

Promotional Strategies in Pharmaceutical Industry - A strategic Comprehension

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****Research Guide*

Abstract:-

In the eon of intense competition & capricious markets and remarkable potentiality of Pharmaceutical Sector in Indian Scenario this is one of avenues, wherein each key organizational group tries to get into, grow due to which the present companies are trying survive and at the same time willing enhance their profitability. Hence, the above entitled research is carried out in Pune (i.e. Specific area in Pune) wherein this article tries to throw a focus on various distinguished product promotion strategies being adopted in Pharmaceutical Industry to enhance their performance of sales of its products and to have an edge over to the other industries in the days to come. This article strives to focus on Pharma Companies strategies considering the notions of Four Pillars as Medical Representatives, Medical Practitioners (GPs,CPs),Field Managers and Chemists.

On having gone through this article one wound come to know about Pharma sector performance, different strategies of Pharma companies and would be able to understand which strategy would to be suitable to have better grip in market considering the competition.

Key Words: Medical Practitioners (GPs-CPs), DPCAI, Intrinsic Motivational Factors, LBL

Introduction:-

The pharmaceutical industry has been playing a vital role through developing, producing, and marketing drugs or pharmaceuticals licensed for use as medications. Pharmaceutical companies are entitled to deal in generic and/or brand medications and medical devices. They are subject to a variety of laws and regulations regarding the patenting, testing and ensuring safety and efficacy and marketing of drugs. The pharmaceutical industry in India is the world's largest in terms of volume and stands 14th in terms of value. Ministry of Chemicals and Fertilizers reveals that the total turnover of India's pharmaceutical industry between 2008 and September 2009 was US\$21.04 billion. While the domestic market was

worth of US\$12.26 billion. Sale of all types of medicines in the country has reaches around US\$19.22 billion till 2012.

The number of Indian pharma companies is comparatively low. Indian pharma industry is mainly operated as well as controlled by dominant foreign companies having subsidiaries in India due to availability of cheap labor in India at lowest cost. In Indian Scenario about 295 companies are in organized sector which contribute near about 90% of Indian Pharma market and over 20,000 registered drug manufacturers contribute to rest 10% to the Indian market. The total size of Indian Pharma Market is about Rupees 50,000 crores wherein more than 35,000 crores in domestic sales and rest 15,000 crores in export. Most companies operating in India, even the multinationals, employ Indians almost exclusively from the lowest rank to high level management. Homegrown pharmaceuticals, like many other businesses in India, are often a mix of public and private enterprise. Although many of these companies are publicly owned, leadership passes from father to son and the founding family holds a majority share.

Objective of the Study:-

As the objective of the study primarily concentrating on

1. To study the promotional strategies of Pharmaceutical products.
2. To know response of Medical Practitioners upon strategies adopted by pharmaceutical companies.
3. To find out the desired way of promotion for chemists and medical representatives of pharmaceutical drugs.

Literature Review:-

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.

Pharma Marketing Process Perspective

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 of pharma industry (doctor) 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:

- 1) Increased competition and shortened window of opportunity.
- 2) Low level of customer knowledge (Doctors, Retailers, Wholesalers).
- 3) Poor customer acquisition, development and retention strategies.
- 4) Varying customer perception.
- 5) The number and the quality of medical representatives
- 6) Very high territory development costs.
- 7) High training and re-training costs of sales personnel.
- 8) Very high attrition rate of the sales personnel.
- 9) Busy doctors giving less time for sales calls.
- 10) Poor territory knowledge in terms of business value at medical representative level.
- 11) Unclear value of prescription from each doctor in the list of each sales person.
- 12) Unknown value of revenue from each retailer in the territory

- 13) Virtually no mechanism of sales forecasting from field sales level, leading to huge deviations 14) 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 markets.
- 15) Manual and cumbersome administrative systems and processes designed which don't facilitate optimal efficiency levels in sales teams.

Business Strategy

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-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. 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

Research Methodology:-

This article is prepared with the help survey method and data collection sources are as

1) Primary and 2) secondary data. As this research is based on descriptive type of research of Purposive sample type since the research is carried out with prior knowledge of the population. Then the selection is being done on the basis of the proportion of the population. Sample size of research was of 54 respondents as categorized into four groups:

- a) Doctors - 20, b) Chemists - 12, c) Medical Representatives - 10 and d) Field Managers - 12.
- b)

Data Analysis:

The survey is carried through self administered questionnaire having the combination of Open-End, Close-End, Dichotomous, Multiple Choice, Ranking, Rating and Likert Scale Method. The questionnaire

is administered for the Doctors, Chemists, Medical Representatives and Field Managers. Based on this the data is analyzed as.

a) Data Analysis from Medical Practitioner's Perspective:-

As per the survey 55% of Doctors recommend **Generic Medicines** with a view of **Anti-side effect** and **Economy of Medicine for patients**. Doctors moderately believe that **Medical Representatives are the source of guarantee for promotion of drugs** and they are **well qualified in detailing the brand**. Apart from above two doctors strongly believe that **the promotion of Pharma brands** depend on 1) **Drug Combination**, 2) **Brand Name** and 3) **Their Own Experience in Profession**. Even in addition to the above doctors stress upon the companies **IMC** (Integrated marketing Communication) with importance of drug and motivation through MR's Marketing Skills.

