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# Contemporary Issues in Pharmaceutical Marketing Strategy

## Abstract

*This research paper is written with an aim to find out the company issues related to pharmaceutical marketing strategies. These issues are the hurdles to the growth of many companies in pharmaceutical industry. The paper focuses on the different issues related to marketing strategies which are directly or indirectly related to human resource management, and financial management and general management. After studying these issues it will be a clear what are the major problems the industry is facing today and an innovative holistic marketing concept is the solution in this scenario. Solution to this issue may not be hundred percent possible but minimizing the intensity can assure the growth .The issues relate to many products going off- patent, the competition is severe, incomplete customer knowledge, lack of strong strategies, large development cost, changing customer perceptions, lowering quality of materials, high retaining and training cost of sales personnel, high attrition rate ,less doctors time of calls, less clarity about business support from doctors and chemist, no concrete forecasting method, failure of marketing strategies due to various barriers. The information is collected from secondary data like books, articles etc. and researcher has personally experienced the issues described here. If proper planning and more innovative holistic approach is practiced by the companies, the issues can be tackled to achieve growth.*

## **Key words:**

Pharmaceutical Marketing Strategy, Barriers of Strategy, Customer Perception, Medical Representative, Sales Forecasting, Administrative Work.

## **Introduction**

Pharmaceutical industry is a recession proof industry as medicines are always required for survival. Today India is well known mainly as a manufacturing base for drugs required all over the world. Today pharma industries growth especially domestic, depends on its marketing strategy which is facing several issues. Some of the issues are discussed in this paper. These issues are hurdles in the progress of the pharma industry. In this research paper, attempts are made to enumerate and discuss the issues in the industry. These involve issues like quality and number of medical representatives ,high territory development cost ,high retaining cost of sales personnel , high training cost ,high attrition rate ,day by day doctors not allowing sufficient sales calls, lack of clarity on value of business support from each retailer and doctor, lack of concrete mechanism of sales for forecasting at field sales level, rising failure of marketing strategies due to various barriers like environmental ,competition etc. To achieve excellence in marketing, above issues and more issues are discussed in this paper which are necessary to study. These issues need be resolved as fast as possible to get growth.

## **Research Methodology:**

**Objective:** To study contemporary issues in pharmaceutical marketing strategy.

It is conceptual review paper based on secondary data. The information is collected by referring to books, research articles and reading articles on internet. This research is also carried out based on researcher's practical experience in pharmaceutical field.

## **Discussion related to issues in pharmaceutical marketing strategy:**

- 1. Growing competition and short period of opportunity.**

Today life cycle of each product in pharmaceutical industry is shortened and this causes severe competition in the market. Many products in the world are going off- patent. So the companies are worried about the profitability and recovery of the investment cost on research, and this leads to planning more aggressive strategies which requires lot of profit share and innovative ways to tackle the competition in the market. Now a days many companies are promoting generic products and this has been accepted in USA also. India is the first country in the world where maximum USFDA approved manufacturing plants are existing, the other countries being Italy and China.

## **2. Incomplete customer knowledge.**

Customer knowledge is very important while launching a new product and growth on the share of existing products. In pharmaceutical industry there is no concrete measure by which you get clear customer support information. This is the major problem pharmaceutical companies are facing in India because the customer database as well as customer reach is difficult. Due to this many companies are losing business to the local players and there are several companies which are getting business from these small pockets. Maharashtra is the number one state where maximum number of manufacturing and marketing units are established in India. Customers are also changing their locations without information. The added qualification acquired by doctors are also not updated.

## **3. Absence of strong customer acquisition, development and retention strategies.**

Since there is no clarity on customer business support it is difficult to plan an investment on any customer. The competition also holds on to the customer strongly which can also create tough challenge of acquisition in pharmaceutical marketing. Today it is very important to retain the

customer rather than creating a new customer, as creating customer is more costly than retaining one. Retaining strategy for customers are not enough since customer expectations are growing from pharmaceutical industry in terms of sponsorship and service.

#### **4. Changing customer perception.**

Customer perception about different drugs is changing everyday due to promotional inputs given by the competing pharmaceutical companies. Every company is providing clinical trials against competition to prove the safety and efficacy of drugs. Therefore the customer is in a dilemma about the efficacy and the safety of drugs. Hence the customer perception always keeps changing.

