



A STUDY ON SALES PROMOTION STRATEGIES ADOPTED BY THE INDIAN PHARMACEUTICAL INDUSTRY AND RESPONSE OF THE MEDICAL PROFESSIONALS AT THANJAVUR

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Introduction

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. Branded generics dominate the pharmaceuticals market, constituting nearly 70 to 80 per cent of the market. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level.

The UN-backed Medicines Patent Pool has signed six sub-licences with Aurobindo, Cipla, Desano, Emcure, Hetero Labs and Laurus Labs, allowing them to make generic anti-AIDS medicine Tenofovir Alafenamide (TAF) for 112 developing countries.

Market Size

According to India Ratings, a Fitch company, the Indian pharmaceutical industry is estimated to grow at 20 per cent compound annual growth rate (CAGR) over the next five years. The Indian pharma industry, which is expected to grow over 15 per cent per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same period. Presently the market size of the pharmaceutical industry in India stands at US\$ 20 billion. As on March 2014, Indian pharmaceutical manufacturing facilities registered with the US Food and Drug Administration (FDA) stood at 523, highest for any country outside the US.

Indian pharmaceutical firms are eyeing acquisition opportunities in Japan's growing generic market as the Japanese government aims to increase the penetration of generic drugs to 60 per cent of the market by 2017 from 30 per cent in 2014, due to ageing population and rising health costs.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected to grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62 per cent of the total revenues at Rs 12,600 crore (US\$ 1.9 billion).

Investments

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 13.32 billion between April 2000 and September 2015, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the major investments in the Indian pharmaceutical sector are as follows:

- Cipla announced the acquisition of two US-based companies, InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc., for US\$ 550 million.
- Glaxosmithkline Pharmaceuticals has started work on its largest greenfield tablet manufacturing facility in Vemgal in Kolar district, Karnataka, with an estimated investment of Rs 1,000 crore (US\$ 150 million).
- Lupin has acquired two US based pharmaceutical firms, Gavis Pharmaceuticals LLC and Novel Laboratories Inc, in a deal worth at US\$ 880 million.
- Several online pharmacy retailers like PharmEasy, Netmeds, Orbimed, are attracting investments from several investors, due to double digit growth in the Rs 97,000 crore (US\$ 14.8 billion) Indian pharmacy market.



- Stelis Biopharma announced the breakthrough construction of its customised, multi-product, biopharmaceutical manufacturing facility at Bio-Xcell Biotechnology Park in Nusajaya, Johor, Malaysia's park and ecosystem for industrial and healthcare biotechnology at a total project investment amount of US\$ 60 million.
- Strides Arcolab entered into a licensing agreement with US-based Gilead Sciences Inc to manufacture and distribute the latter's cost-efficient Tenofovir Alafenamide (TAF) product to treat HIV patients in developing countries. The licence to manufacture Gilead's low-cost drug extends to 112 countries.
- CDC, the UK's development finance institution, invested US\$ 48 million in Narayana Hrudayalaya hospitals, a multi-speciality healthcare provider, with an aim to expand affordable treatment in eastern, central and western India.
- Cadila Healthcare Ltd announced the launch of a biosimilar for Adalimumab - for rheumatoid arthritis and other auto immune disorders. The drug will be marketed under the brand name Exemptia at one-fifth of the price for the branded version-Humira. Cadila's biosimilar is the first in class and an exact replica of the original in terms of safety, purity and potency of the product, claims the company.
- Torrent Pharmaceuticals entered into an exclusive licensing agreement with Reliance Life Sciences for marketing three biosimilars in India — Rituximab, Adalimumab and Cetuximab.
- Indian Immunologicals Ltd plans to set up a new vaccine manufacturing facility in Pondicherry with an investment of Rs 300 crore (US\$ 45 million).
- SRF Ltd has acquired Global DuPont Dymel, the pharmaceutical propellant business of DuPont, for US\$ 20 million.
- Intas Pharmaceuticals is the first global company to launch a biosimilar version of Lucentis, the world's largest selling drug for treatment of degenerative eye condition called Razumab.

Government Initiatives

The Addendum 2015 of the Indian Pharmacopoeia (IP) 2014, published by the Indian Pharmacopoeia Commission (IPC) on behalf of the Ministry of Health & Family Welfare, is expected to play a significant role in enhancing the quality of medicines that would in turn promote public health and accelerate the growth and development of pharmaceutical sector.

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

The faces of pharmaceutical marketing in India have long been the bag-carrying, pavement pounding, medical representatives who compete with each other and with patients to enter the doctor's office for the detailing and promotion of their company's products. While the pharmaceutical companies in India meet the legal aspects of providing scientific information to a doctor, the debate arises on whether the promotional campaigns designed to entice and win the brand loyalty of doctors meet ethical standards?.

