

## A Review of Pharmaceutical Market Segmentation and Growth of the Pharmaceutical Market in Sangli City



### Management

KEYWORDS : Pharmaceutical Market, Market Segmentation, Market Trends

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#### ABSTRACT

*Key discoveries of the 1980s and 1985s, such as insulin and penicillin, became mass-manufactured and distributed. Sangli City's pharmaceutical Market was established in the late 19th and early 20th centuries. Sangli city's pharmaceutical market is highly dynamic and is characterized by greater levels extensive regulation of its products.*

*All of these changes are ultimately good for the Sangli city's pharmaceutical Market, which suffered in the past decades regulation and large quantities of drugs. They force the industry to reach a level necessary for global competitiveness. At the time of independence in 1947, Sangli city's market was established by MNCs that controlled between 80 - 90 percent of the market primarily through importation. Approximately 99 percent of all pharmaceutical products under patent in India at the time were held by foreign companies and domestic Indian drug prices were among the highest in the world.*

*The strong growth prospects of the pharmaceutical Market segment and growing demand from the domestic market, will further fuel growth in the pharmaceutical sector. Manufacturing segment. Due to the highly fragmented nature, there is a dearth of pricing power and critical scale. This in turn restricts the ability to produce the technology-driven products required for operating in global markets.*

#### Introduction:-

Sangli City's pharmaceutical Market is projected to show double-digit growth in near future owing to rise in pharmaceutical demand and consolidation of highly distributed Market. As exports from major part of the pharmaceutical Market in India, leading players have started expanding their reach towards clinical trials market is expected to grow at Sangli Cities in coming years. To support this evidence an extensive research and analysis of various segments of the Sangli City's pharmaceutical market. These segments include: Domestic Market, Branded & Generics Drugs, Formulations & Bulk Drugs, etc.

Pharmaceuticals has emerged as one of the leading Market in Sangli City's , with the domestic market showing an percentage growth of around 70% to generate revenue of domestic Market. This domestic market growth in the Sangli City's pharmaceutical Market can be attributed to several factors such as growing middle class population, rapid urbanization, increase in lifestyle-related diseases and acceptance of health insurance. Generic is emerging as one of the leading segments to be benefited by many drugs going off-patent in due course of time.

The Study provides thorough statistical and analytical overview of the Sangli City's pharmaceutical market. It contains information about past, present and future trends, with focus on entire structure, composition and working of the pharmaceutical market. The report extensively discusses opportunities and challenges expected to arise within and outside the pharmaceutical market. It has thoroughly examined current market trends; industrial developments and competitive landscape to enable clients understand the market structure and its progress in coming years. It also gives a brief overview of demographics and healthcare profile to adjudge the pharmaceutical market in terms of demand, expenditure and possible future direction.

#### PHARMACEUTICAL MARKET IN SANGLI CITY

Sangli Pharmaceutical market Depended in India both Indian and foreign, manufacture bulk drugs in several therapeutic categories and the industry has facilities to manufacture various types of dosage namely capsule, tablets, injectables, orals, and liquids. The 400 bulk drugs in the market, it is estimated that 300 are domestically produced.

Moreover, India is emerging as the most favoured des-

tinations for collaborative Research & Development bio-informatics, contract research and manufacturing and clinical research as a result of growing compliance with internationally harmonized standards such as Good Laboratory Practices (GLP), current Good Manufacturing Practices (cGMP) and Good Clinical Practices (GCP).

Fig:-State-wise number of Pharmaceutical Manufacturing units in India

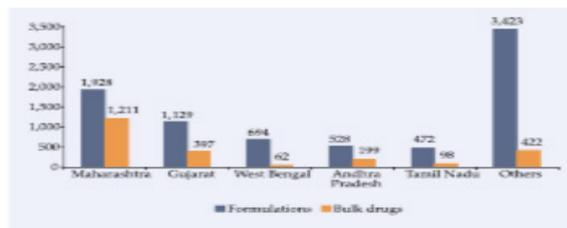
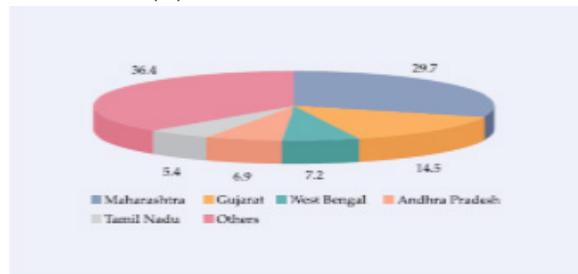


