

Marketing Strategies of Pharmaceutical Companies in Diabetic Segment and Key Success Factors



Commerce

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ABSTRACT

Diabetes is fast growing disease in India. By year 2030 India will have 79.4 million individuals affected with diabetes. India is a big market for diabetic products so every company is having diabetic division. Companies adopt different strategies to get market share of diabetic segment. They work on Product, Price, Place, Promotion and Prescription. Companies focus on the quality of medicine with advance feature to get maximum result to the patient. Company determine the Low price to get maximum share with good distribution. Company promotes the products thorough their sales staff to the consultants and make them prescribe their products. Company also adopt the different strategies to the consultants for prescription like, academic tour to the doctors, making them advisor for the company, making them corporate consultant and fulfils the requirements.

Introduction :-

Diabetes is fast gaining the status of a potential epidemic in India with more than 62 million diabetic individuals currently diagnosed with the disease. (1) In 2000, India (31.7 million) topped the world with the highest number of people with diabetes mellitus followed by China (20.8 million) with the United States (17.7 million) in second and third place respectively. According to Wild et al. (2) the prevalence of diabetes is predicted to double globally from 171 million in 2000 to 366 million in 2030 with a maximum increase in India. It is predicted that by 2030 diabetes mellitus may afflict up to 79.4 million individuals in India, while China (42.3 million) and the United States (30.3 million) will also see significant increases in those affected by the disease. (3) India currently faces an uncertain future in relation to the potential burden that diabetes may impose upon the country. Today, India has a primary position in the global diabetes epidemiology map and the highest number in the world. This is both, due to a rising prevalence of the disease and the large population in the country.

Today's scenario :-

Indian pharmaceutical market in 1970's was almost non-existent. Today, India has gained immense importance and carved a niche for itself in the pharmaceutical domain. In fact, it has emerged as a big mart for the pharmaceutical industry. In today's world, Indian pharmaceutical industry ranks 4th in terms of volume and 13th in terms of value. For example it might be anything like formulations, bulk drugs, generics, Novel Drug Delivery Systems, New Chemical Entities, or Biotechnology, etc. Indian companies are dominating in the marketplace which was traditionally manned by MNC's. In 1930, in Calcutta the first pharmaceutical company called Bengal Chemicals and Pharmaceutical Works, which still is today as one of 5 government-owned drug manufacturers was started.

According to Brand India Equity Foundation, the Indian pharmaceutical market is likely to grow at a compound annual growth rate (CAGR) of 14-17 % in between 2012-16. India is now among the top 5 pharmaceutical emerging markets of the world.

The Indian Pharmaceutical Industry forms an important part of the Life Sciences sector is expected to touch US\$ 35.9 billion by 2016. Over the years, the sector has attracted a huge outsourced research activity from global companies and FDI worth US\$ 11,958 million during April 2000 to September 2013. The sector which offers tremendous opportunities to the Life Sciences Industry is an important mandate for The Department of Pharmaceuticals, Government of India and has been comprehensively providing requisite support by way of world class infrastructure,

internationally competitive manpower for R&D and venture fund for research in the public and private domain.

The government started to encourage the growth of drug manufacturing by Indian companies in the early 1960s, and with the Patents Act in 1970. However, economic liberalization in 90s by the former Prime Minister P.V. Narasimha Rao and the then Finance Minister, Dr. Manmohan Singh enabled the industry to become what it is today. This patent act removed composition patents from food and drugs, and though it kept process patents, these were shortened to a period of five to seven years.

Diabetic Pharma Market

Anti-diabetes medicines is one of the fastest growing medicine segments today, according to AIOCD Pharma soft tech AWACS, a pharma market research company that provides trends in pharma retail sales based on data sourced from pharma retail stockiest. Over 12 months (October 2012 to September 2013), it says, this segment posted 11 % growth. In comparison, the current pharma industry growth in India is just around 7 per cent, which incidentally, according to those in the industry, is less than its normal growth rate of around 10 to 12 % on account of several factors including the impact of price controls imposed on an expanded list of essential drugs. The data from AIOCD AWACS points out that the anti-diabetics segment is the seventh largest medicine market segment by value. It is aRs 4,964 crore or one could say close to Rs 5,000 crore and likely to touch 6300 crores by 2015. Anti-infective or antibiotic is the leading segment, followed by cardiac, and gastro-intestinal, ranked third. This is followed by vitamins/minerals/nutrients, then medicines for respiratory disorders and pain and analgesics at sixth position. Latest MAT data sales data for the 2013-14 (April 14) shows that Diabetic market touched 5429 crores from 4710 crores in 2012-13 (April 13) which is grown by whooping 15.30%.

