CHAPTER IV

A STUDY OF DIFFERENT MARKETING STRATEGIES FOR OTC PRODUCTS

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A STUDY ON DIFFERENT MARKETING STRATEGIES FOR OTC PRODUCTS

4.1 INTRODUCTION
This chapter defines different concepts and terminologies of Different types of drugs, concepts of marketing and strategy which will act as theoretical background of the research study. In addition to this various marketing strategies for OTC products research area. The Indian Pharmaceutical Industry is today undergoing lot of changes after the introduction of Product patent in India. Pharmaceutical companies are changing their marketing strategies to meet the new competitive business environment. The present research on marketing strategies of OTC products is based on primary data. Marketing strategy changes have taken place in the Indian pharmaceutical industry. The changes taking place in pharmaceutical companies regarding to the product marketing in the pharmaceutical industry is highly complex. The technologies leading to drug discovery and development are at the limits of human knowledge. The huge size of the companies and the complexities of their processes and technologies present many marketing challenges. Marketing is defined as satisfying 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. While developing marketing strategies the pharmaceutical companies need to understand the environment in which the strategy will be implemented.

4.2 DIFFERENT TERMINOLOGIES OF DRUGS
Drug or pharmaceutical preparation (a medicine): Any substance or mixture of substances manufactured, sold, offered for sale, or represented for use in ... the diagnosis, treatment, mitigation, or prevention of disease, abnormal physical state or the symptoms thereof in man or animal; {and for use in} ... restoring, correcting or modifying organic functions in man or animal.
Pharmaceutical manufacture: All operations, including purchasing of material, processing, production, packaging, quality control, release and storage of medicinal products and related control
Generic Medicine: Medicines that are identified by a descriptive or official name, as opposed to branded medicines
Branded Medicines: Medicines that are identified by a trade name
Patented Medicines: Medicines whose sale is protected by patent rights.
Over the Counter (OTC) Medicines: Medicines used for self-medication purposes up to Schedule K and can be sold without a doctor's prescription.
Prescription Medicines: Medicines that may only be supplied to the public on prescription.
Proprietary Medicines: Pre-packaged medicines intended for self-medication, which are manufactured, packaged and labeled in accordance with the requirements of the registration authority in the country of distribution and are marketed directly to the Consumer.
Ethical Medicines: Branded prescription medicine
Pharmaceutical chemicals: Production involves the manufacture of the active ingredients in a chemical plant and is closely similar to - indeed can be considered part of - the fine chemical industry which also covers chemicals for such products as dyes and pesticides.
Pharmaceutical preparations: primarily concerned with the physical operations required to produce medicines in marketable form
Active Ingredients: Those substances that affect the desired cure, in other words they are active therapeutically.
Inactive Ingredients: Also called recipients, and includes preservatives, diluents, stabilizers, etc
Innovator Drug: A drug that receives a patent on its chemical formulation or manufacturing process, obtains approval from the FDA or any regulatory authority after extensive testing, and is sold under a brand name.
Breakthrough Drug: The first brand name drug to use a particular therapeutic mechanism - that is, to use a particular method of treating a given disease.
Me-Too Drug: A brand-name drug that uses the same therapeutic mechanism as a breakthrough drug and therefore competes with it directly.
Single-Source Drug: A brand-name drug that is still under patent and thus is usually available from only one manufacturer.
Multiple-Source Drug: A drug available in both brand name and generic versions from a variety of manufacturers.
Official Name: Name of medicine as it appears in the Pharmacopeia.

