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Index

Sr. No	Title	Subject	Page. No.
1.	The Impact Of FIIs On Indian Stock Market <i>Dr. Vinod K. Ramani</i>	Accountancy	1-3
2.	Human Resource Management New Dimention <i>Dr. Kishor V. Bhesaniya, A. R. Sakhida, C. C. Gediwala</i>	Accountancy	4-6
3.	Sequencing The Hypervariable Region V3 Of 16S RRNA Of Bacteria Isolated From RAM <i>V. S. Wadhai, Savitri R. Dewangan</i>	Biology	7-10
4.	Credit Rating Methodology for rating Small and Medium Enterprises A Comprehensive Outline <i>Dr. Bheemanagouda</i>	Commerce	11-13
5.	Growth And Performance Of Micro Small And Medium Enterprises (MSMES) In India <i>Dr. M. K. Maru</i>	Commerce	14-15
6.	Uses Of College Funds In Assam-with Reference To Lakhimpur District <i>Dr. Niranjan Kakati</i>	Commerce	16-17
7.	The Study On Awareness Of Solar Energy Products In House Holds, Coimbatore <i>Dr. M. Dhanabhakym, T. Sumathi</i>	Commerce	18-20
8.	Connotation Of Systematised Warehouse Management System In Supply Chain Of Small Scale Firms <i>Dr. Vipul Chalotra</i>	Commerce	21-23
9.	Distribution Mix Straregy Of Jammu And Kashmir Co-operatives Supply And Marketing Federation Limited (JAKFED) In Jammu District Of J&k <i>Tarsem Lal</i>	Commerce	24-25
10.	A Study On Irrigation Projects In Maharashtra State <i>Dr. Pawar, Ashok S., Dr. Rathod Sunita J.</i>	Economics	26-27
11.	A Study Of Food Security In South Asia <i>Dr. Pawar, Ashok S., Dr. Rathod Sunita J.</i>	Economics	28-30
12.	Inter-District Variations In The Performance Of Self Help Groups (SHGS) In Tamil Nadu. <i>Dr. A. Shyamala</i>	Economics	31-34
13.	Challenges of Indian Agriculture and Rural Development <i>Dr. Sangappa. V. Mamanshetty</i>	Economics	35-36

14.	Enhancing Science Process Skills and Scientific Attitude and Analysing their Interactions. :- An Intervention through Inquiry Learning Approach <i>Sreetanuka Nath, Dr. Sybil Thomas</i>	Education	37-42
15.	Effect Of Piston Geometry On Combustion Efficiency <i>A. B. Damor, I. H. Bhoraniya, V. H. Chaudhari</i>	Engineering	43-45
16.	Multipoint Hand Gesture Recognition For Controlling Bot <i>Nishant M Labhane, Prashant Harsh, Meghan Kulkarni</i>	Engineering	46-48
17.	To Study the working conditions Level in Rajasthan Healthcare Department <i>Dr. Ashwin G. Modi, Sushman Sharma</i>	Healthcare	49-51
18.	Impact Of Nutrition Education On Nutritional Knowledge, Dietary Practices And Physical Endurance Of Amateur Badminton Players <i>Dr. Anjali A. Rajwade</i>	Home Science	52-53
19.	Impact Of Maternal Nutrition Education Module On Knowledge And Nutritional Status In Urban Pregnant Women <i>Dr. Anjali A. Rajwade</i>	Home Science	54-56
20.	Feminism and Gender Representation in Indian Writing in English <i>Bhaveshkumar B Rana</i>	Literature	57-59
21.	Impact of Grievances on Industrial Relations <i>Anuradha Averineni</i>	Management	60-61
22.	Bioactive Polyphenols Of Bombax Ceiba <i>K.Shakila, D. Sukumar, R. Priya, R.Rajaselvi</i>	Management	62-63
23.	A Study On Employee Motivation In Health Care Industry In A Private Multi-Speciality Organization <i>Dr. C. Swarnalatha, T. S. Prasanna</i>	Management	64-67
24.	Tax-advantaged Mutual Funds V/s. Rest of the Population <i>Dr. Deepak H. Tekwani</i>	Management	68-69
25.	Perception Analysis On Employees Motivation Techniques <i>Dr. M. Dhanabhakym, R. Umadevi</i>	Management	70-73
26.	A Feasibility Study of Islamic Banking System in India Miles to Go <i>Dr. Sharif Memon</i>	Management	74-77
27.	Rural Marketing Practices in India: Emerging Issues <i>Kavita A. Trivedi</i>	Management	78-79
28.	Impact of Micro, Small and Medium Enterprises on Indian Economy using the ranking method in Today's Context <i>Vimal P. Jagad</i>	Management	80-81

