentage
Cost of sales	15.76	35.26%	8.99	32.82%	10.36	33.88%
Management fees	2.78	6.22%	2.88	10.51%	3.04	9.94%
Finance charges	-0.01	-0.02%	-0.12	-0.44%	-0.31	-1.01%
R&d spending	7.77	17.38%	7.73	28.22%	6.91	22.6%
Operating cost	9.64	21.57%	8.49	30.96%	7.93	25.93%
Sales revenue	44.7	100%	27.39	100%	30.58	100%

### 3.2. The Identification of the Competitive Strategy of Xinlitai Pharmaceutical

This paper mainly studies the influence of the competitive strategy of Xinlitai Pharmaceutical on the cost stickiness, so it is necessary to focus on identifying and analyzing the competitive strategy of the enterprise [8]. The method adopted is to improve the method of identifying competitive strategies by embedding financial management knowledge in a new perspective under the framework of DuPont analysis system first proposed by Palepu in 2008 (Lin Fangqiang, Ee Haitao et al., 2017). Based on the combination of asset turnover and operating profit rate, the enterprise with relatively high asset turnover but low operating profit rate is defined as implementing cost leadership strategy, and the enterprise with relatively low asset turnover but relatively high operating profit rate is defined as implementing differentiation strategy.

Table 4: Competitive strategy identification results of pharmaceutical companies.

Company	Year	2017	2018	2019	2020	2021
Xinlitai Pharmaceutical	index	(4.15, 1.13)	(3.75, 1.3)	(2.02, 1.16)	(0.35, 0.8)	(1.42, 0.63)
	Strategic category	Differentiation	Differentiation	Differentiation	No strategy	Differentiation
Yifan Pharmaceutical	index	(3.82, 0.89)	(1.99, 0.85)	(2.14, 0.89)	(2.18, 0.88)	(0.67, 0.68)
	Strategic category	Differentiation	Differentiation	Differentiation	Differentiation	No strategy
Hayao pharmaceutical shares	index	(0.48, 0.95)	(0.29, 1.13)	(0.39, 1.17)	(0.36, 1.08)	(0.31, 1.1)
	Strategic category	No strategy	Cost leadership	Cost leadership	Cost leadership	Cost leadership
Dongbei Pharmaceutical	index	(0.6, 0.83)	(0.67, 0.95)	(0.68, 1.11)	(0.66, 0.88)	(0.67, 0.77)
	Strategic category	No strategy	No strategy	Cost leadership	No strategy	No strategy

As can be seen from Table 4 above, there are differences in the competitive strategies implemented by the four selected sample companies. With the change of time and the change of the company's business conditions, the competitive identification results of the sample companies show unitary, regular and irregular changes. The case company of this paper, Xinlitai Pharmaceutical, implements the differentiation strategy.

### 3.3. The Calculation of Cost Stickiness of Xinlitai Pharmaceutical

In this paper, Xinlitai Pharmaceutical and three other enterprises in the pharmaceutical industry from 2017 to 2021 were selected as samples. Relevant financial data indicators were screened and substituted into the cost stickiness related model, and the calculation results were statistically and analyzed. The calculation formula of Anderson model is Formula 1:

$$sticky\_ratio_{i,t} = \left( \frac{Expense_{i,t}}{Revenue_{i,t}} - \frac{Expense_{i,t-1}}{Revenue_{i,t-1}} \right) \quad (1)$$

The relevant data of the selected sample companies are substituted into the Anderson model for relevant calculation, and the calculation results are as follows:

Table 5: Calculated values of cost stickiness for pharmaceutical companies from 2017 to 2021.

Company	2017	2018	2019	2020	2021	Mean value
Xinlilai Pharmaceutical	0.0049	0.0172	0.0760	0.0186	0.0048	0.0243
Yifan Pharmaceutical	-0.0596	0.0334	0.0151	0.0018	0.0884	0.0158
Hayao pharmaceutical shares	0.0098	0.0113	0.0002	0.0599	-0.0819	-0.0001
Dongbei Pharmaceutical	0.0520	0.0111	0.0443	-0.0323	0.0017	0.0154

In Anderson's model, when the value is greater than 0, it means that the change range of enterprise revenue is smaller than the change range of cost, which means that enterprise cost presents a sticky feature. When the value is less than 0, it indicates that the cost is anti-sticky. It can be seen from Table 5 above that cost stickiness exists in Xilitai Pharmaceutical, and the stickiness is the most obvious among the four enterprises.