What is more worrying is that the disease is now seeing an onset amongst young people in who are in their 20s and 30s. Also, it is starting to affect people belonging to the middle income and poor sections of society.

The average insulin-based therapy costs around Rs 5,000 per month. It could burn a hole in the pockets of those unable to afford such continuous, added expenses. India, he says, has a total of 63 million diabetic patients today. Oncology and cancer care are some other fast-growing segments. The long-term solution for diabetes lies in having more parks and options for people to walk, exercise and to eat healthy foods or adopting a healthier lifestyle.

In 2002, over 20,000 registered drug manufacturers in India sold \$9 billion worth of formulations and bulk drugs. 85% of these formulations were sold in India while over 60% of the bulk drugs were exported, mostly to the United States and Russia. In 2013, there were 4,655 pharmaceutical manufacturing plants in all of India, employing over 345 thousand workers.(4)

Most of the players in the market are small-to-medium enterprises; 250 of the largest companies control 70% of the Indian market.(5,6) because of 1970 Patent Act, multinationals represent only 35% of the market, down from 70% thirty years ago.(7)

Marketing :

in the wider sense market is an integral part of marketing. Marketing is usually understood as selling or distribution. Marketing is a comprehensive term and it includes all resources and economic activities necessary to direct the flow of goods services from producer to the consumer.

Different concepts :

(1) Production Concept :

The production concept relied on mass production and cutting down prices. It emphasizes that customers will prefer those items which are readily available at low prices.

(2) **product Concept** :The product concept laid emphasis on product, with quality, performance and features.

(3) **Selling Concept** :Selling concept relies on effecting sales by any means.The selling concept is based on the idea that a company can not expect products to be bought automatically by the customers. The company has to be always on the move promoting and pushing its products.

(4) Marketing Concept :

The marketing concept emphasizes on the needs and wants of the customers and delivering the goods/services of maximum satisfaction better than the competitors.

Marketing Management: The main function of any marketing organization is to create and maintain satisfied customer. If customer is there business will be there and if businesses there, profit will be generated. But profit is not the goal of the business. It is treated as only a reward for the customer's satisfaction. Marketing management therefore aims at delivering customer satisfaction by meeting the demands of the customers.

Responsibilities of marketing management:

The responsibilities of the marketing management include the following

- (a) Sales and market analysis.
- (b) Determination of marketing goal.
- (c) Sales forecasting and marketing budget
- (d) Formulation of marketing plans policies and procedures,
- (e) Evolving an appropriate marketing programme/mix.
- (f) Organization of all marketing activities included in the marketing mix. This may be done product wise, area wise or customer wise according to specific requirements.
- (g) Arranging necessary resources, such as marketing personnel, finances, physical facilities etc.

Marketing management process:-

- (1) Studying the Marketing Opportunities
 - (2) Selecting the Marketing Segments :-
 - (3) Developing Marketing Strategies :
 - (4) Planning Marketing Programmers:
 - (5) Organization, Implementation and Control :
- For any company, to formulate meaningful strategy and to implement it in market ,analysis of 5 P's is important, these are

Product, Price , Promotion , Place (Distribution) and Prescription ,without working on 5 P's no one get success in Pharma Market.

Strategies and key success factors

1-For Products :- All companies focus on the PLC of each brand and make the strategies accordingly.

Product Life Cycle (PLC):

Following four stages are there in PLC;

The introductory phase Product launch in to the market where demand has to be created

The growth phase **The demand for the product accelerates.**

The maturity phase is indicative of market saturation in the sense that all the potential customers have taken to the product, except those who have decided not to adopt it. The maturity phase is characterized by leveling-off the demand and intense competition.

The decline phase is the terminal point of the product life cycle. Whether the product life cycle is to be extended by injecting new blood, thus prolonging the maturity phase.

Usefulness of Product Life Cycle

1)The product life cycle concept is useful because it helps you to anticipate future events and prepare the best response to coming changes.