4.3 CONCEPT OF MARKETING

The term marketing has changed and evolved over a period of time, today marketing is based around providing continual benefits to the customer, these benefits will be provided and a transactional exchange will take place
Marketing is a management responsibility and should not be solely left to junior members of staff. Marketing requires co-ordination, planning, implementation of campaigns and a competent manager(s) with the appropriate skills to ensure success. Marketing objectives, goals and targets have to be monitored and met, competitor strategies analyzed, anticipated and exceeded. Through effective use of market and marketing research an organization should be able to identify the needs and wants of the customer and try to delivers benefits that will enhance or add to the customers lifestyle, while at the same time ensuring that the satisfaction of these needs results in a healthy turnover for the organization.
Philip Kotler defines marketing as 'satisfying 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.
'Marketing is not about providing products or services it is essentially about providing changing benefits to the changing needs and demands of the customer. A constant, systematic market opportunity analysis always olds the key to success in the competitive market. Increasing competition, governments’ controls, growing consumerism place a premium on innovation and customer relationship management.
4.4 CONCEPT OF STRATEGY

Strategy is the mean by which objectives are consciously and systematically pursued and obtained over time. The word “strategy” derives from the Greek word strategies; which derives from two words: Strategy "Stratos" meaning army and "ago “this is the ancient Greek for leading/guiding/moving.

In its military aspect, the term had to do with stratagems by which a general sought to defeat an enemy, with plans he made for a campaign, and with the way, he moved and disposed his forces in war. The strategy definition most commonly known today is as the art of analyzing, projecting and directing campaigns. Strategy is not planning. Strategy deals with competitive situation in an uncontrolled environment. Planning deals with situations in a controlled environment. Strategy is the greatest "winning tool" that man ever invented! It enables the practitioners to see clearly the future of any encounter they undertake - Whilst reacting rationally and consciously without the need for intuition or guesswork. It is the Art of the "Conscious Mind"; the Art of the General in the battlefield; Strategic management is the process through which organizations analyze and learn from their internal and external environments, establish strategic direction, create strategies that are intended to help achieve established goals, and execute those strategies, all in an effort to satisfy key organizational constituencies, which are called stakeholders.

External environmental analysis involves evaluation of the broad and task environments to determine trends, threats, and opportunities and to provide a foundation for strategic direction. The broad environment consists of domestic and global environmental forces such as socio-cultural, technological, political and economic trends. The broad environment forms the context within which the firm and its task environment exist. The task environment consists of external stakeholders -- groups or individuals outside the organization that are significantly influenced by or have a major impact on the organization, the external stakeholders should be analyzed at both the domestic and international levels. Internal stakeholders include managers, employees and the owners and their representatives (e.g., board of directors). A fully developed internal analysis includes an evaluation of internal stakeholders and the organization’s resources and capabilities to determine strengths, weaknesses, and opportunities for competitive advantage, and to identify organizational vulnerabilities that should be corrected.

4.5 STRATEGY FORMULATIONS OF OTC MARKETING COMPANIES

“A strategy is an organizational plan of action that is intended to move an organization toward the achievement of its shorter-term goals and, ultimately toward the achievement of its fundamental purposes.” Though OTC marketing Companies and market is expanding - price levels are rising. This coupled with increased personal spending, fuelled by economic growth and greater access to medical care is helping the market expand. Current scenario in the domestic industry indicates that there is a huge untapped potential. However, the industry needs to address some performance related issues in the domestic markets. While many OTC marketing Companies have successfully deployed a surplus of strategies to target the various customer types, recent business and customer trends are creating new challenges and opportunities for increasing profitability. Use of medical representatives for marketing products to physicians and to exert some influence over others in the hierarchy of decision makers has been a time-tested tradition. Business strategy formulation pertains to domain direction and navigation, or how businesses compete in the areas they have selected by OTC marketing Companies. Corporate strategy formulation refers primarily to domain definition, or the selection of business areas in which the organization will compete. As the prescription drugs patent expires in
the domain the strategy of maintaining and marketing of patent expired is useless. Hence a new domain of switching OTC drugs and strategically it requires new perspective of marketing OTC products in the existing markets. Finally Functional strategy formulation contains the details of how the functional areas such as marketing, operations, finance, and research should work together to achieve the business-level strategy. Corporate strategy decisions on switching Rx product to OTC are made by the CEO and/or board of directors. If an organization is only involved in one area of business, then business strategy decisions tend to be made by the same people. In diversified organizations, business strategy decisions are made by division heads or business unit managers. Functional decisions are made by functional managers, who represent organizational areas such as operations, finance, personnel, accounting, research and development, or information systems.