#### 4. Influence of Differentiation Strategy of Xilitai Pharmaceutical on Cost Stickiness

##### 4.1. The Influence of Competitive Strategy on Cost Stickiness

Identified above letter Xilitai pharmaceutical, hundred million sails pharmaceutical, Harbin pharmaceutical shares and northeast pharmaceutical four sample companies such as type of competitive strategy, combined with the above summary of the size of the four companies cost stickiness, this section draws the four companies in the implementation of different competitive strategy under the background of viscosity change trend chart, the cost of the dotted line represents the implementation of enterprise cost leadership strategy, The solid line represents the enterprises implementing the differentiation strategy<sup>[9]</sup>. The details are shown in Figure 1 below:

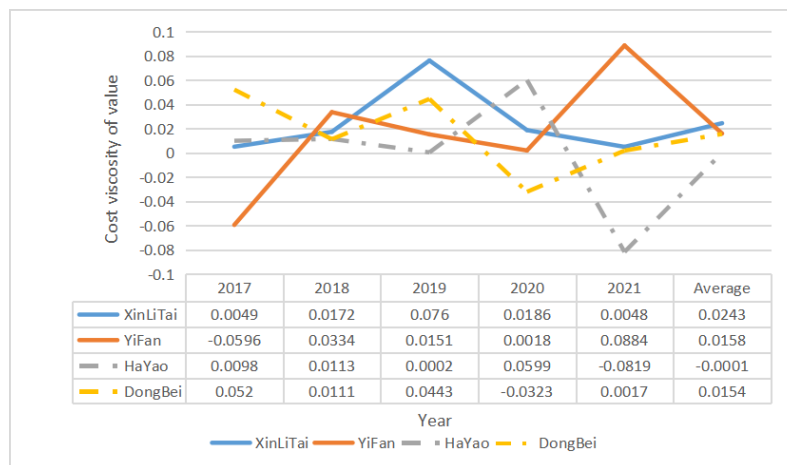


Figure 1: Change trend of cost stickiness of the four enterprises from 2017 to 2021.

As can be seen from Figure 1, the cost stickiness level of Xinlilai Pharmaceutical and Yifan

Pharmaceutical, which implement the differentiation strategy, is generally higher than that of Harbin Pharmaceutical and Northeast Pharmaceutical, which implement the cost leadership strategy. It can be concluded that the differentiation strategy can enhance the cost stickiness level. According to Figure 1, the cost stickiness of Xinlantai Pharmaceutical Co., LTD., which implemented the differentiation strategy, was always greater than 0 in the five years from 2017 to 2021, and the average value of cost stickiness in the recent five years was higher than that of Yifan Pharmaceutical Co., LTD., Harbin Pharmaceutical Co., LTD., and Northeast Pharmaceutical Co., LTD., indicating that the implementation of differentiation strategy could enhance the company's cost stickiness level. Through calculation and comparative analysis of cost stickiness of different enterprises implementing cost leadership strategy and differentiation strategy, it can be seen that different competitive strategies have different effects on cost stickiness level. Enterprises implementing cost leadership strategy will reduce cost stickiness level due to strict cost control. However, cost control is not the primary goal of enterprises implementing differentiation strategy. They should clarify customer needs and establish persistent differentiation competitive strength based on themselves. Therefore, it will increase the input of costs and expenses in product production, marketing channels, research and development, etc., and will not reduce the input of costs and expenses immediately when the business volume drops temporarily, thus enhancing the level of cost stickiness of enterprises [10].

## 4.2. Xinlantai Pharmaceutical Differentiation Strategy Performance

### 4.2.1. Differentiation of Products

Under the background of population aging, the drug demand index in the field of chronic diseases will increase greatly in the future. At the current stage, Xinlantai Pharmaceutical does not pursue hot targets such as tumor field, but continues to dig deep into the field of chronic diseases, producing and developing innovative drugs with product differences.

