



REVIEW ON INDIAN PHARMA MARKETING

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ABSTRACT

The impact of legislative changes, economic turmoil and an increase in competition from generics and bio similarities is forcing change in the pharmaceutical industry. In an increasingly crowded marketplace, there is pressure to ensure that sales force effectiveness is maximized, and the correct sales and marketing strategy implemented. The current shift in the marketing strategy is work by multinational pharmaceutical Companies .It is now high-end development that is being carried out by leading companies. And, increasingly, other companies are finding

themselves competing against, or working with, new innovation-based companies. My study focuses on the processes and outcomes of globally distributed pharmaceutical companies. This article will present the changing marketing strategies by a pharma company.

KEY WORDS: Marketing in pharma, changing strategies, sun pharma, innovation.

INTRODUCTION

^[3]The pharmaceutical industry is the world's largest industry due to worldwide revenues of approximately US\$2.8 trillion. Pharma industry has seen major changes in the recent years that place new demands on payers, providers and manufacturers. Customers now demand the same choice and convenience from pharma industry that they find in other segment. Indian Pharmaceutical Industry is poised for high consistent growth over the next few years, driven by a multitude of factors.

Top Indian Companies like Ranbaxy, DRL, CIPLA and Dabur have already established their presence. The pharmaceutical industry is a knowledge driven industry and is heavily dependent on Research and Development for new products and growth. However, basic

research (discovering new molecules) is a time consuming and expensive process and is thus, dominated by large global multinationals. Indian companies have only recently entered the area.

The Indian pharmaceutical industry came into existence in 1901, when Bengal Chemical & Pharmaceutical Company started its maiden operation in Calcutta. The next few decades saw the pharmaceutical industry moving through several phases, largely in accordance with government policies. Commencing with repackaging and preparation of formulations from imported bulk drugs, the Indian industry has moved on to become a net foreign exchange earner, and has been able to underline its presence in the global pharmaceutical arena as one of the top 35 drug producers worldwide. Currently, there are more than 2,400 registered pharmaceutical producers in India. There are 24,000 licensed pharmaceutical companies. Of the 465 bulk drugs used in India, approximately 425 are manufactured here. India has more drug-manufacturing facilities that have been approved by the U.S. Food and Drug Administration than any country other than the US. Indian generics companies supply 84% of the AIDS drugs that Doctors without Borders uses to treat 60,000 patients in more than 30 countries. However total pharmaceutical market is as follows:

Table 1: Therapeutic Area wise Total Pharma Market

Category	Market Share%
Anti-Infective	16.4
Gastrointestinal	10.9
Cardiac	10.3
Respiratory	10.2
Vitamins/Minerals/Nutrient	9.6
Pain/Analgesics	9.5
Dermatology	5.4
Gynecology	5.3
Neuropsychiatry	5.3
Anti-diabetics	4.4
Ophthalmics	1.7
Others	11.0
Total	100.00

It is very much evident from above fig.1 that chronic therapy area (Gastro Cardiac, Respiratory, Neuro Psychiatry and Ant diabetics) is dominating the market in long run.

Pharmaceutical Marketing (Process and its Challenges):

While many pharmaceutical companies have successfully deployed a plethora of strategies to target the various customer types, recent business and customer trends are creating new challenges and opportunities for increasing profitability.

In the pharmaceutical and healthcare industries, a complex web of decision-makers determines the nature of the transaction (prescription) for which direct customer (doctor) of pharma industry is responsible. Essentially, the end-user (patient) consumes a product and pays the cost.

Use of medical representatives for marketing products to physicians and to exert some influence over others in the hierarchy of decision makers has been a time-tested tradition. Typically, sales force expense comprises an estimated 15 percent to 20 percent of annual product revenues, the largest line item on the balance sheet.

Despite this other expense, the industry is still plagued with some very serious strategic and operational level issues.