Strategic control refers to the processes that lead to adjustments in strategic direction, strategies, or the implementation plan when necessary, the strategic management process is usually not as sequential or linear as implied by the previous discussion. The activities are usually performed simultaneously, with constant adjustments to assumptions, directions, strategies, and processes as new information is learned and new assessments are made. Strategic restructuring typically involves a renewed emphasis on the things an organization does well, combined with a variety of tactics to revitalize the organization and strengthen its competitive position by marketing variety of products in OTC category. The traditional process for developing Strategy consists of analyzing the internal and external environments of the organization to arrive at organizational strengths, weaknesses, opportunities and threats (SWOT). The results from this "situation analysis", as this process is sometimes called, are the basis for developing missions, goals and strategies of consumer health care divisions. Environmental determinism argues that good management is associated with determining which strategy will best fit environmental, technical and human forces at a particular point in time, and then working to carry it out. From this perspective, the most successful organization will be the one that best adapts to existing forces. The principle of enactment, on the other hand, assumes that organizations do not have to submit to existing forces in the environment—they can, in part, create their environments through strategic alliances with stakeholders, advertising, political lobbying.

4.6 GENERAL MARKETING STRATEGIES
These set the direction for all marketing efforts by describing, in general terms, how marketing will achieve its objectives. There are many different General Marketing Strategies, though most can be viewed as falling into one of the following categories:
Market Expansion – This strategy looks to grow overall sales in one of two ways:
Grow Sales with Existing Products – With this approach the marketer seeks to actively increase the overall sales of products the company currently markets. This can be accomplished by:
1) Getting existing customers to buy more;
2) Getting potential customers to buy (i.e., those who have yet to buy); or
3) Selling current products in new markets.

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Grow Sales with New Products – With this approach the marketer seeks to achieve objectives through the introduction of new products. This can be accomplished by: 1) introducing updated versions or refinements to existing products; 2) introducing products that are extensions of current products; or 3) introducing new products not previously marketed.

Market Share Growth – This strategy looks to increase the marketer’s overall percentage or share of market. In many cases this can only be accomplished by taking sales away from competitors. Consequently, this strategy often relies on aggressive marketing tactics.

Niche Market – This strategy looks to obtain a commanding position within a certain segment of the overall market. Usually the niche market is much smaller in terms of total customers and sales volume than the overall market. Ideally this strategy looks to have the product viewed as being different from companies targeting the larger market.

Status Quo – This strategy looks to maintain the marketer’s current position in the market, such as maintaining the same level of market share.

Market Exit – This strategy looks to remove the product from the organization’s product mix. This can be accomplished by: 1) selling the product to another organization, or 2) eliminating the product.

4.6.1 DECISION AREA STRATEGIES
These are used to achieve the General Marketing Strategies by guiding the decisions within important marketing areas (product, pricing, distribution, promotion, target marketing). For example, a General Marketing Strategy that centers on entering a new market with new products may be supported by Decision Area Strategies that include:

Target Market Strategy – employ segmenting techniques. Pharmaceutical market segmentation is a two step process. One the level of the customers and second the consumers Pharmaceutical OTC market is more depend on the second level as doctor’s intervention is minimal in OTC usage by consumers in minor ailments. A holistic view on segmentation process would enable the OTC marketing companies and pharmaceutical companies to develop much needed insights and perspectives that are essential for developing a winning strategy in this OTC market which is yet too explored as in west.

Product Strategy – develop new product line and effective product management for success will help in managing existing brands, nurturing new products and developing them to successful brands.

Pricing Strategy – create price programs that offer lower pricing versus competitors. Price can be used as an effective tool of marketing communication. Understanding the psychological effects of pricing and the communication the perceptions of consumers on the pricing will help in developing new strategy.

Distribution Strategy – use methods to gain access to important distribution partners that service the target market. Managing distribution channels is changing with the change in modern trade formats. It has become multidimensional in case of OTC products as they are treated more of Fast-moving healthcare goods like FMCG.