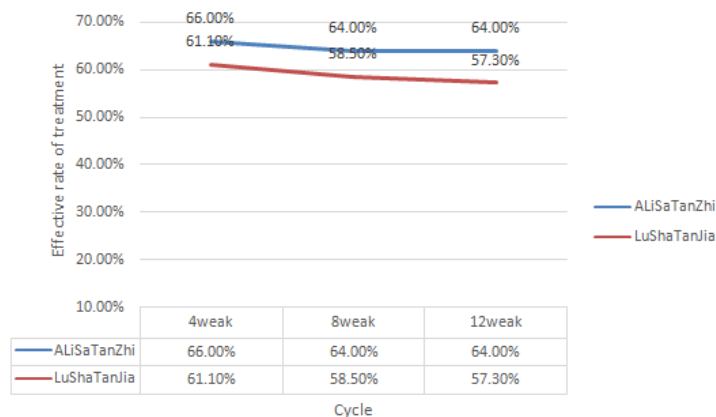


Figure 2: Comparison of the antihypertensive efficiency between alisartan ester and losartan potassium.

It can be seen from Figure 2 that after 4-12 weeks of use, the effective rates of Xinlitan were 66%, 64% and 64%, respectively, which were higher than those of losartan potassium (61.1%, 58.5% and 57.3%), indicating that the antihypertensive effect and effective rate were significantly higher than those of losartan potassium. In the process of differentiation, Xinlantai Pharmaceutical focuses on the medical research in the field of cardiovascular and cerebrovascular. The company's core innovative product, Xinlitan, is superior to other drugs in treatment efficacy and has been listed as a first-line antihypertensive drug by WHO. By focusing on the chronic field of cardiovascular and

cerebrovascular diseases, as well as R&D and production of efficient drugs, Xinlilai Pharmaceutical has gained differentiated competitive advantages in products.

#### 4.2.2. Differentiation of Marketing Promotion

Table 6: Function introduction of Xinlilai innovative drug promotion team.

Promote Team	Main Functions
Sales Team	It is divided into: blood pressure division, special drug division, thrombosis division, retail division, etc., to ensure the multi-channel and diversified promotion of special drug line
Marketing Department	Business development, research and analysis, new product launch planning, product brand management, market project operation
Department of Medicine	Lead and support post-marketing phase IV clinical studies and publish in internationally renowned journals
Government affairs, hospital key account management team	We will distribute major cities across the country and speed up access to new products and market penetration
Sales and Operations Department	Set up the Sales Operation Management (SFE) platform, use multi-dimensional sales and market data to accurately manage customers, and greatly improve the promotion efficiency
Internal Audit Department of Sales compliance	Established the international standard of promotion and included in the sales management assessment, successfully passed the due diligence of multinational companies

Since 2019, China's pharmaceutical market environment has undergone profound changes, which promote the rapid transformation and upgrading of pharmaceutical enterprise promotion teams. With reference to foreign advanced management experience and structure, the company set out to build a professional promotion team suitable for the marketing of modern pharmaceutical enterprises and China's national conditions, so as to lay a foundation for future long-term development. The new professional promotion team established by the company is analyzed as follows:

According to Table 6 above, Marketing and promotion team functions are clear, six departments to form an integrated professional marketing and promotion team. The collaboration between the medical department and the Marketing Department makes the company's sales and academic promotion capabilities go to a higher level. In the unique sales team and academic promotion of Xinlilai Pharmaceutical, the enterprise has formed its own unique core competitiveness of marketing differentiation. With the most excellent academic promotion team in the field of chronic diseases in China, Xinlilai is the most powerful partner in the field of chronic diseases in China for innovative pharmaceutical enterprises lacking sales channels at home and abroad <sup>[11]</sup>.

#### 4.2.3. Research and Development of Differentiation

Xinlilai Pharmaceutical continues to focus on innovative research and development and investment, has established and improved the construction of innovation team and early screening platform, strengthened the construction of large and small molecular team, and achieved initial results in the construction of innovative drug research and development system. The company has research and development bases in Shenzhen, Beijing, Chengdu and Maryland, USA, and has a number of leading talents in innovative drug research and development, forming a key talent echelon. At present, there are 639 R&D personnel, including 428 in the chemical drug team and 127 in the biological drug team. The company has also built several research and development platforms. Mainly including national enterprise technology center, postdoctoral research station and other R & D platforms. Involved in gene therapy drug research and development, the antibody drug research

and development, the recombinant protein drug research and development, the small molecule innovative drug research and development, equipment, and other fields of heart head blood-vessel, provide strong technical support for product research and development, for letter litai pharmaceutical implementing differentiation strategy provides a strong research and development, to ensure that continue to drive the rapid development of the company's future.