29.	Paradigm Changes in Healthcare Marketing <i>Dr Mahalaxmi Krishnan</i>	Marketing	82-84
30.	Evolution of New Consumer Class in India <i>Dr. Sanjeev Verma</i>	Marketing	85-86
31.	Socio-Economic and Demographic Determinants of Reproductive Tract Infections (RTIs). <i>Dr. K. JOTHY</i>	Social Sciences	87-89

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Paradigm Changes in Healthcare Marketing

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Abstract

This research paper analyses the paradigm shift in healthcare market from curative treatment to preventive medication.

People are increasingly resorting to self medication and OTC purchases of health supplements and non-core drugs. This is bringing fundamental shifts in healthcare industry with the blurring of borders between the pharma companies and food products manufacturers leading to vast empty spaces in the market, at once throwing up new vistas and challenges in marketing healthcare products.

The contours of the healthcare market have changed from predominantly prescription market to new segmentations. Nutraceuticals is an emerging market stream in the Indian healthcare industry. Consequently, pharma marketing has shifted from core pharma marketing to holistic healthcare marketing.

With fast changing consumer beliefs, values and aspirations, and convergence of food manufacturing companies with pharmaceuticals, Fast Moving Health Goods (FMHG, in short) has emerged as an exciting prospect for marketing executives in the composite market.

Keywords : Healthcare Marketing, Dietary supplement Nutraceuticals, Pharmaceutical Industry

Introduction

Indian Pharma industry is one of the largest and most advanced industries among the developing countries. It boasts of quality producers and many Indian companies are in the approved list of regulatory authorities in the UK and the USA. MNCs associated with this sector have helped to put India on the pharmaceutical map of the world.

Notwithstanding the fact that it is still extremely fragmented with severe price competition and government price control, the industry has expanded significantly and evolved into a healthcare industry in the last two decades after the opening up of the Indian economy. The pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectibles. There are about 300 large units and about 8000 SMEs, forming the backbone of the pharmaceutical industry. These units produce complete range of medicines ready for consumption by patients and about 350 bulk drugs having therapeutic / prophylactic value are used for production of pharmaceutical formulations.

Consumer Behaviour

Since the opening up of the Indian economy in the 1990s, the consumer behaviour and preferences in therapeutic treatment is slowly but steadily changing. Increasing urbanization resulting in rising disposable incomes with concomitant changes in living styles of people, spread of awareness due to better communication facilities have metamorphosed the Indian psyche - shifting from curing the disease or illness to preventing the same by caring for the health. Information available through internet and other media has resulted in people resorting increasingly to self medication and over the counter purchases of health supplements and non-core drugs. This is bringing fundamental shifts in the healthcare industry with the blurring

of borders between the pharma companies and food products manufacturers. This is leading to vast empty spaces in the market, at once throwing up new vistas and challenges in marketing healthcare products

Rationale for the Present Study

In the background of the above, an analysis has been made from a practical perspective to study the shift taking place in the contours of healthcare market from therapeutic treatment to preventive medication.

