

Analysis of Marketing Approaches Perform By Various Pharmaceutical Corporations

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Abstract – The Indian pharmaceutical industry's biggest challenge lies in reinventing communication. It has become extremely crucial to differentiate in the pharmaceutical market place through your communication. Pharmaceutical companies have to primarily depend on personal selling to promote (communicate) their medicines in the market as the target audience and customers are different, who are not the end users but merely influencers.

These influencers are medical practitioners referred to as 'doctors' or 'physicians' by general public. Medicine provide relief to the patients and so some time calling it as a product may be wrong, however in marketing term it is a product offered by the pharmaceutical company to the doctors. and pharmaceutical companies put lots of effort in marketing of their products through medical representative. Its very important to understand the attributes of a product which a customer is looking for. This will be helpful to the pharmaceutical companies for making more focused marketing strategies. This paper is intended to give insight on the same.

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.

INTRODUCTION

The Indian Pharmaceutical Industry today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. It ranks very high in the third world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

Indian Pharma Industry is having quality producers and many units approved by regulatory authorities in USA and UK. International companies associated with this sector have stimulated, assisted and spearheaded this dynamic development in the past many years and helped to put India on the pharmaceutical map of the world. India's pharmaceutical industry is now the third largest in the

world in terms of volume. Its rank is 14th in terms of value.

Between September 2008 and September 2009, the total turnover of India's pharmaceuticals industry was US\$ 21.04 billion. The domestic market was worth US\$ 12.26 billion. This was reported by the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers. As per a report by IMS Health India, the Indian pharmaceutical market reached US\$ 10.04 billion in size in July 2010. A highly organized sector, the Indian Pharmaceutical Industry is estimated to be worth \$ 4.5 billion, growing at about 8 to 9 percent annually.

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.

The Indian pharmaceutical industry's biggest challenge lies in reinventing communication. It has become extremely crucial to differentiate in the pharmaceutical market place through your communication. Pharmaceutical companies have to primarily depend on personal selling to promote (communicate) their medicines in the market as the target audience and customers are different, who are not the end users but merely influencers. These influencers are medical practitioners referred to as 'doctors' or 'physicians' by general public. The medium of communication, i.e. the 'medical representative' is the face of the pharmaceutical company and only he can create an impact on the prescriber of the medicine. It is very important to see that the medical representative delivers the message appropriately.

Pharmaceutical companies direct all their efforts to promote their medicine to these distinct classes of customers and train the field sales force to take on the task of promoting medicines to highly skilled and knowledgeable customers (doctors). Hence

pharmaceutical selling is distinct from other kinds of selling. We understand the importance of simple, creative, and effective communication in pharmaceutical selling/promoting. The objective of pharmaceutical marketing is to make profits through satisfying customer needs and wants.

PHARMA MARKETING METHOD AND ITS ISSUES

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.

Patents are 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.

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.

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.

REVIEW OF LITERATURE

In our literature review we found that lots of work has been

done on role of medical representative however the pharmaceutical product is one area which is not given enough attention from the view of doctors. Though the literature gives enough research information on the doctor's expectation from companies and sales team of pharmaceutical companies, the product as a marketing tool not been used extensively.

(Maguire 1999) Despite the boom in consumer ads, doctors are still king" (Stinebaugh and Sabin, 2003). The physician may not be responsive to details that consist of (increasing) sample drop-offs. This is borne out by industry studies which note that sales representatives use samples to gain admission to the physician's office (since samples are attractive to the physician – as suggested by the positive main effect) and therefore do not add any "value" to the detail

(Marc States, Roger Green) Determining how doctors perceive your product is very important. Knowing those product attributes that you are winning on and those you are losing on is important in positioning your product in the market. Using an analysis like this, you will be able to determine the attributes that drive physicians' preference for your product when they are treating patients.

(Saurabh Kumar Saxena) his article presented the changing marketing strategies when a pharma company shift Acute base to Chronic therapy base. This research paper 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. (Joan Buckley) This paper reviews current marketing practices in the pharmaceutical sector, and their impact on consumer and doctor behavior.

PHARMACEUTIC CORPORATION 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 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. Marketing strategies can be best described in these two models :

(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. Total revenues are highly dependant on sales from a small number of drugs. This model incorporates highly specialized approach in all the manner . Initially the competition is seems more at entry level but since growth is stable and more in this area ; every company is striving very hard to enter in this area. The major strategy in this model involves right focus to highly specialized customer by well trained team.