### 4.3. Path Analysis of the Impact of Differentiation Strategy on Cost Stickiness of Xinlitali Pharmaceutical

#### 4.3.1. The Impact of Product Differentiation on Cost Stickiness

In the process of differentiation strategy implemented by Xinlitali Pharmaceutical, product differentiation is embodied in the aspect of product differentiation, which will enhance cost stickiness. It can be seen from the analysis that enterprises with differentiation strategy pay more attention to the research and development and production of new products than those with cost leadership strategy, and constantly purchase high-end new machines and equipment to meet the production needs of new products or upgraded products.

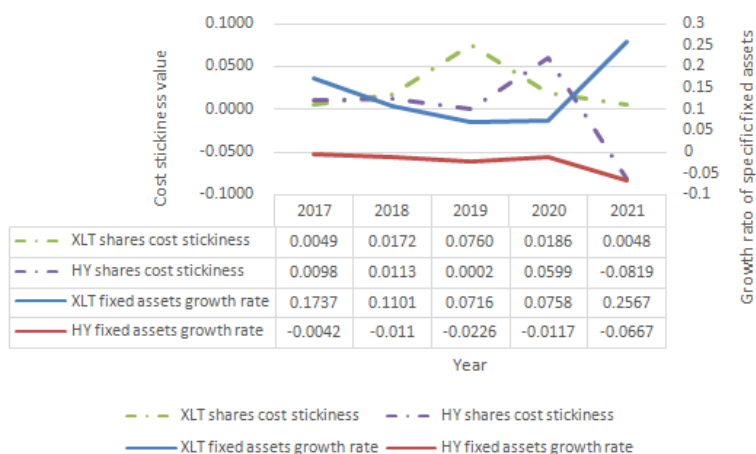


Figure 3: Comparison of growth rate of special fixed assets of Xinlitali Pharmaceutical.

According to the above figure, the growth rate of dedicated fixed assets is proportional to the cost stickiness. As can be seen from Figure 3, the growth rate of dedicated fixed assets of Xinlitali Pharmaceutical from 2017 to 2021 is significantly higher than the increase rate of fixed assets of Harbin Pharmaceutical Stock by implementing the cost leadership strategy. The corresponding is the implementation of differentiation strategy of the cost stickiness of Xinlitali pharmaceutical on the whole is greater than the implementation of the cost leadership strategy of Harbin medicine shares. Due to the implementation of differentiation strategy, Xinlitali Pharmaceutical cannot do without the investment of specific fixed assets in the process of pharmaceutical research and development, and has purchased a large number of high-tech equipment for the production and development of new pharmaceutical products. Xinlitali Pharmaceutical, which implements the differentiation strategy, pays attention to the differentiation competitiveness of products, so it will purchase corresponding specific fixed assets to realize the differentiation advantage of products. Specific fixed assets have the characteristics of specificity, so the adjustment cost is high. Considering the future long-term business development and the cost of adjustment, the management of enterprises will not reduce the investment of special fixed assets at will, which makes the cost stickiness of enterprises become stronger.



### 4.3.2. The Influence of Marketing Promotion Differentiation on Cost Stickiness

The main products of Xinlitalai Pharmaceutical include drugs in the field of cardiovascular and cerebrovascular diseases. The company not only has different products from other companies, but also has unique advantages in sales promotion. Specific performance is as follows: 1. Specializing in the field of cardiovascular and cerebrovascular marketing and promotion construction. To further expand the brand influence of Xinlitalai Pharmaceutical. 2. Different drugs are sold in different ways. Innovative product -- "Xinlitan", mainly promoted by hospital channels, supplemented by pharmacies and e-commerce. Taijia -- "sales team + drugstore + e-commerce + business cooperation" advance together, make full use of resources, and gain market share beyond the collection. Xinlitalai -- Due to the lack of medical insurance, it is difficult to develop, so it actively explores the surrounding areas of the hospital, such as DTP pharmacy and self-funded pharmacy of the hospital, to ensure the accessibility of drugs while obtaining the support of doctors.