#### **5. Quality and quantity of medical representatives.**

Major challenges for pharmaceutical industry is selection and recruitment of right people. Once upon a time it was only science graduates who were eligible for the job of medical sales representative. But now science graduates are not sufficiently available. So companies are accepting any other specialization and even the qualifications criteria have been lowered down to the twelfth standard pass to accept at medical representative level and there are continuous vacancies available because of which the required number of representatives are not maintained. It is also a fact that many of the people working in Research & Development and operations do not possess the quality of required standard.

#### **6. High territory business development cost.**

In pharmaceutical industry customers are located at different locations and the frequency of the visit to these customers increases the territory development cost. There are times when area manager has to jointly work with representatives and product manager has to join field work.

This also doubles the cost of marketing. Major part of profitability is spent on marketing due to higher level of expenses and salary/allowances paid to the sales personnel. If the business is growing it is fine position, but in the de-growth phase, expiry and breakage of the product is growing which affect the net sales of the territory negatively.

#### **7. High retaining cost of sales personnel.**

Due to lack of quality and quantity of the people, companies are always in search of right people to get the job done. Due to high attrition rate, retention of the people is difficult. Sales people are leaving the companies mostly because of bad bosses and high expectation of salaries. Therefore people leave the company more frequently. Some sales personnel lack performing their role due to inadequate training given by the company.

#### **8. High training cost of sales personnel.**

Few years back the duration of training to representatives was ranging from 20- 30 days minimum, but now it has come down to 1 day to 1 week training. This happens due to attrition rate and everyday increase in cost of training. It is also observed that once the people are trained in particular company they leave for higher position or package in other company. Since lodging and boarding charges have also increased, so organizing longer duration training is a costly affair. Due to stiff competition in the market, it is also necessary to keep the sales people in class room training for minimum duration.

#### **9. Attrition rate of sales personnel is very high.**

Due to availability of several opportunities in the market which is because of the expansion plans of the different pharma companies and lack of sufficient field force for every company, there are frequent requirement of sales personnel in every company due to which many sales personnel are

leaving the companies to satisfy their monetary gains or to satisfy their career goals. Therefore there is unstable condition of sales force in every company and now a days many companies are focusing on retaining their internal customers by paying them good salaries, allowances and incentives. Some companies are also offering five days a week working to its sales people to get the benefit of family life and personal comfort.

#### **10. Doctors allowing less times for sales call.**

The demand for super specialist is growing in society. Due to increased population and growing acute and chronic diseases the number of patients are growing fast. There is a focus of doctors on providing better service to patients as far as diagnosis and treatment are concerned. Thereby looking for highest level of patient satisfaction. Number of companies and number of division of each companies have increased, so number of sales representatives visiting a doctor are increasing. Allocation of time to each sales people is difficult at doctor level. Doctors are giving more appointment calls than the regular calls to sales people and sometimes also cancel appointments due to rush of patients or personal engagements in other works.

#### **11. Poor knowledge of Medical Representatives about business territory.**

Business territory consists of different specialty doctors, competitors, retailers, wholesalers, and maintaining information about these people is very difficult. Sales people are changing very fast and retailers do not allow much time to provide details about them. This creates challenge to the sales people to gain knowledge about the business territory.

#### **12. Less clarity on prescription support by each customer.**

Since retailers are busy, there is hardly any other reliable source to know about the particular customer support to any company. Many companies are placing their focus on gaining maximum

information on customer through chemist prescription audit report. Here the chemists are enquired about the potential customers in the territory, their support to a particular company and brand but chemists do not provide enough information because of their busy schedule in attending to the patients. There is also no tangible gain to the retailers and therefore the retailers are not willing to provide the information. Probing a doctor about his prescription habit and support to any particular brand is not always possible from each customer.

### **13. Unclear value of business support from each retailer and doctor.**

There are growing number of retailers in the market. These retailers normally open their shops near to the doctors with good practice. This causes doctor's prescription tracing more difficult to know the business support. Since the patients are going to different locations every chemist cannot be judged for exact business support to a particular company.

### **14. No concrete mechanism of sales forecasting at field sales level which is the major reason for deviation.**

Pharmaceutical companies are setting their targets on the basis of previous year's performance but there are many aspects which keep changing like promotional strategies of competitors, high attrition rate, high territory development cost, financial insufficiency, uncontrollable environment factors which can cause forecasting difficult. When forecasting is not done properly, there is always deviation in set target rupee value and product wise target.