2)The cycle concept is of immense value for managers who are about to product.

3) Product planning can become more rational with an understanding and appreciation of the PLC concept. it helps to create the valuable lead-time for important strategic and tactical moves after the product is introduced. It can help in developing a series of orderly competitive moves.

Extending the product life cycle

The life cycle of a *product can be extended and decline can be averted*. *What one needs is a broader perspective and holistic thinking*. Here are a few ideas as a starter, to extend your product life cycle in the pharmaceutical market.

- 1- Enter new markets by covering new geographical markets or expand the existing market coverage. Expand your served markets.
- 2- Modify existing products. Introduce different pack sizes
- 3- Introduce new flavors. New dosage forms like extended dosing form or sustained released etc. Introduce flanker product.
- 4- Keep track of competition and develop your products constantly. "Update" and "keep abreast" are the two most important watchwords.

Extended Product life cycle curve

The pharmaceutical industry has countless examples of products well past their life and which in theory should be either in maturity or decline stage but are still selling at high volume and producing acceptable profits.

Market Penetration and Market Development Strategies

Market penetration and development suggests that you increase share and profits of your existing products in your existing markets.

- (a) Widen the customer base. Increase the coverage of doctors

like promoting to different groups of specialists, who are not pre covered by you sales force.

(b) Increase the call frequency of your sales force to top prescribing doctors.

(c) Find new usage for your products. Find out new indications in which your products can be promoted.

(d) Add flanking products or line extensions in the same therapeutic category under the same brand name

Key success factor: Therapeutic drug market and identification of segment is very important. Company must analyze the market and predict the growth of therapeutic segment like Diabetic, Psychiatry, Ant-peptic ulcer or cardio vascular segment, after this they should think of product and new products.

In this competitive world a company must plan for future growth with new product launch, to get more shares because in long run product obsolescence is common and to defend to it, new product launch is require, to keep pace in market and for company's growth. Developing new product is expensive and risky business because of huge investment and high degree of uncertainty and high rate of failure of new products. But new product strategy in successful and gives more growth to the organization, it is costly affair but profitable also, if implemented carefully. So pharma companies must focus as new product launching in market.

For Example : Ranbaxy launched 23 new product between 1976 and 1986 and got huge success which gave rapid growth to Ranbaxy. Many more such examples are there in pharma market.

2. For Price : Price is no longer a significant decision variable for the pharmaceutical marketer. there is very little choice or elbowroom for him to maneuver and formulate a meaningful pricing Strategy, because prices of all essential and important bulk drugs and formulations are fixed by the government. Price, simply stated, is the exchange value of a product or service. Price involves both objective and subjective components. Objective factors include demand, supply, and costs etc. Subjective factors involve the evaluation of the likely impact of other elements of the marketing mix and their possible responses to various pricing strategies

The pharmaceutical industry is a highly regulated industry the government in controls the prices of a number of bulk drugs and formulation. There is very little for the pharmaceutical marketer in India to decide in so far as pricing is concerned

Bases for pricing :-

There are four commonly used bases for approaches towards pricing a product. They are:

1. Cost based pricing.
2. Demand based pricing.
3. Competition based pricing.
4. Market based pricing.

Key Success factors

a) Most of the Indian population belongs to poor category and affordability of medicine difficult in India, so reduction in price may lead to success. For Example: Mankind Company came with very affordable products around 40% lesser price than other brands because of it doctors started prescribing economical brands and their patients cure rate went high.

b) To beat the competition company's sales team should give

feedback of their territories regarding the operating price of competitors and if required they should further reduce the price to generate more business (case to case basis).

3. For Place (Distribution):

The production and pricing of a product alone do not help in marketing to a product. Reaching the product to the customers is a major activity in the marketing programme. This process of reaching the product from the production Unit/Centre to the consumer/customer is known as distribution. It covers a number of activities and major decisions in the flow of products down to the consumers. In this task there are two main areas,

- 1- Selection and management of distribution channel
- 2- management of physical distribution.