As in the west, productivity norms of medical representatives in the country are steadily on the decrease. Each company has a staggering number of sales personnel, numbering approximately 400 per division of a company. The top 50 pharmaceutical companies have more than one division. Doctors get to meet at least 10 medical representatives a day and with each promoting five to 10 products, it creates a marketing nightmare.

Objectives of the study

1. To identify the sales promotion methods deployed by the Indian Pharmaceutical industry and its impact on the medical professionals at Thanjavur.
2. To identify the level of satisfaction of medical professionals on the availability of the brands near to their place of practice.
3. To identify the socio economic profile of the medical professionals practicing at Thanjavur.

Interaction of the medical professional with the pharmaceutical industry starts as early as in medical school. The physician and sales representative meet about 2 times a month. These interactions are controversial in many ways. According to one school of thought, the interaction is necessary for education, information and biomedical research. In contrast, others see in such arrangement "the essence of good bribery", and have concern that all such contracts between doctors and industry involve compromise and should therefore be avoided as far as possible.

According to a US Senate Staff report, the drug companies spend around \$10 billion yearly for promoting their products. The one to one interaction between a physician and pharmaceutical representative is too difficult to regulate. The pharmaceutical



company and physician interactions vary from merely providing information about their products to lavish incentives for prescribing the specific drug. Major portion of the mammoth sales promotion budget of pharmaceutical companies is devoted in modifying the drug prescribing behaviour of the medical professionals. The policies adopted by the pharmaceutical firms may include extravagant marketing practices like: (a) Offering vacation/travel expenses; (b) Gifts of substantial value; (c) Lavish meals and entertainment; (d) Offering cash/commission for prescribing a particular brand/drug; (e) Offering money for drug trial; (f) Samples and promotional material; and (g) CME funding and honoraria(10).

(a) Vacation Expenses

As per the physician's and pharmaceutical company executive's testimony to Senate Labour of Human Resources Committee in US, more than half a million dollars are spent by drug companies in sponsoring medical professionals and their spouses on trips to different places for "educational" symposia. The medical professionals for such favor are not selected randomly. But, they are selected on the basis of their clientage and speciality. While, only the 3% residents were paid the travel expenses, this percentage was 42 for consultants. The expenses for travel, stay and even local sight seeing are paid directly to the tour operator by the pharmaceutical company or travel ticket and hotel accommodation are booked by the company in the name of the physician. The expenses of not only the physician but also of their spouse and family are borne by the pharmaceutical companies. This new dimension of family sponsorship is threatening to reduce academic exercises to social outings. Evidence supports that drug company sponsorship of travel expenses change the prescribing behavior of medical professionals. These doctors who avail the travel expense are 4.5-10 times more likely to prescribe the company's product after such sponsorship than before.

(b) Gifts of Substantial Value

In Canada, on an average 6 gifts are received per year by medical professionals with average value of \$60. In India, as per discussions with colleagues, every doctor working in clinical specialty receives a minimum of 5-7 gifts per year. The quality and quantity of gift in different categories of medical professionals vary from interns to senior consultants. The medical professionals receive gifts and even incentives in cash directly proportional to their prescribing abilities. More the prescription, more the gift/commission. Special gifts are also given on the occasion of festivals like Diwali, New Year etc. The value of gifts may be somewhere between Rupees 50-5,000 or even more and they may be in the form of utility items not necessarily related to the medical practice.

A reminder item may also be anything from a notepad to a personal computer that displays the pharmaceutical company's name or logo. Few medical professionals even demand specific gifts item of substantial value in lieu of the prescription of particular brand of drug manufactured by the company. One of the senior executive belonging to a fairly well known drug company during informal chat disclosed to this author that one doctor even demanded honeymoon package in Switzerland for his son in lieu of prescribing a newly introduced drug by his company.

(C) Lavish Meals and Entertainment

Eighty per cent of residents eat pharmaceutical industry paid meals about 14 times in a year in Canada. The drug companies in India are no exception. They also sponsor lavish meals during conferences, symposia's, seminars, CME, launching of new drugs etc. A large number of such activities are organised even in five star and other big hotels with huge expenditure to the pharmaceutical industry.

(D) Cash/Commission For Prescription of A Particular Brand

This is relatively a new trend that has emerged in the physician-pharmaceutical industry interaction. Some of the medical professionals have become commission agents for writing the prescription of a particular drug/brand having an unholy understanding with the drug company. The pharmaceutical company pays a fixed percentage of the selling price of the drug to the prescribing physician. This practice is commonly employed by little known/ upcoming companies and by the sales representatives of even some of the established companies in order to achieve their sales targets.

(e) Money for Drug Trial

Newer drugs are added in the pharmaceutical market at a very fast pace. Before license to manufacture a drug is issued, it is mandatory to have clinical studies about its advantage and other related issues. Most clinical studies that help in bringing out new drugs from bench to bedside are financed by pharmaceutical industry.