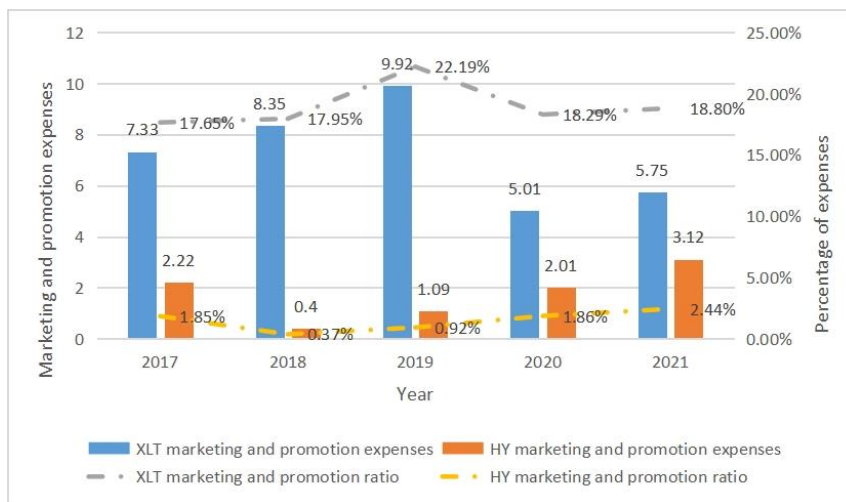


Figure 4: Marketing and promotion expenses of Xinfutai Pharmaceutical.

Through the analysis, it can be seen that in the process of implementing differentiation strategy, Xinlitalai pays attention to the marketing and promotion of products and brands, and realizes the marketing competitiveness of the company based on the differentiation of marketing and promotion. Figure 4 shows that marketing and promotion expenses enhance the phenomenon of cost stickiness. Combined with the discounted chart of cost viscosity change, it can be seen that the change trend chart of marketing and promotion expenses and the change trend of cost viscosity value tend to be coupled. Especially in 2019, when the marketing and promotion expense ratio of Xinlitalai Pharmaceutical reached the peak of 992 million yuan, accounting for 22.19% of the revenue ratio, combined with the cost stickiness value in 2019, the cost stickiness level was also at the highest level in the past five years.

Compared with Harbin Pharmaceutical Co., LTD., which implements the cost leadership strategy, Xinlitalai Pharmaceutical Co., LTD., which implements the differentiation strategy, is constantly increasing its product marketing and promotion efforts. These intangible assets, therefore, means that the early high cost of inputs, came in the face of resource adjustment produced when high cost, at the same time, the management of promotion propaganda increase sales have positive expectations for the future, and decline in sales, typically a downward adjustment promotion costs less hard, This leads to cost stickiness.

### 4.3.3. The Impact of Research and Development of Differentiation on Cost Stickiness

In the process of implementing differentiation strategy, Xinlilai Pharmaceutical always regards R&D differentiation as the first core competitiveness. Unique R&D strength needs to continuously increase and improve the construction of R&D platform and R&D center, the construction and maintenance of R&D center and R&D platform needs the company to continuously increase the investment in R&D and the training of R&D personnel [12]. This is a kind of human and R&D specific assets, and the adjustment cost will cause a waste of resources, so this kind of R&D proprietary resources will increase the degree of cost stickiness, that is, R&D differentiation will enhance the phenomenon of cost stickiness of enterprises [13]. Specific analysis is as follows:

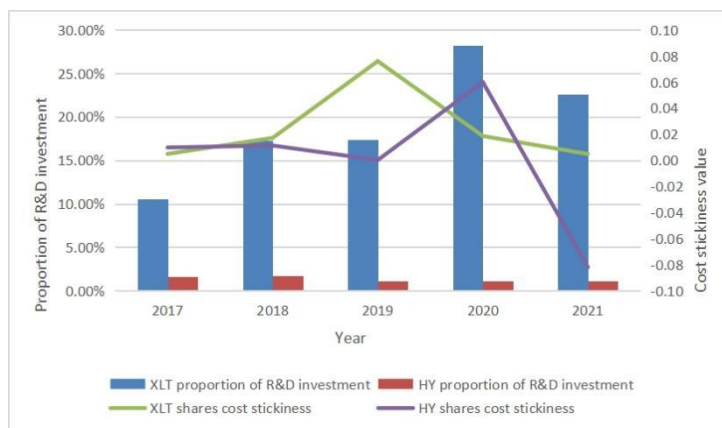


Figure 5: Proportion of R&D investment and cost stickiness of Xinlilai Pharmaceutical.