Pharmaceutical Distribution channels:-

The five basic members of the distribution channel are:

1. The manufacturer (Pharma Company)
2. The physician (Doctor)
3. The wholesaler
4. The retailer
5. The consumer (Patient)

Key Success factors

a) By expanding or venturing new horizon like establishing their brands in other country by joint venture.

b) By focusing on each geographical market to reach their product, for this company should increase the sales force and their coverage area for maximum exposure of products to consultant.

c) Effective distribution is very important to smooth sales and to avoid stock out position.

4. For Promotion :

Promotion is a process of marketing communication involving exchange of information, persuasion and influence. It involves all types of communication with customers as well as distribution channel members and others concerned.

Elements of promotional mix in pharma

1. **Personal selling :** Medical representatives detailing the company's products to doctors, with help of visual aids, leave-behind-literatures, product monographs, samples, gifts, etc.

2. **Advertising :** Preparation of visual aids, leave-behind-literature, product monographs to assist medical representatives in their detailing effort-Advertising in specialized media like medical journals and souvenirs, preparing advertising material for seminars and medical symposia.

3. **Sales promotion :** Deciding on special bonus offers, free goods and gifts to trade. Deciding on physicians' samples and gifts, etc.

4. **Publicity :** Organizing medical symposia and seminars, conducting clinical trails; conducting exhibitions, designing and executing product publicity campaigns for truly innovative products.

Key Success Factors

Promotion is lifeline for a company. Company adopts different strategies for promotion, these are mentioned below,

1) **Aggressive promotions:** - To instruct sales force to aggressively promote the brands and keep close watch of sales to achieve the target.

2) **Scheme to Retailer/Wholesaler** :- Company issues scheme of products to promote the brands.

3) **Print Input** :- To remind to the consultant and make them aware of Products. Company provides many informative print input like, poster, sticker, booklet etc.

5-For Prescription :

Prescribing Process

Every decision involves the selection of the best among the alternatives available. Once the decision is made and the goal is accomplished, the individual is relieved Prescription too is a decision, and an important one at that. The physician is very much concerned with the well being of his patient and therefore tries to select the best possible therapy and drug for treatment naturally.

Prescription is a reflection of a physician's ultimate selection of a drug. It is never a simple operation involving only symptom and treatment, intended to relieve the symptom and cure the ailment. There are a number of components involved in this process.

- clinical manifestations and behavioral characteristics of the patient
- Needs and expectations of the patient regarding treatment like expectations and attitudes towards the physician, use of medication etc.
- The level of knowledge expertise and training of the treating physician
- Organizational impact on the doctor patient relationship

Prescriber's Motivation:What motivates the physician to prescribe a particular drug? What factors influence the prescribing decision process of the physician?

Here is a brief summary of the observations, propositions, postulations and findings of some of the more important studies:

- Physicians use and rely more on professional sources, like colleagues while treating difficult conditions, particularly where effects of drug therapy are less clearly defined.
- Physicians tend to treat wealthier patients with newer brand more expensive drugs.
- Specialists and well-informed doctors with large practices who are socially active, use new drugs early in the course of treatment and may be better prescribers.
- Education appears to influence the quality of prescribing positively.
- Advertising and promotion by pharmaceutical companies is an important source of information on new drugs.

Key Success factors:

1) **Consultancy/Advisory** :- Company releases advisory of particular amount to the doctor against consultancy to company to make him prescribe their brands.It involves legal documents and contract between doctor and company.

2) **Honorarium** :- This is nothing but releasing payment to doctor of particular amount .it does not involve any legal documentation or contract between doctor and company. Generally amount is lesser than Rs 50,000/-.

3) **Cut/Margin** :- Some consultant requires cut/margin on what they prescribe for company, a fixed amount is decided on product sales from his prescription and it is given to consultant after sale.

4) **Academic Sponsorship**:- Company releases academic sponsorship to attend the Regional/National/Overseas conference. Company does all arrangement like ticketing, Accommodation and sightseeing etc. and doctor prescribes their products.

5) **Making Share Holder** :- New Lunching Companies are giving shares to the doctor and making them partner in business to generate more profit.

These are broad strategies are used by the companies to get more shares in the market.

Conclusion: Diabetic segment is growing very fast in india so every company comes up with diabetic products to cater in the market. Companies adopt different ways at consultant level to make them prescribe their brands .Company adopts current market based strategies to get more profits and more market shares as Diabetic therapy is long term therapy so the patient takes prescribed medication for long.

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