Fig:-Concentration of Pharmaceutical Manufacturing units in India (%)



#### Market Segmentation

Market segmentation consists of taking the total heterogeneous market for a product and dividing it into several sub-markets or segments each of which tends to be homogeneous in all significant aspects.

The market can be divided into distinct groups of buyers by market segmentation, and it is a process to give direction to customer's servers, what kind of products and needs the customer will be satisfied (Amstrong & Kotler 2010, 78). Divide the market into smaller segments that could be improved efficiently with products and services, it can match the company's unique wants and needs (Kotler & Keller 2009, 214-215).

After combined the theories, a suitable market segment is needed for the case company in order to enter the market, and build more market segment opportunities, and develop profitable enough profiles to serve the each market segment.

**PROCEDURE FOR SEGMENTATION:-**

The segmentation procedure consists of following steps:-

**1. Need Base Segmentation: -**

Group customers into segments based on similar needs and benefits sought by customers.

**2. Segment Identification:-**

For each need based segments, determine which demographic, lifestyles or behavioral Characteristics are unique to those segments.

**3. Segment Attractiveness:-**

The attractiveness of the segment can be accessed on the basis of certain criteria like Demand, market growth, accessibility, intensity of competition etc.)

**4. Segment Profitability:-**

Determine profitability of each segment.

**5. Segment Positioning:-**

For each segment, create a “value proposition” and product price positioning strategy based on that segment’s unique needs and characteristics.

**6. Segment “Acid Test”:-**

Create criteria to test the attractiveness of each segment’s positioning strategy.

**7. Marketing Mix Strategy:-**

Design the marketing mix on the basis of segment positioning strategy.

**Market Trends:**

In terms of the Domestic market Sangli City’s currently holds a modest share, but it has been growing at approximately 10-20% per year (as per Sangli city market).The size of the domestic pharmaceutical market is larger than Branded market. However, owing to the growth of global generics market, price controls in the domestic market, and better margins, the Branded market is growing much faster than the domestic market. Traditional branded generics presently dominate the Indian pharmaceutical market but the future will see strong growth in the specialty branded generics and patented drug segments. Drugs for diabetes and cardiovascular diseases are expected to see the fastest growth among all therapy areas during 2009-2013.The retail pharmaceutical market in Sangli citys is presently highly unorganized; however, a vast opportunity exists for the organized market.

Sangli is also one of active pharmaceutical market .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. The sector is estimated to be growing at over 20 percent annually. Indian pharmaceutical companies now supply almost all the country’s demand for formulations and nearly 70 percent of demand for bulk drugs.

The Domestic pharmaceutical market in India has grown nearly 20-30% in the last five years. The major pharmaceutical companies in India are the main R&D investor in the country. The R&D spend (capital and current) of these ma-

ior companies has grown of 38 percent during the period 2000-01 to 2005-06. The prescription drug market in 2006 was worth Rs 27,333 crore, up 18 per cent as compared to Rs 23,243 crore in 2005. Bulk of this business came from the sale of drugs that do not enjoy patent protection, a reason for the dominance of domestic companies.