Promotion Strategy: create a plan that can quickly build awareness of the product. Undertaking of how communication strategy works is important to formulate communication strategy which is consumer centric. OTC promotion are done through T.V. advertisements, newspaper advertisements and many more communication tools are used to promote the product. A typical OTC advertising should have rational appeals, emotional appeals and usefulness of the products in an advertisements.
4.6.2 STRATEGIES FOR MARKET LEADERS

The organization objectives and resources, managerial attitudes to risk, the structure of the market, Competitor’s strategies and very importantly, the organization’s position within the market. The significance of market position and its often very direct influence upon strategy has been discussed in detail by a wide variety of writers, most of whom suggest classifying competitive position along a spectrum from market leader to market niche’s:

■ Market leader. In the majority of Pharmaceutical companies there is one firm that is generally recognized to be the leader. It typically has the largest market share and, by virtue of its pricing, advertising intensity, distribution coverage, technological advance and rate of new product introductions, it determines the nature, pace and bases of competition. It is this dominance that typically provides the benchmark for other companies in the industry. However, it needs to be emphasized that market leadership, although often associated with size, is in reality a more complex concept and should instead be seen in terms of an organization’s ability to determine the nature and bases of competition within the market. A distinction can therefore be made between market leadership that is based primarily upon size, and what might be termed ‘thought leadership’ that is based not so much upon size, but upon innovation and different patterns of thinking.

■ Market challengers and followers. Firms with a slightly smaller market share can adopt one of two stances. They may choose to adopt an aggressive stance and attack other firms, including the market leader, in an attempt to gain share and perhaps dominance (market challengers), or they may adopt a less aggressive stance in order to maintain the status quo (market followers).

■ Market nichers. Virtually every industry has a series of small firms that survive, and indeed often prosper, by choosing to specialize in parts of the market that are too limited in size and potential to be of real interest to larger firms. A case in point would be Ranbaxy consumer health care division would concentrate on OTC segments to build specialist market like in case of Revital it has happened. in this way, market nichers are able to build up specialist market knowledge and avoid expensive head-on fights with larger companies. This approach to classification has, in turn, led to a considerable discussion of the strategic alternatives for leaders, challengers and nichers, with numerous analogies being drawn between business strategy and military strategy. Although a position of market leadership has undoubted attractions, both in terms of the scope that often exists to influence others and a possibly higher return on investment, leaders have all too often in the past proved to be vulnerable in the face of an attack from a challenger or when faced with the need for a major technological change. If, therefore, a market leader is to remain as the dominant company, it needs to defend its position constantly. In doing this, there are three major areas to which the marketing strategist needs to pay attention to expand the total market, Secondly to protect the organization’s current share of the market and finally to increase market share.

A summary of the ways in which leaders might do, it is an expansion of the overall market from which the market leader typically stands to gain the most. It follows from this that the strategist needs to search for new users, new uses and greater usage levels of his or her firm’s products. This can be done in a variety of ways.
4.6.3 STRATEGIES FOR NEW & SWITCHED OTC PHARMACEUTICAL PRODUCTS

INTRODUCTION
OTC marketing strategies are most important and unavoidable aspect of any pharmaceutical organization especially what happens when a pharmaceutical product loses the patent protection, it is important to Consider whether radical change is really necessary. It may be that the pharmaceutical Product is operating in a niche category that is too small to attract challenging generic Competition, at least in the short term. It could also be that the awareness and image of the brand is so strong in patients’ and doctors’ minds that it would retain most of its equity even after the loss of patent protection. In most cases however, the entry of generic competitors radically alters the competitive setting and calls for appropriate radical responses, the few major strategies available to pharmaceutical brands facing competition from OTC and generic products are briefly reviewed. Marketing strategies available for a prescription drug facing competition from existing generic product involve a trade-off between brand building and price competition. A company can also resort to no marketing oriented strategies such as legal efforts to extend patent protection or tactical alliances with generic makers and can simultaneously implement different strategies, thereby creating a hybrid model. In a first stage, it is nevertheless useful to review each strategy independently, starting from the most common to the least common.

