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The evolving pharmaceutical marketing environment in India

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Abstract:

The Indian pharmaceutical sector, which has extensive expertise in the difficult disciplines of drug production & technology, is one of the fastest expanding industries in the nation today. However, because the age of blockbuster pharmaceuticals is ended, new introductions are declining, and many patents are expiring, the sector is currently going through a fast transformation. Since they only have so much time to interact with prescribers (doctors), pharmaceutical salespeople, also known as "Medical representatives" (MRs), who serve as the foundation of the Indian pharmaceutical industry, are finding it extremely difficult to compete. Pharma firms today may thrive in this fiercely competitive industry if they use technological solutions like ERP, CRM, SCM, mobility solutions, etc. It is now required that people adopt new technologies; it is no longer a choice. This conceptual paper has been written in context of the paradigm shift from traditional mode of marketing to customer relationship management (CRM) based marketing strategy, in the field of Pharma marketing in India, with this as a major premise in understanding the marketing and sales in the field of Pharma marketing in India.

Keywords:

Medical Representatives (MRs), Prescribers (Doctors), Prescription behaviour, Pharma CRM, API (Active Pharmaceutical ingredient), ROI (Return on investment).

1. Introduction:

The Indian Pharmaceutical Industry, which was almost non-existent in the early 1970s, came into attention when it replaced the United States as the main location for the manufacturing of pharmaceutical items without patents and bulk pharmaceuticals. But that was in the past; now, India has grown significantly in stature and has managed to carve out a position for itself in the world's pharmaceutical market. India is now regarded as one of the top five global pharmaceutical developing markets. India has become a significant market for the pharmaceutical sector. Due to the passage of an update to "India's patent law" for the first time since 1972, the Indian pharmaceutical sector aligned itself to the international standards on January 1, 2005. This action was taken in accordance with the Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement of the WTO, which required 20 years of protection for both products and processes. The Indian pharmaceutical sector is poised to reach new heights in the foreseeable future, despite all of its difficulties.

With a current market value of 72069 crore INR, the Indian pharmaceutical sector is now placed third in terms of volume and fourteenth in terms of value in the world's pharmaceutical market. A McKinsey Report projects that the Indian pharmaceutical market would increase from USD 12.6 billion in 2009 to USD 55 billion by 2020, and that India will join the top 10 global pharmaceutical markets in terms of sales by that year, when the market's overall worth will have reached USD 50 billion. Over the past five years, the Indian pharmaceutical business has grown at a compound annual growth rate (CAGR) of more than 15%; however, the market saw a downturn in the 2013–2014 fiscal year, and growth fell to 9.8% from 16.6% in 2012. The new medicine price strategy and the regulatory actions during the previous year are to blame for this slowdown. The top 10 pharmaceutical firms in India now account for 41% of the country's overall pharmaceutical industry (IPM), up from 39% in 2010. The combined growth of these businesses (Indian enterprises and MNCs) was 9%, which was less than IPM's growth. The leading Indian and international corporations have seen a slowdown in their rate of expansion. The downturn is more pronounced in MNCs than in Indian businesses, though. Nearly 95% of India's healthcare requirements are met by the pharmaceutical industry. Due to the nature of the items, which cannot be marketed by other means such as advertising, consumer sales promotion, or media, etc., the marketing techniques are essentially sales-intensive.

Each type of company has a unique marketing approach in the Indian pharmaceutical marketing business. Due to shifting marketing conditions both inside and outside of the nation, MNCs adopt a more aggressive approach to the Indian market, while domestic enterprises attempt to capitalize on their enlarged field forces. Another intriguing aspect of this industry is that the top 10 pharmaceutical companies hold even less than 50% of the market share. To make matters worse, the implementation of the "National Pharmaceutical Pricing Policy 2012" (NPPP) by the GOI (Government of India) has caused margins for retailers and stockists to decline from 20% and 10% to 16% and 8%, respectively. Due to this, these distribution channel participants are now less interested in the distribution of pharmaceutical items.