From organizational perspective the most prominent performance related issues are enlisted below:

- a). Increased competition and unethical practices adopted by some of the propaganda base companies.
- b). Low level of customer knowledge (Doctors, Retailers, Wholesalers).
- c). Poor customer (both external & internal) acquisition, development and retention strategies.
- d). Varying customer perception.
- e). The number and the quality of medical representatives
- f). Very high territory development costs.
- g). High training and re-training costs of sales personnel.
- h). Very high attrition rate of the sales personnel.
- i). Poor territory knowledge in terms of business value at medical representative level .
- j). Unclear value of prescription from each doctor in the list of each sales person.
- k). Unknown value of revenue from each retailer in the territory
- l). Absence of ideal mechanism of sales forecasting from field sales level, leading to huge deviations

m). Absence of analysis on the amount of time invested on profitable and not-so-profitable customers and lack of time-share planning towards developing customer base for future and un-tapped markets.

n). Busy doctors giving less time for sales calls.

OTHER CHALLENGES FACED BY PHARMA COMPANIES

PATENTS

Patents are the copy right taken by a company over its product which is a new discovery or invention by the company itself. It is a vital aspect of the global pharma industry. Patent protection is essential to spur basic R&D and make it commercially viable. But, only the developed nations endorse product patents. Most third world countries have patent laws but enforcement is totally lax.

New Drug Approval (NDA)

Prior to launching its products in any country, a pharma company undertakes patent registration to protect its own interests. To protect the interests of the consumers, it is necessary that the product be approved by the drug authorities in that country. Mostly the process for seeking approval is initiated alongside the patent registration process.

WTO Due to pressure from the developed countries, across the world uniformity in patent laws is being implemented under WTO (World Trade Organization - earlier GATT i.e. General Agreement on Tariffs & Trade). Presently, different countries have different patent types and life period. WTO has decided upon a product patent life of 20 years in all countries.

RESEARCH & DEVELOPMENT (R&D)

The pharmaceutical industry is characterized by heavy R&D expenditure. It is only the large pharmaceutical companies who can allocate significant resources for R&D to introduce new products. As the products are an outcome of significant R&D expenditures incurred by these companies, they have their products patented. The patent allows the companies concerned to wield immense pricing power for their new products.

THE COMPETITION

The level of competition on day to day basis is very high in Acute segment however the degree of competition is not as much as high in Chronic therapy area. As doctor has to

prescribe drug for a long time in chronic cases .In acute area however there is a large competition from local and propaganda companies.

Pharmaceutical Company Business Strategies

What's the secret behind successes? For one, the company operates in niche formulations (chronic) segments such as psychiatry, cardiovascular, gastroenterology and neurology. While most of the top Indian companies have focused on antibiotics and anti-infectives (acute), Sun Pharma focused on therapeutic areas such as depression, hypertension and cancer.

The company has introduced the entire range of products and has gained leadership position in each of these areas. Being a specialty company insulates Sun Pharma from the industry growth. The first quarter results for FY02 explain this to some extent. While the industry was affected to a large extent by a slowdown in the domestic formulations market, Sun Pharma logged a growth of 26% in revenues.

Over the years Sun has also used the strategy of acquisitions and mergers to grow quickly. It acquired Knoll Pharma's bulk drug facility, Gujarat Lyka Organics, 51.5% in M. J. Pharma, merged Tamil Nadu Dadha Pharma & Milmet Labs and acquired NATCO's brands. Post-Merger with Tamil Nadu Dadha Pharma the company gained presence in gynecology and oncology segments.

The bases of marketing strategies can be best described in these two models in both acute and chronic segments:

Super Core Model involving the search for, and distribution of a small number of drugs from Chronic Therapy Area that achieve substantial global sales. The success of this model depends on achieving large returns from a small number of drugs in order to pay for the high cost of the drug discovery and development process for a large number of patients. Total revenues are highly dependent on sales from a small number of drugs. This model incorporates highly specialized approach in all manners. Initially the competition seems more at entry level but since growth is stable and more in this area; every com.

Core Model in which a larger number of drugs from Acute Therapy Area are marketed to big diversified markets. The advantage of this model is that its success is not dependent on sales of a small number of drugs. Here presenting a large number of products and taking the

advantage of opportunity cost is one of the important strategies. Other strategies include daily reminders to cross the perceptual filter and get the brand name in to the sub-conscious state of mind. The most effective strategy to pursue will depend on what kind of audience is being targeted.