Particulars	2007-08	2008-09	2009-10	2010-11 (upto 31st Dec.,10)	Since inception of NPPA
No. of Bulk Drugs Where Price Increased	9	22	15	8	131
No. of Bulk Drugs Where Price decreased	50	9	10	5	340
No. of Bulk Drugs Where price fixed For First Time	3	0	2	1	17
No change in price	3	0	1	2	8
<b>Total</b>	<b>65</b>	<b>31</b>	<b>28</b>	<b>16</b>	<b>496</b>

**Table 1.1 Growth in Bulk drug Prices in India**

Source: Annual Report 2010-11, Department of Pharmaceuticals, Government of India

Particulars	2007-08	2008-09	2009-10	2010-11 (upto 31st Dec.,10)	Since inception of NPPA
No. of Packs Approved	2012	1577	1824	455	10795
Price Increased	78	190	154	118	1427
Price Decreased	422	89	450	81	3350
Price fixed for first time	1429	1256	1155	247	5699
No change in prices	83	42	35	39	280
<b>Total</b>	<b>2012</b>	<b>1577</b>	<b>1737</b>	<b>455</b>	<b>10795</b>

**Table 1.2 Formulation Packs for past three years**

Source: Annual Report 2010-11, Department of Pharmaceuticals, Government of India

**Factors contributing to the growth of the Pharmaceutical Market in Sangli city’s:**

Today has the distinction of producing high quality generic medicines that are sold around the world. Further, Sangli is poised to be one of the fastest growing pharmaceutical markets in the Maharashtra. The following factors have fuelled the growth for the pharmaceutical market:

The growing population;

A huge patient base;

Increasing incomes;

Improving healthcare infrastructure;

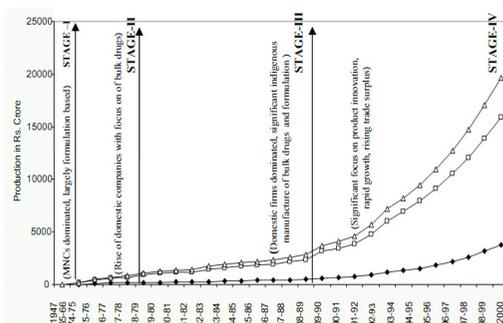
An increase in lifestyle-related diseases such as diabetes, cardiovascular ,diseases, and central nervous system;

Penetration of health insurance;

Adoption of patented products;

**(Pharmaceutical Growth of Sangli city’s totally depended on Indian pharmaceutical industries as well as foreign pharma)**

**Figure 1**  
Stages of Growth of the Indian Pharmaceutical Industry



As a result, a number of multinationals have entered the Sangli city’s Pharmaceutical market. Already 15 of the 20 largest pharmaceutical companies in the world have a presence in India. In

fact, during April 2000 to October 2007, drugs and pharmaceuticals are the tenth largest FDI-attracting sectors in India.

The following challenges faced by the global pharmaceutical industry also open up a number of opportunities for the Indian Pharmaceutical Industry:

Higher healthcare costs;

competition from generics;

patent expiries of blockbuster drugs;

Drying R&D pipelines;

Increasing R&D costs.

Growth and opportunity for the Sangli City's Pharmaceutical Market in the following segments:

Bulk-drugs;

Domestic formulations;

Exports to non regulated markets;

Exports of generics to regulated markets;

The Indian patent act of 1970 was amended in 2005 in order to gain admittance to the World Trade Organization (WTO) and become compliant with TRIPs (Trade-Related Aspects of Intellectual Property rights), an important WTO regulation. The Amendment established patent protection for pharmaceutical products in India. The recognition of product patent has provided global companies with better IPR protection and as a result has opened up a new segment for the Pharmaceutical Industry in Contract Research and Manufacturing Services (CRAMS).

The Indian pharmaceutical market at present is highly fragmented, with the top three companies having a market share of around 5% each. However, introduction of the product patent regime is likely to result in heavy consolidation in future.

#### **Key Characteristics of the Pharmaceutical Sector:**

The pharmaceutical market is marked by the following significant features:

Self-reliance displayed by the production of 70% of bulk drugs and almost the entire requirement of formulations within the country;

Low cost of production;

Low R&D costs;

Innovative Scientific Manpower;

Excellent and world-class national laboratories specializing in process development and development of cost effective technologies;

Increasing balance of trade in pharma sector;

An efficient and cost effective source for generic drugs especially the drugs going off patent in the next few years;

An excellent centre for clinical trials in view of the diversity in population.

#### **Conclusion**

This study infers most of Farma Companies shows self reliance in production of drugs with low cost production, has cheaper R& D costs and possessing high end labs in process development and productions.

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