



A Review of Marketing Strategies and TQM (Total Quality Management) of Pharmaceutical Companies in India

*Archana J. Bhoot

* Assistant Professor, Government commerce college, Kuberanagar, Ahmedabad

ABSTRACT

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.

Keywords : Pharma Marketing Process and its Challenges , Pharmaceutical Company Business Strategies

INTRODUCTION:

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 segments. However, basic research 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 and its Challenges :

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 oppor-

tunity.

- 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.

Patents

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. Some developing nations like India, Egypt and Argentina allow only process patent registration.

New Drug Approval (NDA)

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.

WTO

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.

RESEARCH & DEVELOPMENT (R&D)

The pharmaceutical industry is characterized by heavy R&D expenditure. It is only the large pharmaceutical companies who can allocate significant resources for R&D to introduce new products. As the products are an outcome of significant R&D expenditures incurred by these companies, they have their products patented. The patent allows the companies concerned to wield immense pricing power for their new products.

THE COMPETITION

The level of competition is very high in Acute segment on day to day basis however the degree of competition is not as much as high in Chronic therapy area on day to day basis. As doctor has to prescribe drug for a long time in chronic cases and patient is supposed to consume it without any change of brand. While in acute cases doctor is changing brands on day to day basis.

Pharmaceutical Company Business Strategies:

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.

Marketing approaches of Core Model :

In present scenario companies are focusing more and more on the availability of products so as to enjoy good image in their customer's (doctors) chamber. Many companies such as Glaxo, Pfizer, Dabur, FDC, Aventis, Cipla etc. are known for their availability of products. For marketing of these type of products companies require more and more field force to remind their products on daily basis to their direct customer (doctor). Moreover field force should have good knowledge of product schemes and offers. Also field force is required to have a good rapport with retailers. Field force also required to ensure good availability of their products to convince doctors and PUSH their products i.e. from Stockiest to Retailer to Doctor. It has been observed that sometimes there are more than fifteen or sixteen representatives in a day are meeting with their customer and requesting for same type of products. Although field force visits are important for an update on drugs and their use. The doctors are, in general, sneaking away, trying to hide from sales representatives, since there are too many and they are too pushy and there is too little time, and the representatives probably have noticed that the reluctant doctors have always less time for short meetings and less interest and tend to reduce the time of the visit.

CLOSING STOCK * 2 – OPENING STOCK = ORDER

The relationship between clinicians and representatives has always been good and pharmaceutical companies have provided, and still provide, the major economical support for customers' continuous medical education. Something needs to be done to find a solution to this problem that takes into account the needs of both pharmaceutical companies and their representatives on one side and physicians on the other, for a better professional interaction.

Total Quality Management :

To fully understand the TQM movement, we need to look at the philosophies of notable individuals called 'Quality Gurus' who have shaped the evolution of TQM. W. Edwards Deming stressed on improving quality through the use of statistical quality control technique. Deming proposed 14 principles of quality management. Some of which are- Top Management commitment to quality, Continuous search for and correction of quality problems, Effective communication between supervisors and employees, Company wide training and education in quality.

Factor affecting TQM : Importance of the Factor in the context of Indian Pharmaceutical Industry:**Top Management Commitment :**

Top management commitment was found to be the most significant factor affecting the implementation of Total Quality Management. Top management of the respondent companies assumed responsibility for quality. It was found that the level of commitment and involvement shown by the senior management had noticeable effects on the success of the company

Leadership :

Leadership is an important factor for Total Quality Management. An effective and dynamic leader can lead a successful team and subsequently make a profitable organization

Quality Management:

Quality management includes availability of quality information as well as usage of quality information. Timely and accurate information about the manufacturing process is important to control the process and reduce defective products. Immediate problem solving keeps the process in control. Similarly quality information usage is also an important feature of quality information management. Although quality information is available; only proper and effective use of it leads to quality improvement.

Customer Focus:

The main objective for a product or service design is to meet or exceed the customers' expectation and thus to satisfy the customer while making a reasonable profit. Customers are the driving force for product and service design. A customer oriented or customer focused organization maintains its competitive advantage.

People Management and training:

Employee training is an important factor of quality management. Training is an efficient way to increase employees' ability to perform better. An organization which fully utilizes the skills of its workers' ability is on its way to achieve organizational objectives

Conclusion:

In present scenario companies are focusing more and more on the availability of products so as to enjoy good image in their customer's (doctors) chamber. Many companies such as Glaxo, Pfizer, Dabur, FDC, Aventis, Cipla etc. are known for their availability of products. For marketing of these type of products companies require more and more field force to remind their products on daily basis to their direct customer (doctor). Moreover field force should have good knowledge of product schemes and offers. Also field force is required to have a good rapport with retailers.