2. Types of Prescription Prescribed by the Doctors:

The act of a doctor prescribing a specific brand or formulation of a medication or substance to a patient for the treatment of a certain condition is known as prescription behaviour. When a patient describes a health issue, the doctor first inquires about the patient's symptoms. Based on this information, the doctor then diagnoses the condition and, if necessary, prescribes a medication or medication formulation that is appropriate for that condition. The doctor chooses the brand of the drug formulation that will be given to the patient at the same time that he or she chooses the medication to be prescribed. In western nations, doctors often recommend a formulation rather than a specific brand, and the merchant (chemist) has a significant influence on the brand decision. However, the situation in India is a brand-based prescription from the physician. When going to the pharmacy counter to purchase the medication, patients frequently prefer or insist on the brand that the doctor has recommended. When a certain brand is unavailable or the same formulation is offered at a lower cost in the form of generic medications, substitution may be made at the pharmacy counter, if at all possible.

Relationship marketing is used to promote pharmaceutical items to physicians. Medical reps, who represent businesses, visit with doctors in their particular geographic region and sell them on their goods. Patients who purchase the goods from the pharmacy are then prescribed them by the doctors. The brands that doctors recommend are based on their familiarity with the many brand names that are available on the market at any given moment for a certain medicine formulation. Their familiarity with the brands depends on the exposure that the medical representatives of different pharmaceutical firms provide to them.

3. Traditional Marketing Strategies:

Pharmaceutical companies invest a lot of money in marketing messages aimed at doctors or prescribers. Pharmaceutical representatives, sometimes known as medical representatives, have played a significant role in the marketing and sales promotion strategies used by pharmaceutical companies in India. Their responsibility is to actively market pharmaceutical products to physicians. In each pharmaceutical company, the cost of this sales force typically ranges between 15 and 20% of the yearly product revenue. Given that these Medical Reps (MRs) are the only substantial revenue producers in the field of pharmaceutical marketing, this is unquestionably a sizable amount that frequently isn't wasted. Prior to roughly ten years ago, these MRs used the standard method of pharmaceutical product marketing, which involves "detailing" a few chosen or particular items (chosen based on the speciality or prescription profile of the doctor) with the use of a product monograph.

The following provided assistance to the medical rep in this endeavour:

- i) Free drug samples to the doctors
- ii) Making claims of their drug superiority on the basis of research published in reputed medical journals and the opinions sought from opinion leaders in a specific medical segment,
- iii) Gifts that hold the company logo or details of one or multiple drugs and
- iv) Sponsoring continuing medical education.

The majority of Pharma firms used all or some of these techniques to market their products to doctors, and the process was largely successful in doing so. However, in recent years, especially after the introduction of the product patent regime [The Indian Patents (Amendment) Act 2005], market conditions have begun to change significantly. The Indian Pharmaceutical Alliance (IPA), the Organization of Pharmaceutical Producers of India (OPPI), and the Indian Drug Manufacturers Association (IDMA) jointly met in July 2012, and the outcome was a development that resulted in the Indian Pharma companies agreeing in principle to enforce a code that will prevent them from providing gifts or other SOPS (standard operating procedures) to doctors.

4. Customer Relationship Management:

Customer relationship management (CRM) is a systematic method for directing interactions between a business and its clients in order to maximize both the present and lifetime value of those clients for the business as well as client happiness. Because it incorporates crucial customer-focused initiatives, CRM is a complicated collection of operations that collectively create the basis for a lasting and challenging-to-imitate competitive advantage. The link between prescribers (i.e., doctors) and sales forces is the cornerstone of CRM in the pharmaceutical sector. Customer relationship management (CRM) is a systematic method for directing interactions between a business and its clients in order to maximize both the present and lifetime value of those clients for the business as well as client happiness. Because it incorporates crucial customer-focused initiatives, CRM is a complicated collection of operations that collectively create the basis for a lasting and challenging-to-imitate competitive advantage. The link between prescribers (i.e., doctors) and sales forces is the cornerstone of CRM in the pharmaceutical sector. Slowly but surely, pharmaceutical businesses are coming to the realization that they can no longer afford to remain only market- or product-focused. They must thus concentrate on customer relationship management (CRM) and fully comprehend both their existing and future clients.