### **15. No proper time analysis of profitable and non-profitable customers.**

Due to the reduction in the training period, many sales people are not trained on important aspects of organizing the territory. This causes lack of proper planning of time and inputs to a particular customer. Many times due to the appointments call and nature of customers, busy



practice schedule, number of customers, the time allocation is not in the hand of the sales people. This causes improper allocation of time to profitable and non-profitable customers.

#### **16. Lack of time sharing plan to develop the future customers.**

Knowing the business support from each customer to the company is very difficult and it is even more difficult to know the support to the competitor. This happens because of large number of retailers and competitors. Since there is no proper mechanism of knowing customer support it is very difficult to allocate time to develop the customer in future.

#### **17. More administrative work for sales representative.**

Sales representative is responsible for prescription generation from doctors and making product available at the retailer counter and achieving sales budget of every month. The field force is supposed to perform at administrative level also which is other than their day to day field work activities. Administrative activities include compiling primary sales report which is collected from stockist's sales and stock statements. Preparing for sales meetings which includes month wise, quarter wise and annual sales performance analysis as well as new product wise target versus sales performance analysis, providing information about the competitors etc. All these activities consume a lot of time which curtails their time for field work and hence it can negatively affect to their productivity.

#### **18. Rising failure of marketing strategies due to various barriers.**

Marketing strategies fail because of many reasons. The major reason for marketing strategy failure is strategy formulation itself. Sometimes changing conditions of the market and trends in the industries, competitive forces and employee capabilities are not taken into consideration which can become the major reason for strategy failure. The other reasons could be

uncontrollable environment factors, lack of training, motivation and control by immediate manager and strong competitors available in the market.

### **Findings of the research:**

Following are the findings in this research:

1. Growing competition and short period of opportunity affects the profitability and branding.
2. Incomplete customer knowledge pose tough challenge for strategic planning.
3. There is lack of customer acquisition, development and retention strategies.
4. Customer perceptions are changing.
5. There is down turn in quality of medical representatives.
6. High territory business development cost.
7. High retaining cost of sales personnel due to increase salary and expenses.
8. High training cost of sales personnel due to rise in hotel packages.
9. Attrition rate of sales personnel is very high
10. Doctors are allowing less time for sales call due to more number of representatives.
11. Medical representatives have poor knowledge about territory.
- 12 There is lack of clarity on business support from Doctors and chemists.
13. Deviation in targets and achievements due to lack of concrete mechanism of sales forecasting.
14. Time allocation is the problem for profitable, non-profitable customers and future customers.

15. More administrative work affects sales representatives.

16. Rising failure of marketing strategies due to various barriers.

### **Research Limitation:**

This research paper is limited to ethical pharmaceutical promotion only that means products sold on Doctor's prescription only and does not cover over the counter medicine. Due to time pressure there is not primary data collected, it is based on secondary research and researcher's experience.

### **Conclusion**

Pharmaceutical industry is growing constantly every year, but still there are many issues which are not resolved. These issues like high attrition rate and short product life cycle are creating a huge challenge which need immediate attention to find out solutions. Even though newer technologies are in use but correct forecasting and execution process of marketing strategies shows the signals of deviation. If these issues are not taken care then future growth will not be as per requirement. But there is a further scope for research on how to resolve these issues.

### **Recommendations:-**

1. Mostly the differentiation and focused strategies will work when the product life cycle is short and many products are growing off patents.

2. Continuous customer data updating at field level is must and strategies must be more innovative to build the loyal customers.

3. Reliable source of information will build the trust of customers which can stop changing the perception of the customers.

4. Continuous training and on job training are required to maintain the quality of people in the field.
5. Proper segmentation, targeting and positioning as well as control will reduce the territory development cost.
6. Investment in good employees is always better, but investment should be planned against the good return in terms of sales.
7. Training is must but if product is not original research and first time launch as pioneering brand then training time can be reduced and focus must be given on selling skills.
8. People should be treated and paid well and proper reporting system plus good organizational structure is must to reduce attrition.
9. Innovative calling approach like sharing one call time between two or three companies for most busy doctors can solve the problem.
10. Good relations with receptionist, retailers and wholesalers will help to gain customer knowledge.
11. Newer techniques like business analytics and advance statistical tools as well as experienced personnel will be useful to minimize the deviation between sales target and achievements.
12. Field sales people should not be burdened with much administrative work instead they should be provided with internet facility to report work progress.
13. There are many barriers for implementation of marketing strategies. To avoid marketing strategy failure analytical approach in terms of structure of the organization, functional strategies

and operational strategies as well as people for right job will do well for formulation and implementation of strategies which will reflect in high growth.

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