



INNOVATIVE MARKETING STRATEGIES IN INDIAN PHARMACEUTICAL INDUSTRY

Sagarsingh Pawar¹, Dr. S. U. Suryawanshi², Manoj Banswal³ and Anil Kumar Vasishta⁴

¹Research student, Department of commerce & Management Science, Swami Vivekanand Sr. College, Mantha, Jalna, Dr. Babasaheb Ambedkar Marathwada University, Aurangabad, (MS) India.

²Associate Professor, Dept. of Commerce, Swami Vivekanand Sr. College, Mantha, Jalna, Dr. Babasaheb Ambedkar Marathwada University, Aurangabad, (MS) India.

³Research student, Department of Management Science, Dr. Babasaheb Ambedkar Marathwada University, Aurangabad, (MS) India.

⁴Associate vice Precedent, Indiabulls Pharmaceuticals Limited, Indiabulls Finance Centre, Tower-I, 14th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai, India.

ABSTRACT

Today in a competitive market, the marketing strategies play vital role in the promotion of products and services. There are many pharmaceutical companies in the industry competing with each other. Pharmaceutical companies are changing their marketing strategies to cope up with new challenges in the business environment. For the last decade the Marketing strategies have changed significantly in Indian pharmaceutical industry. The companies are hugely advertising their OTC products to promote them into the market. In his study the author has tried to put emphasis on the importance of marketing strategies in the promotion of OTC drugs. Marketing is defined as satisfying the needs and wants through an exchange process. Within this exchange transaction customers will only exchange what they value (money) if they feel that their needs are being fully satisfied; clearly the greater the benefit provided the higher transactional value an organization can charge.

KEYWORDS: pharmaceutical industry, marketing strategies, Indian production.

INTRODUCTION

The Indian pharmaceutical sector has come a long way, being almost non-existent before 1970 to a prominent provider of healthcare products, meeting almost 95% of the country's pharmaceuticals needs.

The total Indian production constitutes about 13 per cent of the world market in value terms and 8 per cent in volume terms in all its activities the pharmaceutical industry believes that high standards should be redefined and respected and is convinced that, so far as its marketing activities are concerned, self-discipline is the process which best serves the public interest.

India is getting recognition as a strong, and fast growing economy. Thus, the industry is attracting many global entrants, increasing purchasing power of the growing middle class population, high orientation towards health consciousness, quality and price driven mindset have reshaped the market structure of pharmaceutical business. The behavior and bargaining power of different interest



groups like patients, healthcare providers and regulatory authorities are exacted to reinforce sector growth and scope. Smilax is a genus of about 200 species of climbing flowering medicinal plants, smilax is a 100 Cr. turnover company and is a research driven, vertically integrated pharmaceutical manufacturing company that manufactures active pharmaceutical ingredients (APIs) API intermediates and NDDS /pellets for the global generics market smilax has become a reliable supplier of its products across the globe because of its quality of products and customer service. Smilax is extending its footprints in the world of pharmaceutical day by day.

CURRENT SCENARIO:

India's USD 9.4 billion pharmaceutical Industry is growing at the rate of 14 percent per year. It is one of the largest and most advanced among the developing countries. The Indian pharmaceutical industry can reach a market size of USD 11.6 billion by 2009 a beginning has been made with the signing of general agreement on tariffs and trade in January 2005 with which India been recognizing global patents. Soon after, the Indian pharmaceutical market became a sought after destination for foreign players. Foreign direct investment into the Indian pharmaceutical industry touched USD 172 million during 2005-06 having grown at a CAGR of 62.6 % during the period beginning 2002-06. The sector recorded strong growth in the second quarter ended September 2006, driven by the launch of new generic drugs with 180 day exclusivity period in the US market. The top ten pharmacy companies reported an impressive 57 % growth in consolidated net profit at USD 314.3 million, as against USD 1.7 billion.

SCOPE OF THE STUDY:

The scope of the study focuses on the marketing strategies followed by smilax labs for its marketing activities. The study concentrates on the methods and techniques followed by the company which include the standard operating procedure, export procedure & benefits at smilax laboratories the study appraises the company's success in meeting requirement of the company and supplying the modernized and innovated medical equipment and drugs in the world. The data required for the study are collected from the past year published annual reports of the company.