With economic restraint a dominant factor, big pharma is eager to find more cost-effective ways to convince physicians of the value of their products, and this is where technology can come in. Mobile sales platforms allow for a smoother interaction with physicians, and the interactive approach can be carried through to social media forms of e-detailing. Platforms of this kind offer a new level of sales integration, with customer relationship management, presentation tools and analytics-based closed loop marketing all in one place.

Marketing approaches

biological drugs and drugs that can be used as a support for patients undergoing cytotoxic chemotherapy.

As a matter of fact, pharmaceutical companies are merging, aThe doctor's prescription has become just the starting point in determining what drug the retailer dispenses. During last five years pharma companies have started identifying the hidden potential of oncological market also. A number of drugs have been launched into the oncological market by pharmaceutical companies, including new nd, through the merging process, the portfolio of the new companies changes. Medical representatives are rearranged throughout the new companies. Some of the sales representatives are now afraid of losing their job, due to the changing scenario and the possible lay-offs.

Pharmaceutical marketing is a specialized field where medical representatives form the backbone of entire marketing effort. Pharmaceutical companies also appoint medical representatives and assign them defined territories. Medical representatives meet doctors, chemists and stockiest as per company norms. Medical representatives try to influence prescription pattern of doctors in favor of their brands.

On the other hand, the new, bigger, pharmaceutical companies are competing more and more with one another, and, in order to stress their products, might adopt a more aggressive sales strategy. For example, sometimes in the same geographical area there are eight to ten representatives for just one company, or different representatives for the same drug in

different settings. As a result of the new, aggressive strategy, the aggressiveness of representatives has also been increasing, since the larger stress exerted by their companies might affect their stay in the company. Therefore, they tend to have more frequent visits to encourage doctors to prescribe drugs and thus increase sales.

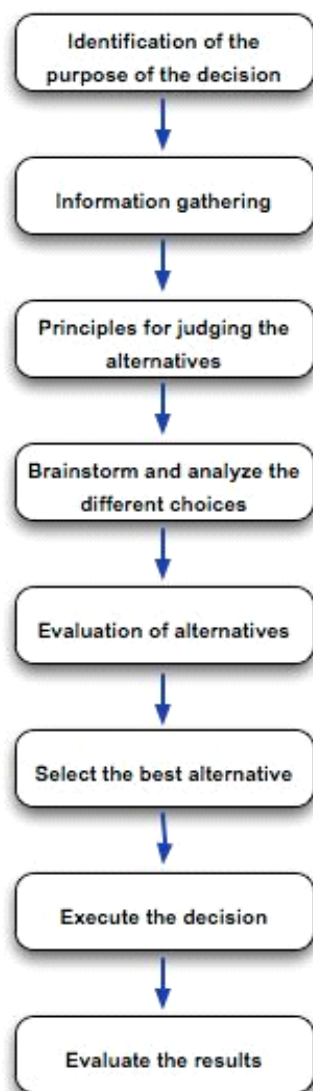


Fig 2: Marketing approaches

Some common methods of promotion of newly launched drugs

Local doctor visits

Sales reps conducting pharmacy or hospital visits have traditionally focused on free samples, with pharmaceutical companies spending billions of dollars per year on this technique. Another potentially expensive approach has been gifting: courting clients with expenses-paid

trips, meals and the like. This sales strategy is additionally under fire in many countries from legislative changes making this kind of activity illegal.

Communicating with payers and healthcare providers

A different toolkit is needed when it comes to senior-level discussions with payers, key opinion leaders, budget holders or formulary decision makers. Scattershot mass market sales techniques are ineffective because every stakeholder requires a tailored approach. While mobile platforms are a promising avenue, generic and relatively low cost sales apps are not able to integrate the complex evidence on health economic value and health outcomes upon which the success of such discussions hinges.

The pharmaceutical distribution channel

It is indirect with usually three channel members i.e. depot/C&F, stockiest and chemist. Pharmaceutical companies appoint one company depot or C&F agent usually in each state and authorized stockist(s) in each district across the country. Company depot/C&F sends stocks to authorized stockists as per the requirement.

Retail chemists buy medicines on daily or weekly basis from authorized stockiest as per demand. Patients visit chemists for buying medicines either prescribed by a doctor or advertised in the media. Here patient is end customer and doctor is direct customer for any pharmaceutical company. But for doctor customer (patient) is more important so he wants an effective supply chain management from prescribed company. And for pharmaceutical companies their customer that is doctor is more important that's why they emphasize more on supply chain management.