Objectives of the Research

- i) To study the factors contributing to changing patterns in the Indian pharma market
- ii) To identify and study the multiple segments emerging in the industry
- iii) The need for strategic shift in healthcare marketing
- iv) To suggest strategies for successful marketing of healthcare products

Research Methodology

Data / information for the research study were gathered from secondary published sources viz., books, newspapers, marketing periodicals, web sites, CII / Assochem reports, etc.

Findings of the Study

Contributing factors for paradigm shift in pharma market

It has been observed that in the present scenario consumers' demand for non prescription drugs which include nutraceuticals and OTC medicines have been on the upswing because of the following factors. Accordingly there is a shift in marketing from the traditional pharma drugs to healthcare products.

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o Preventive medication: Due to changing life styles, there is sharp rise in chronic diseases such as obesity, heart diseases, high BP, etc. As a result medical treatment is becoming expensive. This is making people go for preventive medication

o Ailments due to nutritional deficiencies: Increasing consumption of high fat, high cholesterol packed food is bringing ailments related to nutritional deficiency.

o Increasing disposable incomes: In India preventive health care is considered a luxury. However, with increasing disposable incomes, spends on preventive health and nutraceuticals as dietary supplements are on the rise.

o Changing regulatory environment: Government is earnestly spreading healthcare needs especially in rural hinterland where malnutrition deaths are high.

o Fillip to dietary supplements: With the Indian Food Safety and Standards Bill 2005 becoming a law, Indian dietary supplement industry has got a fillip. The Food Safety and Standards Act (FSSA) replace nine food regulations. The FSSA is assisted by a Central Advisory Committee, a scientific committee and a number of scientific panels in specifying standards. The standards would be enforced by the Commissioner of Food Safety of each state through designated officers and Food Safety Officers.

o Entry of Food Companies: While pharmaceutical companies are now adopting the nutraceuticals, many food companies are entering into nutraceuticals market.

Paradigm shift in Pharma market

Prescription market has been the backbone of the Indian healthcare industry. This is changing due to the negative impact of the changes in life styles. People are becoming increasingly health conscious and are not averse to spending on health medicines. The contours of the healthcare market has thus changed from a predominantly prescription market to new segmentations. (Exhibit 1 below)



This and the contributory factors described above have expanded the market size and are throwing up newer opportunities to the pharma companies for increasing their reach and market. This shift and segmentation has resulted in production and sale of healthcare medicines popularly called fast moving healthcare goods (FMHGs). With the convergence of food manufacturing companies with pharmaceuticals, FMHG have emerged as an exciting prospect for marketing executives in the composite market.

Role of FMHG in expansion of Pharma Marketing

Known as nutraceuticals worldwide, FMHG is an emerging market stream in the Indian healthcare industry. Nutraceuticals as the word suggests is the combination of two words viz., nutrition and pharmaceuticals. They cover a wide range of healthcare products with ingredients with human health benefits beyond basic nutrition. They aid proper growth of human body. They are taken as dietary supplements and are gaining acceptance in the treatment of diseases and disease prevention. These are available in the form of dietary supplements, functional foods, medicinal

foods, herbal and organically grown foods, food for vitality, etc. (Table 1 in the Annexure).

a) Nutraceuticals

Indians traditionally believed in natural medication perceived to be effective for health and free from side effects. According to the WHO reports, about 80% of the world population uses herbal medicines for primary healthcare and 75% of the 119 plant derived pharma products are used in modern medicines. This has encouraged some pharma and bio technology majors such as Abbott Laboratories, Johnson and Johnson, Monsanto, Novartis and others to do research on and manufacture of nutraceuticals.

b) Food Supplements

Food Supplements market comprises of food products and supplements, malted beverages, fruit based products, pediatric nutrition, protein powder, etc.

c) Vitamin and Mineral Supplements

Vitamins and mineral supplements market comprise of multivitamins, Vitamin-B complex, vitamin B-12 and metabolites, vitamin C with minerals, antioxidants, protein supplements, internal nutrition, etc. The predominant share is held by vitamin-B complex followed by multivitamins, protein supplements, anti-oxidants. Products like fish oils (omega 3), alpha lipoic acid and COQ10 are pushing up the anti-oxidants market.

d) OTC drugs

Non-prescription drugs or 'OTC Drugs' are drugs legally allowed to be sold 'Over The Counter' by pharmacists without the prescription of a Registered Medical Practitioner. In India, 'OTC' has no legal recognition but it includes all drugs not in the list of 'prescription-only drugs'.