Along with Medical Representatives as one of the Promotional Techniques, the below said are the additional factors of Promoting the pharmaceutical brands as with doctor's response:

Category	Not considerable	Considerable	Average	important	Most important
Brand name	0	2	2	9	11
Producer Background	0	4	8	10	0
Drug combination	0	0	4	4	16
IMC		4	1	9	10
Producer marketing technique	0	7	11	6	0
Your experience in profession	0	0	7	9	8

Responses obtained from Doctors about Integrated Marketing Communication applied by Medical Representatives for promoting their drugs

Explanation about the importance of the drugs	8
Promoting the name of the pharmaceutical industry	5
Presentations & gifts for promotion	1
Giving weight age to the brand of their company	1
Analyzing your patients & recommending the drugs	3
Motivating you to promote their drugs through their marketing skills	4

b) Data Analysis from Medical representative's Perspective:-

As per survey 60 % of MRs Say that major contributor of promotion of brands depends on **Drug Related to his practice and Presentation** along with **Communication, Detailing and Drug Knowledge**. Out of Survey it is found that the Doctors do take risk in prescribing new medicines (brands). Even while promoting the brands the contribution from the company side if of more with **field work**, and **laboratory visits**. In survey it is found that companies are offering benefits like **Salary increment based on performances**, others **monetary benefits to MRs** which leads to **intrinsic motivational factor** to the MRs to promote Pharma brands more aggressively.

C) Data Analysis from Field Managers Perspective:-

As MR is one the key components in Promotional Strategies of Pharma Marketing, he one who contributes a lot in promotion of Pharma brands. Based on this philosophy, hence managers expect that MR **should be well qualified** and should have **speaking skills** and **marketing techniques** as well and accordingly managers suggests that MR should be well trained in training session as far as drug and **product knowledge** is concerned. From survey it is found that the fair way of promoting brand to a doctor is 1) **Gifts** and 2) **Schemes** 3) **Conferences, Seminars, Promoting doctors to study, Improving Distribution Channel** and MRs **Rapport** with doctors out of his personal relations even. (As per manager's opinion).

Responses Obtained from the Managers for the promotion of Pharmaceutical Brands

Gifts	6
Schemes	4
Seminar and so on	2
Packages	0

C) Data Analysis from Chemists Perspective:-

As per survey 80% of the Chemists keep branded drugs in their shelves, **brand name** is prime factor which fascinates patients to buy the drugs followed by **price** and **packing** respectively. Doctors recommend that **chemical combination** and **effectiveness of drug** is the prime promotional factor for prescription (as per the opinion of chemists)

The Response Obtained from the Chemists for promotional strategies from the point view of Patients

Packing	2
Price	4
Brand name	6

The Response Obtained from the Chemists for promotional strategies from the Doctors perspective

Factors	1	2	3	4	5	6
Chemical combinations	7	5	0	0	0	0
Price factors	0	0	0	5	7	0
Dosages	0	0	3	4	5	0
Effectiveness of drugs	5	7	0	0	0	0
Brand names	0	0	0	12	0	
Patients condition health	0	0	9	3	0	0

The above referred Analysis is summed up in Tabular Form as:

Sr.No	Respondents of Survey	Perspectives for Promotional Strategies
1	Doctors	Drug Combination & IMC
2	Medicals Representatives	Drug related to Doctors practice and Intrinsic Motivational factors
3	Field Mangers	Offering and MR's Rapport with Doctor
4	Chemist	Brand Name, Price and Packing Patients Point of View and Combination and effectiveness of Drug Doctors Perspectives

Conclusion:-

Glancing at the today's scenario most of the Pharma companies are adopting the very aggressive promotional strategies to grab the maximum share from the market by keeping the philosophy in mind that "ONE MARKET AND MANY PLAYERS, AND SURVIVAL OF THE FITTEST", Hence, an attitude of an Industry has become that *by hook or crook one has to be in market irrespective of whether its existing player or new entrants, everyone wants to be in market with enhancing profitability and*

sustainability and to achieve this today's Pharma Companies using the aggressive Promotional Strategies.

As in present case most of the pharma companies are adopting various promotional strategies in response with respondents as in form of Medical Representatives i.e. sales force team, IMC, promotional activities to doctors for prescription generation and chemist promotional activities for honor of prescriptions. Well equipped and qualified Medical Representatives as promotional tool being utilized for presentation, sound drug knowledge, marketing skills and promotional skills through training. Majority of the medical practitioner's response for promotional strategies adopted by companies is on drug combination and Integrated Marketing Communication as well as their inclination is more on effectiveness of drug and anti-side effects of drug in fairly proportioned manner. From the managers point of view promotional activities is on offerings and schemes to doctors and well trained MR which leads to fair prescription generation. The promotional strategies adopted for chemists are as discount offers and margins, gift items and schemes on honoring the prescription.

Suggestions:-

The Suggestions are based on the inference drawn from the analysis and structured questionnaire to the respondent's response.

Companies should pay more attention towards combination of drug (reduces pill burden) and anti-side effects of drug (tolerability of a drug to the patient) in well proportion for better prescription support from doctors.

Adoption of IMC (In reference with presentation, drug knowledge, patients convenience and drug combination and other promotional inputs) should be more aggressive so that brand recollection in the minds of doctor becomes easier.

The span of training program of MR should be increased to 3 months so he will be well equipped with product knowledge and marketing techniques. At same time companies should consider that benefits like Salary increment based on performances, others monetary benefits to MRs which leads to intrinsic motivational factor to the MRs to promote Pharma brands more aggressively.

All the time rather opting the options of offering to the doctors, companies should emphasize more on Soft Skills training to the MR and Managers, giving more Scientific stuffs to doctors (through LBL i.e. Leave Behind Literature strategies, Seminars, CMEs i.e. Continuous Medical Programs , Camps) and fair discount offers to chemists (as per the norms of Drug Pricing Control Authority of India), promotional inputs, seasonal offers and so on, in turn which may fetch fair sales to industry and the interest of patients will also be safeguarded.

Strategies should be promoted in such way that:

The promotion of brand→ promotion of profitability→ promotion of patient's health→ promotion of medical practitioners' confidence → promotion of sound and prosperous Pharma Industry

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