(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. Here presenting a large number of products and taking the advantage of opportunity cost is one of the important strategies. Other strategy includes daily reminders to cross the perceptual filter and get the brand name in to the sub-conscious state of mind.

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 PR actioners. 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?

The 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 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.

The pharmaceutical distribution channel 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. Ultimately endcustomer is benefited out of this.

MARKETING AND DISTRIBUTION

Since fixed costs—such as those for R&D and clinical trials—represent a considerable portion of the total costs for developing drugs, pharmaceutical profit margins are largely contingent upon the number of customers reached. Therefore, companies strive to build their reputations with doctors who prescribe pharmaceuticals and the patients who use them. The largest pharmaceutical companies in India use field sales forces, ranging in size from 500 to over 2,000, to bring their products to the domestic market. According to Uday Bhansali of Arthur Andersen, Indian companies have a decisive edge over MNCs in terms of distribution because they better understand the nuances of the Indian market for drugs.

Until recently, the Indian market alone provided sufficient profitability for Indian pharmaceutical companies. But as this market becomes more congested and the costs for producing new products grows, it is increasingly necessary for companies to look for customers beyond India and the developing world. Unfortunately, most Indian companies do not produce enough products to justify investments in global marketing and distribution.

Established MNCs, on the other hand, enjoy rapport throughout the world's pharmaceutical markets. When Merck develops a new product, for example, it can insert it into a large distribution system. In order for India's pharmaceutical companies to match the distribution capabilities of the major international players, they will likely have to join their own local forces, or enlist the support of MNCs to supplement their efforts.

SIGNIFICANCES FOR PHARMA COMPANIES

As Pharma works to change strategies, many companies

continue to struggle with implementation. Pharma companies must:

Improve market access : Market Access is critical to sales and survival. It requires masterful orchestration of a complex web of activities with both internal and external stakeholders.

Find growth in new areas : There is still growth ahead for Pharma in mature and fast-growing markets, value innovation, OTC and health nutrition, generics, diagnostics, animal health, vaccines, orphan drugs and new drugs.

Be more productive: Pharma companies must reduce costs while improving productivity. R&D, marketing and sales, and manufacturing and supply chains all present opportunities for greater efficiency and productivity.

Create partnerships: Partnering with universities or smaller companies can increase Pharma's portfolio while reducing development costs and sharing risk. Partnering with payers could bring mutual benefits.

Be "patient-centric" : Putting the patient at the centre of strategy and operations, and focusing on health outcomes rather than medicines, distinguishes a Pharma company from rivals and creates long-lasting value.

METHODOLOGY

For this study we have used both Primary as well as secondary data. A group of 117 respondents (who all are practicing doctors) were identified who were willing to participate in the study. The group majorly consists of general physicians and few consultants. They are practicing in private clinics and some of them are also having small hospitals and few are also associated with big hospital groups. A questionnaire was designed to gather the primary data from the doctors. 21 attributes (variables) of pharmaceutical product were selected after doing a pilot survey and respondents were asked to give the response as per the degree of importance ranging from 1 to 5. Data tabulation had been done attributes wise which is used for interpretation and analysis. Factor analysis is done for arriving at the results.

CONCLUSION

Over the past decade, pharmaceutical and life sciences companies have had to navigate a challenging and rapidly changing environment, in which stakeholders such as shareholders, physicians, patients, payers and regulators are creating significant pressures for change. Despite steady demand for its products, the industry's current

business model is both economically unsustainable and operationally unsuited to the kind of quick action necessary to produce treatments demanded by global societies.

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 successes of any pharmaceutical industry; when a company changes its concentration from “Acute” to “Chronic” therapy market depend 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.

Normally consumer looks for basic products like packaging, brand names and other augmented product benefit however in case of medicinal product doctors have given more importance to the core product benefit. This fact in any case is well known, however our results are giving the important attributes which doctors looking for. Attributes like economical price, good packaging which

should also be safe and short easy names comes out to be important one. Along with low price doctors feel that packaging should be good and safe so that the medicinal properties will be retained till expiry date. Normally pharmaceutical names are very confusing and it may lead to create some misunderstanding at chemist level also, good names may help in this regards Pharmaceutical companies are giving lot of efforts in making good medicine. If they give some more focused approach on other products attributes this will be helpful to the doctors and so to the pharmaceutical companies also.

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