OTC medicines are sub divided as follows:

- o Analgesic /cold tablets
- o Antacids
- o Antiflatulents
- o Antiseptic creams/liquids
- o Baby gripe water
- o Cold rubs
- o Analgesic balms / creams
- o Cough syrups
- o Digestives
- o Glucose powders
- o Medicated dressings (band-aids)
- o Medicated skin treatment
- o Throat lozenges
- o Vitamins / tonics / health supplements especially herbals
- o Ayurvedic medicines and preparations.

India ranks 11th in the global OTC market by size. It is estimated that it will reach 9th position in the next five years.

Marketing Strategies

With fundamental shifts in the thinking from curative diagnosis to disease prevention, people are becoming health conscious. Being educated and with products information available from various media, people are more aware of the drugs and resort to self medication and taking to dietary supplements to remain healthy. Fast changing consumer beliefs, values and aspirations are making the task even more difficult to the marketing executives. Pharma marketing has shifted from core pharma marketing to holistic healthcare marketing. (Exhibit 2 below)



Some strategies for penetrating the multi-layered healthcare market are given below.

- i) Healthcare marketing needs an altogether different approach. It is not merely pushing drugs / brands by the medical representatives to the healthcare professionals to generate the prescription demand. The challenge is to reach the end user and therefore requires extensive market research; need based product development, proper pricing, deep and wide spread availability of the product in the neighborhood of the end user backed by creative and aggressive mass media communication and an omnipresent below the line communication tools.
- ii) Target groups can be reached with technologies like 'Neuro Marketing' to know what would really click with them in multiple ways in the multiple overlapping segments e.g., what is dietary supplement for one could be functional food for another.
- iii) FMHG market is still largely untapped. With people becoming more health conscious this market segment is expected to expand. Media advertisements, meaningful presentations and direct selling would help.
- iv) OTC products can be pushed through grocery shops and departmental stores through attractive window displays.
- v) For retailing non-prescription drugs, marketers should make good use of technology by showcasing their products in their web sites, using digital printing to personalize direct mail and fulfillment materials, etc. SMS is the means by which youth can be reached effectively.
- vi) Marketers can encourage bloggers to test their healthcare products and write about them on their sites. They can resort to e-mail to attract and retain specific customers already known to them. They can send targeted e-mails based on customers' stated preferences or past purchases.
- vii) Multi-level marketing, franchising and marketing through urban and rural SHGs would emerge as successful models in marketing nutraceuticals.
- viii) Peer to peer marketing will help push the nutraceuticals e.g., Amway.
- ix) Awareness programs (workshops / seminars) for rural retailers of OTC products to expose them to product insights would help push these products in rural areas. This can also include exposure visits to successful agencies in rural marketing.
- x) Setting up effective MIS will help build forward / backward linkages between manufacturers, wholesalers and retailers.
- xi) Training, education and proper communication systems would help retail entrepreneurs with information they need to participate effectively in marketing non-prescription products and services.
- xii) Perceptorship training can be used effectively in FMHG sales. The training should involve real clinical situation to

demonstrate therapeutic or prophylactic therapy thereby providing a meaningful experience for medical sales professional, medical representative or general sales persons.