NEED FOR THE STUDY:

The study is intended to know the marketing strategies of the company. Since, the company growth depends upon their sales conditions only. The study mainly deals with the marketing activities of the company. The main objective of the study is to know how the company performs its marketing activities for the attainment of its goals. The study covers the standard operating procedure, exporting and benefits, types of markets available for the smilax lab.

OBJECTIVES OF THE STUDY:

The following basic objectives are under below

- To study the present standard operating procedure of the smilax labs.
- To study procedure for exporting and the benefits of the exporting of the smilax labs.
- To study different types of markets available to sell the products.
- To offer valuable suggestions.

METHODOLOGY OF THE STUDY:

A market research study has been taken from the institute (ICRA) for the purpose of the above study. The research data have been collected throughout this procedure.

Primary data:**A) Data collection**

- The success of any research project depends critically on data. So data collection is the most important aspect of the project. Sales data and its comparison with previous financial year.
- The report from the ICRA about the market potential to assess potential for the companies market.
- Previous financial year sales as a comparative data to design a strategy to reach company's goal.

Market survey:

- A market survey has been conducted after preparing the checklist and the focus was to know the market share for the company.
- We have conducted a survey based on its data, BDR data and other reports and finally evaluated that there is a very good scope and business opportunity for the product range of smilax laboratories.

Secondary data:

Company's documents, brochures, various journals, pamphlets and company portals were studied for relevant information regarding the subject of the projects. These documents were very useful for theoretical, conceptual and organizational background. Detailed analysis of information and data collection was carried on and then it has been possible to complete the task.

Limitation of the study:

- The export benefit that the company has gained varied from one product to another product so the exact benefit had not been taken.
- The benefit from the export sales is taken only on the average of the sales made in the regulated markets as on 2006-2011.
- Executives cannot spare enough time for our present work.

The organization should maintain a master list of all SOPs. This file or database should indicate the SOP number, version number, date of issuance, title, author, status, organizational division, branch, section, and any historical information regarding past versions. The QA manager (or designee) is generally the individual responsible for maintaining a file listing all current quality-related sops used within the organization if an electronic database is used, automatic "review SOP" notices can be sent. Note that this list may be used also when audits are being considered or when questions are raised as to practices being followed within the organization.

The Indian Pharmaceutical industry:

The pharmaceutical industry in India is going through a major shift in its business model in the last few years in order to get ready for a product patent regime from 2005 onwards. This shift in the model has become necessary due to the earlier process patent regime put in place since 1972 by the government of India. This was done deliberately to promote and encourage the domestic health care industry in producing cheap and affordable drugs. As prior to this the Indian pharmaceutical sector was completely dominated by multinational companies (MNCs). These firms imported most of the bulk drugs (the active pharmaceutical ingredients) of their parent companies abroad and sold the formulation (the end products in the form of tablets and capsules, syrups etc.) at prices unaffordable for a majority of the Indian population. This led to a revision of government of India (GOI) policy towards this industry in 1972 allowing Indian firms to reverse engineer the patented drugs and produce them using a different process that was not under patent.

The entry of MNC's was also discouraged by restricting foreign equity of 40% the licensing policy was also biased towards indigenous firms and firms with lesser foreign equity. All these measures by GOI laid foundations to a strong manufacturing base for bulk drugs and formulations and accelerated the growth in the Indian pharmaceutical industry (IPI), which today consists of more than 20000 players. As a result the

Indian pharmaceutical industry today not only meets the domestic requirement but has started exporting bulk drugs as well as formulations for the international market. Smilax has the capability of manufacturing APIs and API intermediates in its state-of –the art manufacturing facilities located in Hyderabad and Visakhapatnam, Andhra Pradesh, India.