Low Price strategy: On one hand, this strategy has the lowest potential for brand building. On the other hand, narrowing the price gap with Revital addresses the main problem created by the expiry of the patent; that the equity of the brand can no longer sustain a large price differential with what is, essentially, the same product. At the extreme, comparing the price with the generic will make doctors, pharmacists and regulators indifferent between the two and may force the weakest generic makers out of the business, given their lower economies of scale. On the other hand, price competition invites retaliation and can quickly degenerate into a price war that would kill all the profits in the category. Another issue to be kept in mind here is that most doctors who prescribe the drug are not aware of prices. Communicating the price to the consumers is therefore an integral part of this strategy

Divest strategy: This strategy involves cutting all promotional and research expenses once the brand faces direct competition from Revital and redirecting the savings towards brands that are still enjoying patent protection. Sometimes, this ‘milking’ strategy actually involves price increases to take advantage of the higher brand equity of the brand among the smaller segment of hard-core loyal customers. This strategy leads to the lowest levels of brand building as the brand is not supported and price Competition as the price advantage is not challenged. The success of this strategy depends on the inertia of doctors, patients and the other Stakeholders. When their motivation to switch to the
newly-available generic is low, either because of low financial incentives or strong
attachment to the brand or to the value of brand equity for funding research and
development, such a strategy can deliver high profitability, at least over the short term.
Over the longer term, however, the profitability of this strategy depends on the elasticity
of the other still-patent protected drugs to the additional promotional investments. As
many examples have shown, it is not always easy to convince doctors and patients to
upgrade to the new patent protected drug in the category and patenting these next-
generation products is becoming increasingly hard. One of the major drawbacks of this
strategy is that it encourages generic makers to challenge drug patents more aggressively,
knowing that the market will be all theirs as soon as they have received the green light.

Provide more value for the money: Introducing new and improved flavors, packaging,
or delivery systems can lead to additional emotional or functional consumer benefits. The
resulting differentiation enhances the awareness and image of the brand and hence
increases its equity. Because these innovations typically do not extend patent life
however, it is more difficult to pass the costs on to the consumer when facing generic
competition and hence, this strategy’s lead is one step ahead towards price competition.
In addition, these improvements can be easily copied by generics and thus often have
only a weak impact on sales, while reducing margins. These changes can also be
perceived as marketing gimmicks and hurt the perceived scientific integrity of the brands.

Innovation strategy: Short of introducing a completely new molecule, pharmaceutical
companies can innovate by launching new forms and dosages or by demonstrating
effectiveness for new indications. They can also innovate by offering better services for
doctors and better communication on the illness and on the brand through higher
promotion by the medical representatives. Compared with the ‘milk and divest’ strategy,
this option also entails low price competition, but can improve the equity of the off-patent
brand by offering additional patent protection. On the other hand, innovations require
years of research before being authorized and, in some countries, do not necessarily
extend the duration of the patent. Provide more value for the money introducing new and
improved flavors, packaging, or delivery systems (eg easy to swallow pills, or patches)
can lead to additional emotional or functional consumer benefits. The resulting
differentiation enhances the awareness and image of the brand and hence increases its
equity. Because these innovations typically do not extend patent life however, it is more
difficult to pass the costs on to the consumer when facing generic competition and hence,
this strategy’s lead is one step ahead towards price competition. In addition, these
improvements can be easily copied by OTC marketing companies and thus often have
only a weak impact on sales, while reducing margins. These changes can also be
perceived as Marketing gimmicks and hurt the perceived scientific integrity of the brand.

Invest in OTC product; Pharmaceutical companies can try to fight at both ends of the
market by introducing their own generic. This will reduce the profitability of generic
makers and may deter them from entering the category. On the other hand,
pharmaceutical companies have realized that producing and marketing Revital requires
different skills to their traditional business and that it is difficult to be a strong player in
both business models. To overcome this difficulty, pharmaceutical companies can license
the drug before the expiry of the patent in exchange for royalties. The new copy will
typically be priced higher than a true generic, but will benefit from first mover advantage,
preferential access to raw material and manufacturing knowhow, while still deterring
entry from other generic makers.

