A paper on

"Marketing of Indian Pharmaceutical Products in Changing Global Scenario"

By

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ABSTRACT

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. It ranks very high .i.e. third in the world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously. As part of the Trade Related Intellectual Property Rights (TRIPS) the Pharmaceutical Industry will have the right to patent products as well as processes throughout the world including India. The central theme of Trade Related Intellectual Property Rights (TRIPS) is to ensure that the innovator's rights are protected. The pharmaceutical industry is one of India's largest industries. Its turnover is about 43000 crores. Pharmaceutical industry has seen major changes in the recent years that cause new demands on payers, providers and manufacturers. Customers now demand the same choice and convenience from pharmaceutical industry that they find in any other segment. Since long the main approach to selling pharmaceutical was focused on frequency and coverage as the main drivers of sales. Until recently, it was true that increasing the number of medical representatives, and therefore the number of details executed by the sales force, did increased revenue and sales.

Key words: pharmaceutical industry, healthcare, knowledge driven industry, research and development, Drug Price Control Order.

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Introduction

The pharmaceutical industry in India is among the highly organized sectors. This industry plays an important role in promoting and sustaining development in the field of global medicine. Due to the presence of low cost manufacturing facilities, educated and skilled manpower and cheap labour force among others, the industry is set to scale new heights in the fields of production, development, manufacturing and research. Pharmaceutical manufacturing involves manufacturing of equipments and drugs in healthcare. Any drug development in pharmaceutical is an extensive and costly process. In the pharmaceutical field, any drug producing company has to obtain a commercial license for research, development and marketing and distribution of drugs which are mostly concerned about healthcare.

India currently represents U.S. $ 6 billion of the $550 billion global pharmaceutical industry and its share is increasing at 10% a year, compared to 7 percent annual growth for the overall world market. Also, while the Indian sector represents just 8 percent of the global industry total by volume, putting it in the fourth place worldwide, it accounts for 13 percent by value, and its drug exports have been growing at 30 percent annually.

The organized sector of India's pharmaceutical industry consists of 250 to 300 companies, with the top 10 firms representing 37% of total Indian Pharmaceutical Market. However, the total sector is estimated at nearly 20,000 businesses, some of which are extremely small. About 90 percent of India's demand for medicines is met by local manufacturing. The Indian pharmaceutical market has achieved a tremendous growth and has showed further potential in terms of infrastructure, development and technology.

Indian pharmaceutical industry at a glance

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. It ranks very high .i.e. third in the world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

It is an extremely fragmented industry with severe price competition and government price control.

The pharmaceutical industry in India has been largely driven by regulatory forces – the DPCO (Drug Price Control Order), which regulated the prices of bulk drugs and formulations and the Indian Patent Act which granted process patent to bulk drugs in the past and product patent from January 2005 onwards.

These regulations have resulted in the growth of Indigenous pharmaceutical industry, increased availability of bulk drugs at prices lower than those prevailing in other markets, high level of competition in the domestic market and the emergence of India as the key exporter of bulk drugs in the world market during the period 1970-1990.

In 1995, the Indian Government as a member of the WTO (World Trade Organization) agreed to adhere to the product patent regime by 2005.

As part of the Trade Related Intellectual Property Rights (TRIPS) the Pharmaceutical Industry will have the right to patent products as well as processes throughout the world including India. The central theme of Trade Related Intellectual Property Rights (TRIPS) is to ensure that the innovator's rights are protected.

Being a member of GATT/TRIPS (General Agreement on Tariff and Trade/Trade Related Intellectual Property Rights), India is also now having a process and product patents that will be consistent with the patent laws prevailing in the most developed countries.

With the expectation of a product patent regime, the parent companies of a number of multinationals have begun the process of increasing their stake in Indian operations. Multinationals started increasing the pace of new product launch and aggressively building market share by expanding their marketing force.

Similarly, in order to increase their presence in domestic and international markets, Indian producers also started following a number of strategies, such as, setting up manufacturing and marketing joint ventures overseas, building world class facilities for bulk drug production, entering into alliances with multinationals to launch new drugs and conducting clinical trials in India to enable multinationals to reduce development costs of new drugs.

Indian Pharmaceutical Market in Global Perspective

In terms of scale, the Indian pharmaceutical market is ranked 14th in the world. By 2015, it will rank among top 10 in the world, overtaking Brazil, Mexico, South Korea and Turkey.

Country wise absolute growth during 2005-2015.

Name of the country	**Projected International Absolute growth US $ billion.**
United States	196
China	23
India	14
France	14
Japan	14
United Kingdom	13
Canada	12
Brazil	11
Germany	7

In the recent years, the market for pharmaceutical companies in the developed world has become more complex

Market Size

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. 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. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

The UN-backed Medicines Patent Pool has signed six sub-licenses with Aurbindo, Cipla, Desaro, Emcure, Hetero Labs and Lucas Labs, allowing them to make generic anti-AIDS medicine Tencfovir Alafenamide (TAF) for 112 developing countries.