Currently the main activities of Indian pharmaceutical industry are broadly restricted to producing bulk drugs and formulations with very few companies risking investing in primary research aimed at developing and patenting new drugs. The bulk drug business is essentially a commodity business, whereas the formulation business is primarily a market driven and brand oriented business. Multinational companies which have entered the Indian market have mostly restricted themselves to formulation segment till date. The MNCs and domestic pharmaceutical company's meets about 90% of the India's bulk drug requirement and almost the entire demand for formulations the economics of bulk drug business and that of formulation business are quite different. Since, A majority of the Indian companies are producing both bulk as well as formulations, these are considered together for the purpose of the present study.

Pharmaceutical marketing process and its challenges:

While many pharmaceutical companies have successfully deployed a lot of staple 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 (doctor) of the pharmaceutical industry is responsible. Essentially, the end –user (patient) consumes a product and pays the cost.

Marketing strategies can be best described in these two models in both chronic and acute segments

A Super core model involving the search for, and distribution of a small number of drugs from chronic therapy area that achieve substantial global sales. The success of this model depends on achieving large returns from a small number of drugs in order to pay for the high cost of the drug discovery and development process for a large number of patients. Total revenues are highly dependent on sales from a small number of drugs. This model incorporates highly specialized approaches in the entire manner. Initially the competition seems more at entry level, but since growth is stable and more in this area; every company is striving very hard to enter in this area. The major strategy in this model involves right focus on highly specialized customer by well-trained team.

A core model in which a larger number of drugs from **Acute Therapy area** are marketed to big diversified markets. The advantage of this model list that its success is not dependent on sales of a small number of drugs. Here presenting a large number of products and taking the advantage of opportunity cost is one of the important strategies. Another strategy includes daily reminders to cross the perceptual filter and get the brand name into the sub-conscious state of mind.

Markets available for the pharmaceutical business:

Types of markets for smilax labs

1. Regulated markets
2. Semi regulated markets
3. Non regulated market

Regulated markets:

Regulated market or controlled market is the provision of goods or services that is regulated by a government appointed body. The regulation may cover the terms and conditions of supplying the goods and services and in particular the price allowed to be charged and/ or to whom they are distributed. It is common for a regulated market to control natural monopolies such as aspects of telecommunications, water

gas and electricity supply. Often regulated markets are established during the partial privatization of government controlled utility assets.

- The markets are like USA and Europe
- The matured time is about minimum about 3 years
- The main works that are involved are registration filing
- The price will be premium

Advantages:

- ⇒ Highly paid markets. Price realization is more in these markets
- ⇒ Even customer also cannot change the source due to regulatory procedures involved in the same
- ⇒ Customers cannot change the source easily because it is pretty expensive process and time taking process.
It is also depends upon the regulated body approvals and their schedules.
- ⇒ Highly cultured and systematic people (once upon a time, there was no documentation required in the Europe union. People were obliged to take the even purchase orders only on oral basis. Because every European word is almost a legal word.)
- ⇒ Highly reliable markets.

Semi regulated markets:

1. The countries that come under these semi-regulated markets are the Korea, Thailand, Malaysia, Egypt, Mexico, Brazil, Etc.
2. The time required to complete the regulation and get approvals is 6-12 months.
3. The semi regulatory market contains the limited regulation like registration.
4. Semi regulations countries are like Latin America countries Africa.
5. The pricing structure will be better from non-regulatory price.

Analysis:

The graphical representation of total sales denotes that the total sales are higher in the year 2009-10 and low in the year 2006-07.

1 The company Smilax Laboratories follows the standard operating procedure that are for the

- Sales plan of Smilax
- Generation of the inquiries
- Execution of the orders

2 Had been observed and understood and found that the present standard operating needs to have some changes in their procedures

3 The company operates in all the markets that regulated semi regulated and non regulated markets the standard operating procedures are same for all these markets

4 The company is getting the benefits of export around 17% -21% the regulated markets are difficult to operate, but the premium pricing and above that the export benefits are making the market interesting to operate since it is a difficult market that operations in these type of the market is not so easy.

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Sagarsingh Pawar

Research student, Department of commerce & Management Science, Swami Vivekanand Sr. College, Mantha, Jalna, Dr. Babasaheb Ambedkar Marathwada University, Aurangabad, (MS) India.