CRM-enabled businesses not only boost the effectiveness of their sales and marketing initiatives, but also improve the customer experience and boost client loyalty to the pharmaceutical firm. Pharmaceutical companies in India also have to contend with issues like patients influencing doctors' prescriptions, cost-effectiveness of the brand of drugs, and preventing unethical dispensing of medications at the chemist level, which would negate the entire point of the marketing efforts made by the pharmaceutical industry. A thorough and accurate understanding of the target market and customer base is necessary for making crucial decisions about strategy and resource allocation. The pharmaceutical firm increased customer profitability, enhanced the efficiency of marketing campaigns, and optimized multi-channel interactions with clients, giving them a competitive edge and more revenue. For pharmaceutical businesses, the path to profitability has constantly evolving. The industry has never had to deal with so many difficulties at once. Blockbuster molecules that are becoming harder to identify, expiring patents, the necessity to study treatments that will make money, price pressure from all participants, competition from new drugs, me-too pharmaceuticals, and generics are all threats to the profitability of the business. Additionally, factors like the Drug Price Control Order (DPCO), stringent industry and governmental regulations, growing media and public

scrutiny, as well as the accessibility of prescribing decision-makers (i.e., doctors who have less time to spend with the sales force of the pharmaceutical company), require more resources from businesses just to maintain the status quo. All of these factors have made it challenging to achieve the firm's profitability. As a result, the pharmaceutical market has grown increasingly unstable and unpredictable. Even though these businesses must cover the rising expenditures of R&D, the limited client purchasing power and strict rules have made marketing activities more difficult. In an effort to increase revenues, pharmaceutical corporations are currently compelled to limit their expenditure on doctor calls.

Pharmaceutical marketers are under more pressure to increase earnings on ever-shrinking promotional expenditures. These are a few crucial areas for decision-making that, if well handled, can contribute to a higher ROI. As a result, a lot of top pharmaceutical businesses are now searching for comprehensive access to consumer data, which might allow them to enhance brand positioning, segmentation, and targeting.

This procedure entails:

- i) Identifying the key metrics and analytic needed to track trends in prescribing behaviour;
- ii) Designing, creating, implementing and executing marketing strategies that effectively measures ROI of core products;
- iii) Measuring customer satisfaction
- iv) Assessing the validity of ROI analysis, as compared to the competitors; and finally,
- v) Using all the above information to determine the best allocation of promotional resources to identify the most appropriate segments to target for promotional investment optimization, accountability and effectiveness.

Pharmaceutical marketers are under pressure today to increase profit margins despite shrinking marketing budgets and to show accountability when spending money on promotions. Pharmaceutical firms may create and implement more profitable marketing communications by having a better grasp of ROI analysis. In order to comprehend how to use and map the possible life cycle of a product, ROI will build the future of a new commercial model for pharmaceutical businesses and create product strategies for this shift in emphasis. Plans for strategic efforts, such as improving medicine formulation, and important person

responsibilities may only help to determine the future of any given pharmaceutical product brand. Lastly, CRM enables Pharma businesses to increase income from shelf life by gaining access to more patients and prescribers (doctors), retaining their loyalty by improving their health. The Pharma CRM strategy, in the end, serves as the foundation for new product breakthroughs that provide these businesses a competitive edge and enable them to expand and prosper in the market.

CRM is essentially all about locating, gratifying, keeping, and maximizing the value of a business's finest clients. As part of a standard CRM technique, staff receive training and are briefed using specialized CRM software. In this instance, managing incoming calls and emails is a crucial component of CRM. The data gathered by CRM programs is utilized for marketing and surveys, such as 'customer satisfaction' surveys. However, even with the best CRM software in place, Pharma companies still struggle to maintain strong customer relationships because staff members frequently have access to software- and technology-enabled devices, but lack a thorough understanding of the significance and context of CRM.

The different variations/ types of CRMs presently being applied in Indian Pharma sector by some top Pharma firms are:

4.1. Operational CRM:

Support for "front office business processes, such as marketing, sales, and services" is provided by this kind of CRM. Because these procedures require face-to-face contact with customers, operational CRM is essential to their success. Particularly in the case of pharmaceutical sales, where a significant portion of revenue creation depends on the caliber, efficacy, and efficiency of the medical reps during in-clinic sales calls. A medical representative may simply store their interactions with clients (doctors) using operational CRM software, and anybody within the company who has to access client information can do so at any time, from anywhere. Customer information is processed by operational CRM for use in corporate marketing automation, sales force automation, sales management systems, and other applications.