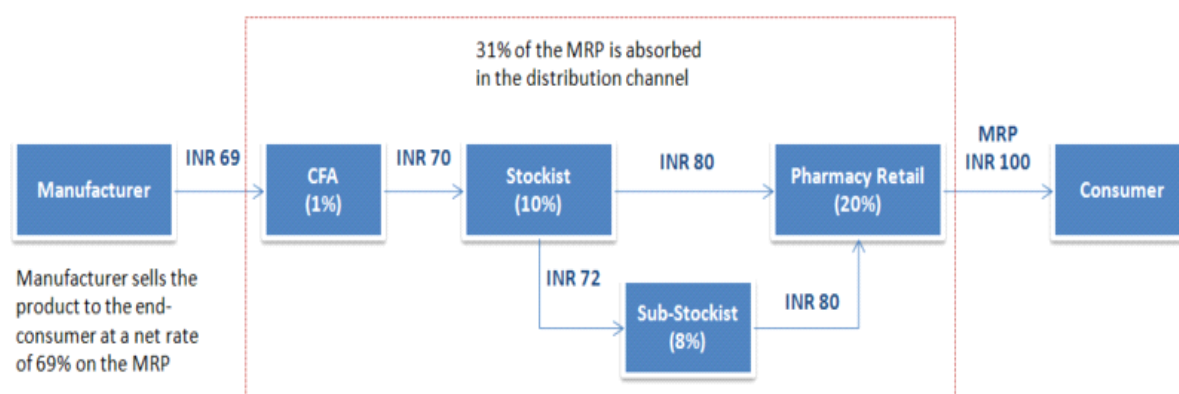


Fig 3: Increase in price with increasing channels

Factors affecting Total quality management in marketing

Importance of the Factor in the context of Indian Pharmaceutical marketing:

Top Management Commitment: Top management commitment was found to be the most significant factor affecting the implementation of Total Quality Management. Top management of the respondent companies assumed responsibility for quality. It was found that the level of commitment and involvement shown by the senior management had noticeable effects on the success of the company.

Leadership: Leadership is an important factor for Total Quality Management. An effective and dynamic leader can lead a successful team and subsequently make a profitable organization.

Quality Management: Quality management includes availability of quality information as well as usage of quality information. Timely and accurate information about the manufacturing process is important to control the process and reduce defective products.

Immediate problem solving keeps the process in control. Similarly quality information usage is also an important feature of quality information management. Although quality information is available; only proper and effective use of it leads to quality improvement.

Customer Focus: The main objective for a product or service design is to meet or exceed the customers' expectation and thus to satisfy the customer while making a reasonable profit. Customers are the driving force for product and service design. A customer oriented or customer focused organization maintains its competitive advantage.

People Management and training: Employee training is an important factor of quality management. Training is an efficient way to increase employees' ability to perform better. An organization which fully utilizes the skills of its workers' ability is on its way to achieve organizational objectives.

CONCLUSION

There can be various ways through which a business organization can achieve success in the market, but all those ways can be comprised into as above, then it can be rightly said that it revolves specifically around three parties or more; the triangular linkages or the relationship

between these three parties (company, customers and competitors) determine the success and failure of business organization.

In the medium to long run, the domestic pharmaceutical market will be largely driven by the increasing prevalence of chronic segment. The domestic industry is principally being driven by the chronic segment which has grown by 17.8% this year. Against the backdrop up- take of acute segments has been slow and has grown by 10.1% only.

The basis of success in any competitive context can be, at the most, elemental level commercial success; and commercial success can be derived either from a cost advantage or a value advantage or ideally from a combination of both. In other words, the organization with Competitive Advantage tends to be the cost leader in the industry or a seller of most differentiated products amongst all the players.

In present scenario companies are focusing more and more on the availability of products so as to enjoy good image in their customer's (doctors) chamber. Many companies such as Glaxo, Pfizer, Dabur, FDC, Aventis, Cipla etc. are known for their availability of products. For marketing of these types of products companies require more and more field force to remind their products on daily basis to their direct customer (doctor).

Moreover field force should have good knowledge of product schemes and offers. Also field force is required to have a good rapport with retailers.

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