The Indian pharma industry, which is expected to grow over 15 per cent per annum between 2015-2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same period! The market is expected to grow to US$ 55 billion by 2020., thereby emerging as the sixth largest pharmaceutical market globally by absolute size, as stated by Mr. Arun Singh, Indian Ambassador to the US. Branded generics dominate the pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues).

Government Initiatives

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

Mr. Arun Kumar, Union Minister of chemicals and Petrochemicals, has announced setting up of chemical hubs across the country, early environment clearances in existing clusters, adequate infrastructure, and establishment of a Central Institute of Chemical Engineering and Technology.

Some of the major initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

❖ The Government of India plans to set up around eight mini drug-testing laboratories across major parts and airports in the country, which is expected to improve the drug regulatory system and infrastructure facilities by monitoring the standards of imported and exported drugs and reduce the overall time spent on quality assessment.

- ❖ India is expected to rank among the top five global pharmaceutical innovation hubs by 2020, based on Government of India's decision to allow 50 per cent public funding in the pharmaceutical sector through its Public Private Partnership (PPP) model.
- ❖ Indian Pharmaceutical Association (IPA), the professional association of pharmaceutical companies in India plans to prepare data integrity guidelines which will help to measure and benchmark the quality of Indian companies with global peers.
- ❖ The Government of India plans to incentivize bulk drug manufacturers, including both state-run and private companies, to encourage 'Make in India' programme and reduce dependence on imports of Active Pharmaceutical Ingredients. (API), nearly 85 per cent of which come from China.

Role of pharmaceutical industries

The pharmaceutical industry is one of India's largest industries. Its turnover is about 43000 crores. Pharmaceutical industry has seen major changes in the recent years that cause new demands on payers, providers and manufacturers. Customers now demand the same choice and convenience from pharmaceutical industry that they find in any other segment. 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, Abbott, Cipla, GSK, Pfizer, Torrent and Mankind, etc. have already established their presence.

- ❖ The pharmaceutical industry is a knowledge driven industry and is heavily dependent on R&D for new products and growth. However, basic research (discovering new molecules) is a time consuming and expensive process and is thus, dominated by large global multinationals.
- ❖ The Indian Pharmaceutical Industry came in 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

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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 2400 registered pharmaceutical producers in India. There are 24000 licensed pharmaceutical companies. Of the 465 bulk drugs used in India, approximately 425 are manufactured here. However, total pharmaceutical therapeutic market is as follows:

Category	Value Market Share %
Anti – Infective	16.4
Gastrointestinal	10.9
Cardiac	10.3
Respiratory	10.2
Vitamin/Minerals/Nutrient	9.6
Pain Killers/Analgesics	9.5
Dermatologic	5.4
Gynecology	5.3
Neuro Psychiatry	5.3
Anti diabetics	4.4
Ophthalmological	1.7
Others	11
Total	100

It is very much evident from the above figure that therapy area (Gastro, Cardiac, Respiratory, Neuro Psychiatry and Anti diabetics) is dominating the market in the long run.

Observations

- ❖ Since long the main approach to selling pharmaceutical was focused on frequency and coverage as the main drivers of sales. Until recently, it was true that increasing the number of medical representatives, and therefore the number of details executed by the sales force, did increased revenue and sales.
- ❖ Of late, changes in the market place particularly in the major Western European countries have driven a shift in how companies are approaching their customers.

- As healthcare costs rise, attempts at rationalizing or standardizing prescribing have increased. The main aim of these approaches is to increase the prescribing of generics and drugs that are perceived to be more cost effective.
- Within the industry, there also has been a shift in research and development towards more specialized and niche products.
- The effect has been to reduce the freedom of individual physicians to prescribe what they think is the most appropriate drug and to, instead, prescribe from a formulary or restricted list.
- Within the industry, there also has been a shift in research and development toward more specialized and niche products, which do not require huge multi – detailing sales force. Instead, such products demand an approach that moves away from only considering individual doctors to treating physician practices and hospitals as accounts.
- This has meant an evolution of the role of the marketing personnel from being highly knowledgeable about a small number of drugs or products to increasingly becoming disease area experts and highly effective at building rapport and relationships across multidisciplinary groups in relevant accounts. This means that the Accounts Manager has to be able to first, identify the correct accounts from the territory and focus the appropriate level of time and investment on the accounts which are going to drive the biggest ROI (Return on Investment).

Conclusion

1. These changes are driving alternatives to the traditional sales and marketing routes.

2. The focus is now on smarter use of resources and better meeting of customer needs.

3. To be successful, companies need to move away from a transactional focus on share of voice and calls per day to managing all interactions with customers to create best value for them and the company.

4. The organization has to have the needs of customers as well as the product portfolio at heart.

5. The organization should be aligned around the customers, with all other functions and processes supporting this structure.

6. The Pharma Companies must follow social and ethical values of the business and must satisfy the need of the poor and needy people i.e. (patients).

Indian pharmaceutical companies are going global and emerging as MNCs. Even though Indian pharmaceutical started to internationalize in the 1960s, it gained momentum only in 90s and the trend continues to increase in the next decade.

There are huge opportunities available for Indian companies to tap worldwide due to increase in population and diseases.

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