xiii) Role play technique can be used in sales training where real life selling encounters are enacted by individuals from the training team or from among the trainees themselves, so that the trainees develop a reasonable idea regarding the customers, suggested approaches to interacting with customers, different steps towards closing the sales through effective presentation of the offer, etc. The training faculties can play the role of facilitators and interpret the activities of the actors to explain the probable reaction of the buyers in specific situation; subsequently the trainers can demonstrate the behavior which is likely to elicit the best response from the buyers in terms of instant purchase or at least an assurance of purchase in near future. Video recording of the role plays can be used to rectify the mistakes made by the trainees during the mock sales call.

xiv) Video clippings, expert sessions with industry seniors and customer interactions are some other ways by which the marketing skills can be enhanced.

xv) For sustained growth there is a strong need to build assurance and trust about the product quality, service support and company credentials in the minds of consumers.

Conclusion

The Indian pharma market which has been predominantly prescription based is shifting to non prescription nutraceuticals and OTC medicines. The converging economic and demographic trends in India have provided opportunities for FMHGs. The entry of food manufacturing companies into health care market has thrown up interesting possibilities.

In the consumer health care marketing, the end user becomes the target audience. Reaching out to this target group is the real challenge. The size of this market is 1.3 billion who are aspiring for better quality life. The challenge therefore involves a whole new approach to educate, entice and market the nutraceuticals as general healthcare products.

The FMHG market is growing rapidly. With people becoming more health conscious, it is expected to grow even faster. The drug authorities do not consider nutraceuticals as medicines as they do not meet all the laid down parameters for medicinal formulations. Food authorities also do not classify these as medicines since food cannot be recommended with dosage and the difficulties in describing the preventive / curative properties against specific ailments. Proper rules and regulations framed for production and marketing of nutraceuticals products would help the manufacturers in this largely untapped FMHG market.

Pharma firms and food companies must allocate and fund research on nutraceuticals as there are immense possibilities and opportunities in this segment due to changing consumer preferences and stress-free healthy living becoming more pronounced.

OTC	Over-the-counter (OTC) drugs are medicines that may be sold without a prescription	Saridon, Digene, Lomotil, Vicks syrup, Crocin, Disprin, Benadryl, etc.
Functional foods	These are dietary components or foods that provide health benefit beyond basic nutrition; genetically engineered food with anti -oxidants; generally help in treatment of anemia	Corn flakes, oats, bran, psyllium husk, whey protein, dahlia, etc.
Dietary supplements	These are products which provide nutrients and are used as supplements to regular meal	Nutralite, Nutralite -kids, Garlic heart care, Bio C, Natural B, Calmag, etc.
Medicinal Foods	Similar to functional foods but have more medicinal values	Medicated health bars, Waterburys' compound, etc.
Nutraceuticals	They cover a wide range of health care products including dietary supplements and botanicals that are formulated and taken in fixed dosage form such as tablets, capsules, etc. They provide medical or health benefits, including prevention and treatment of disease.	Threptin biscuits, protinex, calcium sandoz, joyfit powder, bio nutra, ginseng, ashwagandha, saffron, Saint John's Wort, Malabar tamarind, green tea, psyllium husk, bitter guard powder, peepal, garlic pearls, tulsi, kalmegh, brahmi, etc.
Phytochemicals	They are non -nutritive plant chemicals that have protective or disease preventive properties.	Lycopene in tomatoes, Isoflavones in soy and Flavanoids in fruits
Ayurvedic medicines	An alternate branch of medicine for prevention, treatment and cure.	Dharvantaram thailam, Pankajkasturi, Yesaka, Chavanprash, Amrutanan pain balm, Vicks VapoRub.
Herbal Medicines	Herbal medicines are essentially derived from plants in full or extract form.	Adusol, Honitus, etc.
Specialized wellness products	designer foods, organic foods, sports nutrition, etc.	Energy drinks, Glucan D, Complan, Shankpushpi, etc.
New generation nutraceuticals	Processed food products and derivatives for health maintenance	Pro-biotic drinks, yogurt, etc.

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