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A Study on Different Pharmaceutical Industries Work in Marketing Strategies

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Abstract – The current shift in the marketing strategy is work by multinational pharmaceutical Companies. It is now high-end (rather than adaptive) 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 when a pharma company shifts from acute base to chronic therapy base. This research paper will also give an insight about shift in supply chain process and customer and end-customer perception which is the base of formulation of different marketing strategies.

Keywords: Pharmaceutical, Industries, Work, Marketing Strategies, Companies, Development, Customer, etc.

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INTRODUCTION

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 (Brownlee, Shannon, 2004). 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 (Tufts Centre for the Study of Drug Development (2001. PHARMA) (2001. Blumberg, and Perrone, 2001). 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:

Category	Value Market Share%
Anti-Infective	16.4
Gastrointestinal	10.9
Cardiac	10.3
Respiratory	10.2
Vit./Minerals/Nutrient	9.6
Pain/Analgesics	9.5
Dermatologics	5.4
Gynaecology	5.3
Neuro psychiatry	5.3
Antidiabetics	4.4
Ophthalmologicals	1.7
Others	11.0
Total	100.00

Fig.1

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

REVIEW OF LITERATURE:

What’s the secret behind these 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- infective (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 (Astra Zeneca, 2001. Agarwal, *et. al.*, 2001. International Marketing Strategies in India, 2005). 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 Tamilnadu Dadha Pharma & Milmet Labs and acquired Natco’s brands. Post-Merger with Tamilnadu Dadha Pharma the company gained presence in gynecology and oncology segments.

One of the constants of pharmaceutical company strategy over the past decade has been increasing scale. Only by growing larger are companies able to afford the considerable costs of drug development and distribution (Pharmaceuticals, 2005). Within this broad approach at least two business models are discernable:

- (i) 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 (Washington Monthly, 2004). Total revenues are highly dependent on sales from a small number of drugs.
- (ii) 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.

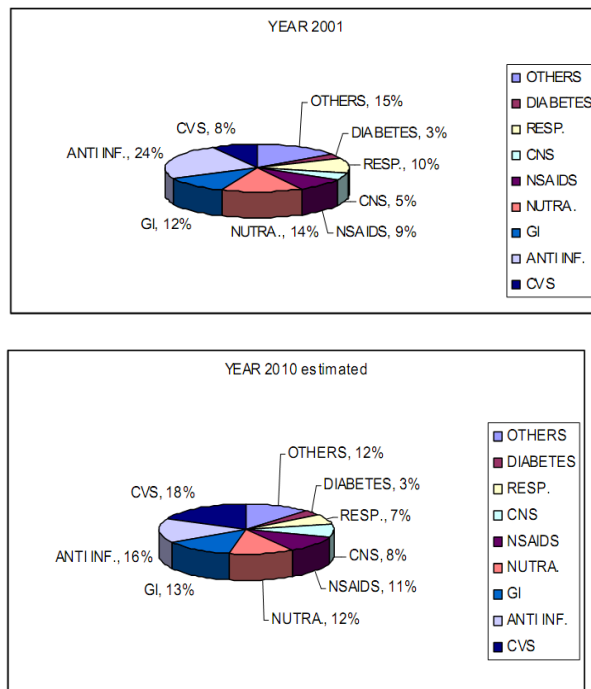


Fig-2

Figure 2 presents market share of top therapeutic segment in the year 2001 with projection made for year 2010. However product choice will depend largely on the internal capabilities of the companies (Drugs and Pharmaceuticals, 2004). Here it is very much evident from this projection that lots of opportunities lies with chronic therapy segment however growth is initially slow but it may generate good revenue in long run.

Marketing approaches of Super Core Model: In pharmaceutical market there has been a significant shift from Acute towards Chronic Therapy area. Chronic segments are driving the growth of the market as leading prescribers in these segments are specialists as opposed to general practioners. This is evident from high growth rates achieved by firms like Sun Pharma, Dr. Reddy laboratories and Dabur Pharma Ltd. Who have focused on these segments during last five years pharma companies have started identifying the hidden potential of oncological market. A number of drugs have been launched into the oncological market by pharmaceutical companies, including new 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, and, 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 layoffs. 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 five 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. In this model medical representatives are the key actors for example in a small oncology unit almost 40 sales representatives interacting with doctors, and most of them are coming for a visit on a regular once-a-month basis as this is the restriction put by doctors of meeting only once in a month that to on a fix time only, in order to stress the usefulness of their products and push clinicians towards the use of their drugs. This means that, basically, there are at least two representatives every day in busy clinic asking for a 'short' meeting to support their product. 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.

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. At last the role of supply chain is very prominent in both the phases (in acute as well as in chronic). But the success of any pharmaceutical industry; when a company changes its concentration from "Acute" to "Chronic" therapy market depends on competitiveness of supply chain. Supply Chain Managers can provide considerable value to their companies by understanding the customers' delivery requirements. A very powerful tool for understanding

these requirements is account segmentation. A company can use account segmentation to identify market segments Such as Acute & Chronic therapy market. Which is well positioned to serve and then organize its product range and even SKU's and service in a superior way. The company must tailor its supply chain offerings to meet the needs of each of the market segment it serves. For example, Dabur Pharma has started launching of its products which were G.P. (Acute Therapy) oriented latter it enter in to specialists oriented (Chronic Therapy) products.

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