The ties between clinical researchers and industry include not only grant support, but also a host of other financial arrangements. Researchers serve as consultants to these companies whose products they are studying. They also join advisory boards and speakers bureaus, enter into patent and royalty arrangements, agree to be listed authors of articles ghost written by

interested companies, promote drugs and devices at company sponsored symposiums, and allow themselves to be plied with expensive gifts. They may also have equity interest in the companies.

India, being a developing country with large patient load, that is usually illiterate and economically jeopardized, has enormous potential for being exploited by multinational drug companies with mammoth financial strength. All this makes our population an easy target of even some of the very risky drug trials. More so, when lucrative incentives are offered to the medical professionals. Some of the pharmaceutical companies offer money based on the number of patients/volunteer recruited for drug trials by the medical professionals.

(F) Samples and Promotional Material

Almost all pharmaceutical companies offer drug samples and promotional material meant specifically for medical professionals. Nearly more than 90% of residents receive patient education items. Frequency of receiving drug samples varies from 5.4% daily to 48% monthly among medical professionals. There appears nothing wrong in accepting drugs samples and related promotional literature that helps in improving the knowledge and skill on new drugs and devices. However, offering a physician \$100 to simply read a company's literature that encourages prescribing of a highly toxic drug for use that was not even approved can not be justified?

(G) CME Funding and Honoraria

More than half of the income of the organizers of CME/symposia is generated from pharmaceutical industry. Spending by the pharmaceutical industry in US has increased from \$34 million (inflation adjusted) in 1975 to \$165 million in 1988, on account of symposia, gifts and reminder items. The lion's share of this increase is attributed to increased funding of symposia from \$6 million to \$86 million (a 14 fold increase). Average frequency of physician receiving honoraria is found 1.2 per year in one study. These medical professionals are usually senior consultant that receive such favor from drug firms. It has been stated that sponsorship of CME/conference at personal and organizational level influences these activities in a big way.

Pearson Correlation Coefficient between Strategic marketing practices adopted by the Indian Pharmaceutical Industry

Medical Professionals Satisfaction	PdPref	Pd Avail	Place /Dist Meth	Prom Strat	People Ability	PhyEvidAt tribes	ProcAttri b
Product Prefer ability	1.000	0.451**	0.488**	0.325**	0.296**	0.289**	0.423**
Product Availability	-	1.000.	0.544**	0.454**	0.389**	0.342**	0.623**
Place/DistribMethods	-	-	1.000.	0.574**	0.525**	0.494**	0.681**
Promotional Strategy	-	-	-	1.000.	0.519**	0.512**	0.615**
People Ability	-	-	-	-	1.000	0.516**	0.474**
Physical Evidence Attributes	-	-	-	-	-	1.000	.513**
Process Attributes	-	-	-	-	-	-	1.000

Source: Data generated from the consumers of Retail Industry.

Note: ** Correlation is significant at 1% level

The Correlation Coefficient between product preferability and product availability is 0.451 which indicate 45 percentage positive relationships between product preferability and product availability and is significant at 1% level. The Correlation Coefficient between product availability and Place/Distribution Methods is 0.544 which indicate 54 percentage positive relationships between product availability and Place/Distribution Methods and is significant at 1% level. The Correlation Coefficient between Place/Distribution Methods and Promotional Strategy is 0.574 which indicate 57 percentage positive relationships between Place/Distribution Methods and Promotional Strategy and is significant at 1% level. The Correlation Coefficient between Promotional Strategy and People Ability is 0.519 which indicate 51 percentage positive relationships between Promotional Strategy and People Ability and is significant at 1% level. The Correlation Coefficient between People Ability and Physical Evidence Attributes is 0.516 which indicate 51 percentage positive relationships between People Ability



and Physical Evidence Attributes and is significant at 1% level. The Correlation Coefficient Physical Evidence Attributes and process attributes is 0.513 which indicate 51 percentage positive relationships between physical Evidence Attributes and process attributes and is significant at 1% level.

Conclusion

The Indian Pharmaceutical Industry is deploying aggressive marketing strategies in order to sustain their business and promote their brand. To know the doctor's mind and also to occupy a place there with a brand; the brand manager must be in the market with the doctors and understand the specific needs of the doctors and design promotion. Aggressive sales push at the doctor and retailer level and consistent repeat visits can drive a brand ahead. An old saying is that "Doctors have a very strong memory and hence forget what they do not want to remember." The challenge to a marketing man today is to ensure that his brand falls in the category of "Want to remember" with as many doctors as possible. This is an extremely difficult task, needing a lot of innovative approach. This is precisely the real task of a sales personnel in pharmaceutical marketing. Slowly and steadily the industry is growing to beat all the possible hurdles away. Hopefully success is not far away.

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