4.2. Analytical CRM:

The demands of the marketing and product management team or brand managers in a pharmaceutical company are best served by this form of CRM. This is true since the CRM software in question facilitates data analysis for a range of objectives, including:

- i) Creating and implementing targeted marketing campaigns, such as those created for particular or chosen products, for clients (doctors) in a specific geographic area, or for a chosen group of clients (doctors) from the company's entire client (doctors) list.
- ii) Creating and carrying out campaigns for specific purposes, such as customer acquisition (adding new doctors to the company's doctor list), cross-selling (promotion of new products to doctors who are already prescribing another product from the company), up-selling (based on the customer profile seen by the doctor, upgrading the type or number of products on promotion to that particular doctor), add-on selling, etc.
- iii) Making judgments about products and services by investigating customer (doctor) prescription behavior. For instance, the kind of pharmaceutical formulations to be created, the likely cost of the medications, etc. is carried out with knowledge derived from the data supplied by analytical CRM.

4.3. Sales CRM:

This specific CRM software's most crucial function is that it notifies sales employees of chances for cross-selling, up-selling, switch-selling, etc., as well as notifications about sales success, customer trends, customer margins, customer alignment, etc. Because sales team members frequently become so preoccupied with their daily sales activity that they forget to maintain, update, and work on their customer (doctor) list, this application is really quite helpful to them. With the use of this application, companies can effortlessly maintain and regularly update their customer list, as well as make any essential adjustments as needed. The updates given by this tool also help medical reps in planning their sales calls and handling customers according to the current updates about their prescription trends and potential prescription profile, given by this CRM software.

4.4. Collaborative CRM:

This particular CRM type encompasses all facets of a business' interactions with customers. This kind of CRM is essential in integrating the tasks carried out by departments like sales, technical support, and marketing as clients are handled by these divisions. It is very helpful in the pharmaceutical sales industry because, while the front-line sales are handled by medical reps or the sales team of the pharmaceutical company, the back-end support to this department is provided either by brand/product managers who are a part of the marketing department or

by the technical support department, particularly when it comes to issues relating to the drug's mode of action, side effects, indications, and contraindications, among other things. The main objective of this kind of CRM is to leverage the data gathered from all departments to raise the calibre of the services offered by the sales campaigns. With the aid of this specific CRM, employees from other departments may exchange the data they've gathered from speaking with consumers.

5. Conclusion:

The Indian pharmaceutical industry is at a turning point. While it has to deal with a number of difficulties brought on by both internal and foreign competition, it also has to deal with new difficulties brought on by new government laws, price controls, and the need to develop novel medications. Because it is challenging to determine whether traditional methods of brand promotion for pharmaceutical products have been used correctly by MRs during their interactions with doctors or whether they have been forwarded to the intended recipients or not, their effectiveness is being questioned in this highly competitive and dynamic market. Slowly but surely, pharmaceutical businesses are coming to the realization that they can no longer afford to remain only market- or product-focused. They must thus concentrate on customer relationship management (CRM) and fully comprehend both their existing and future clients.

CRM-enabled businesses improve not just the effectiveness of their sales and marketing initiatives but also the customer experience and brand loyalty of the pharmaceutical firm. CRM is essential to the Indian pharmaceutical industry's whole eco-system since it helps to speed up operations, medication invention, and production. CRM helps Pharma firms to get maximum revenue by reaching more new prescribers (doctors) and from there more new patients (final customers), keeping them loyal towards the Pharma firm, by increasing their well-being. Any pharmaceutical company's lifeblood is sales and marketing. The sales life cycle is especially important for MRs, and sales force tracking of their operations is particularly important. Pharma firms use a variety of types or models of CRM strategies, but at the moment the need of the hour is to sustain growth. CRM aids senior managers in making critical business decisions related to customer habits (tracking the prescription profile and behaviour of doctors and whether patients are getting the same brand as prescribed, from the retailers i.e., Chemists or not). In order to interact with their clients (prescribers, chemists, and patients) more quickly and develop creative ideas to better serve them, businesses will need to concentrate on increasing operational efficiencies and adapt their business models in the future years.

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