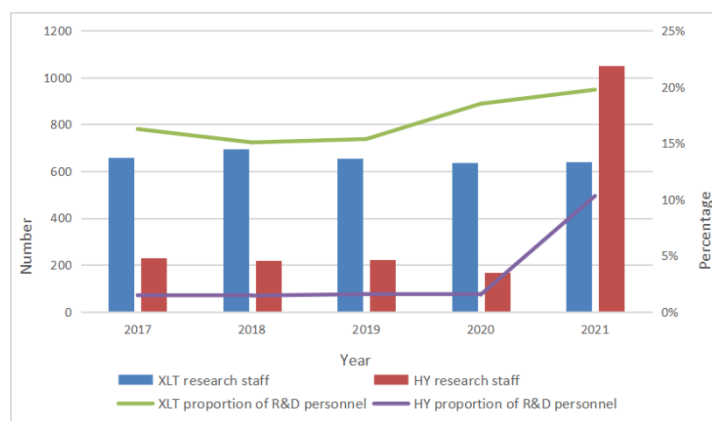


Figure 6: Number and proportion of research and development personnel in Xinlilai.

It can be seen from Figure 5 and Figure 6 that the R&D investment amount and the number of R&D personnel of Xinlilai Pharmaceutical are both higher than those of Harbin Pharmaceutical Co., LTD., which to some extent indicates that Xinlilai Pharmaceutical pays more attention to R&D investment and realizes the competitive advantage of R&D differentiation. At the same time, the cost stickiness value of Xinlilai Pharmaceutical which implements the differentiation strategy is larger than that of Harbin Pharmaceutical which implements the cost leadership strategy on the whole. R&d investment and R&D personnel constitute three MAJOR R&D centers and three major R&D platforms of Xinlilai Pharmaceutical. The construction of R&D centers and R&D platforms will enhance the R&D differentiation advantages of Xinlilai Pharmaceutical. It has three research and development centers, namely Shenzhen Group Research Institute, Chengdu Group Research Institute and American Group Research Institute, which focus on innovative drug research and development, forming a drug and clinical research and development system, and improving the innovation and development competitiveness of Xinlilai Medicine at home and abroad. Unique

platform focused on the chemical medicine, biological medicine and medical equipment three areas of research and development work, the research and development makes the letter Xinlitai pharmaceutical research and development direction is different from other pharmaceutical enterprises, formed its own unique research, provide strong technical support for product research and development, further strengthened the letter Xinlitai pharmaceutical research and development of differentiation advantage<sup>[14]</sup>. Therefore, in the process of implementing differentiation strategy, in order to ensure the advantages of differentiation in R&D, Xinlitai Pharmaceutical takes the adjustment cost into account when the business volume drops, and will not immediately reduce the R&D investment, which leads to the high cost stickiness of Xinlitai Pharmaceutical.

## 5. Conclusion

With the continuous reform of the pharmaceutical industry by the country, the cost management and control of the pharmaceutical industry are paying more and more attention. Through certain screening, this paper selects one of the four major chronic diseases, the leading enterprises in the field of cardiovascular and cerebrovascular, as the research object, and obtains the differentiation strategy implemented by Xinlitai Pharmaceutical through relevant models and indicators. At the same time, it is found that the cost stickiness level is relatively high when pharmaceutical enterprises implement the differentiation strategy. Thus, it is analyzed that different competitive strategies have different effects on cost stickiness, and then it is concluded that differentiation strategy enhances cost stickiness. In addition, it analyzes the impact of business trip alienation strategy on cost stickiness mainly from three aspects: product differentiation, marketing promotion differentiation and R&D differentiation.

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