Invest in generics: Pharmaceutical companies can try to fight at both ends of the market
by introducing their own generic. This will reduce the profitability of generic makers and
may discourage them from entering the category. On the other hand, pharmaceutical companies have realized that producing and marketing generics requires different skills to their traditional business and that it is difficult to be a strong player in both business models. Finally it is inevitable that the competition from generics will erode the profitability of the original brand., pharmaceutical companies should not put up a fight. The continuous investments in brand building, coupled with price cuts and at the end consumers, marketers both are happy.

4.7 MARKETING STRATEGIES AND PRODUCT LIFE CYCLE OF OTC PRODUCTS.

Understanding the Product Life Cycle (PLC) is of critical importance to a firm launching a new products companies whose patents of a products are about to expire and the products is about to die.. It helps a firm to manage the risk of launching a new product more effectively, converting the products or switching the product to another category what normally pharmaceutical company’s do, whilst simultaneously maximizing the sales and profits that could be achieved throughout the product's life cycle.

1. The Product Life Cycle of a pharmaceutical OTC products indicates that products have four things in common: (1) pharmaceutical products have a limited lifespan; (2) their sales pass through a number of distinct stages, each of which has different characteristics, challenges, and opportunities; (3) their profits are not static but increase and decrease through these stages; and (4) the financial, human resource, manufacturing, marketing and purchasing strategies that products require at each stage in the life cycle varies (Kotler and Keller, 2006). Whilst there is a common pattern to a product's life cycle, which is bell-shaped in nature, this pattern does vary depending on the specific characteristics of a given product. These life cycle patterns are illustrated and discussed in the subsequent section.

The typical PLC consists of five main aspects: (1) Product Development; (2) Introduction; (3) Growth; (4) Maturity (5) Decline. In the diagram below, the respective sales (in red) and profits (in blue) across these five stages are illustrated.

The Product Life Cycle begins with product development, during which time the firm devises and creates a new product. Whilst the end aim of this development process is to have a profitable, well-performing product on the market, this initial stage is characterized by zero sales, the firm bearing the costs of such development, typically resulting in negative profitability (Kotler and Armstrong, 2004). However, despite the importance of the product development process, the PLC literature tends to focus on the subsequent four stages, which are discussed in more detail below. The introduction of a new product onto the market is typically characterized by very slow sales, which may grow only very slightly over a long period of time. Whilst profits will gradually improve during this stage, it may take until near the completion of the introductory stage in the PLC before the company witness’s positive profitability. The reason for such low profitability during this stage is not so much the limited success of the product – measured in terms of low, albeit growing, sales – but the high costs of production and promotion that are required to try to develop customer awareness. Depending on the nature of the product, the firm many need to invest in building inventories or acquiring fixed assets such as plant and machinery. Whilst this stage in the process can take a long time and consume considerable resources, firms must not be tempted to try to obtain early profitability at the expense of long-term product viability.
For example, introducing a new product at a low price may encourage a lot of consumers to make an immediate purchase, but the firm not only sacrifices long-term sales because too many people have bought the product early on but also may considerably reduce its margins, making it more difficult and time consuming before the product first becomes profitable and hits its break-even level. As such, firms must make careful choices over their marketing strategies; in particular, their pricing, promotional and placement decisions (Porter, 1980; 1985; Kotler et al., 1996; Blackwell et al., 2001; Grant, 2002; Kotler and Armstrong, 2004).

The growth stage in the PLC typically involves a rapid growth in sales as early adopters replace pioneers as the main consumer group. Whilst pioneers are characterized as those consumers who purchase products almost immediately when new products are launched, early adopters wait until the price starts to fall and some of the product's potential weaknesses are ironed out. Nonetheless, over time the risk of purchasing a new product – one that is not as well tested and supported – decreases and increasing numbers of people become interested in, and purchase, the product. Towards the second half of the growth stage, later buyers will start to adopt the product as they receive positive word-of-mouth recommendations from people they trust. Whilst profits start to increase during this period, they do not match the growth in sales.

This is because the awareness of the new product and growth in product sales make the market for the product more attractive to potential new entrants and competitors. During this period of high sales growth, many competitors may choose to enter the market, reducing the company's relative market share and, in the process, its profitability. As the sales volume increases, the manufacturing and promotional spend per unit decreases, which also helps to increase profitability. Nonetheless, if the firm wants this growth phase to continue rapidly without petering out, it must invest in adding new product features or improving the quality of the product. This may not only attract existing customers to upgrade their current product purchase but it may also attract different customer demographics that would ordinarily not have been drawn to the product's features and functionality. Alternatively, improvements in customer support or the creation of easy-to-use functionality can help the firm acquire more risk-averse consumers who require greater product support. Over time, the company may choose to reduce prices considerably in an attempt to attract more customers, or bundle the product with other offerings that may be approaching the end of their growth stage. Nonetheless, it is typically just a matter of time before the product's growth starts to waiver (Porter, 1980; 1985; Kotler et al., 1996; Blackwell et al., 2001; Grant, 2002; Kotler and Armstrong, 2004).

The maturity stage in the PLC is a key point for a firm because it marks the turning point in the product's success. Typically, the growth in sales decreases quite significantly and manufacturer's over-capacity (that is, larger than required inventories) results in a reaction by the firm and its competitors to slash prices. Whilst this prolongs the maturity stage and the total number of sales for some time, the drop in prices has an adverse effect on the product's profitability, and profit level, whilst still positive, starts a downward slide. Many firms, especially single-product firms, will look to every possible marketing management technique known to revitalize product sales, whether this involves starting new users or market segments, or making significant modifications to the product, perhaps improving its quality, reliability or some aesthetic feature. Companies such as GSK consumer health care have managed to prolong this stage considerably through intelligence branding, promoting the fact that their chocolate bars are "unchanged since 1899". Indeed, whilst Ranbaxy manages to increase global sales through entry into
additional markets, many of its core products have remained the same over significant periods; it has just been their branding that has changed. Ultimately, the maturity stage becomes the key turning point for companies because at some point during this period, sales will start to decrease and potentially never experience positive growth again (Porter, 1980; 1985; Kotler et al., 1996; Blackwell et al., 2001; Grant, 2002; Kotler and Armstrong, 2004). In most cases this eventually leads to the decline stage during which time the product's sales drop significantly and in some cases, rapidly, with profits continuing to fall until profitability becomes so low that the product is discontinued or a company leaves sales to continue but accepts that the product has passed its core selling years. During this stage, a few laggards adopt the product but these are rarely a profitable customer group. Such a decline may be the result of technological developments, changes in consumer purchasing behavior or significant increases in competition (Porter, 1980; 1985; Kotler et al., 1996; Kotler and Armstrong, 2004; Grant, 2002).

In the case of the latter, international products may suffer from the loss of a patent license or import protections that have otherwise kept a product's sales high long after its offering became relatively uncompetitive. As such, barriers to entry decrease; products may be substituted by cheap imports that benefit from lower costs of production and an established distribution network. During this period, firms in more advanced nations tend to refocus their efforts on creating new, high-value; technology-backed products that can again achieve a high price and start another PLC for the company (Doole and Lowe, 2004). Not all products follow the classic introduction, growth, maturity and decline cycles. Some products are able to find ways to re-invest themselves at the end of their growth stage or before they witness the negative side of the maturity stage. In so doing, they achieve what Kotler and Keller (2006) calls a scalloped pattern. As the authors comment: "Here sales pass through a succession of life cycles based on the discovery of new-product characteristics, uses, or users" (323). As a classic example, they point to nylon sales which have found numerous need users, such as car tier, carpeting, hosiery, parachutes and shirts, amongst others. For example, companies such as Levi's have managed to re-invent their jeans brand through the use of different fabrics and cuts that have given their product a new, youthful look. In addition to those variations to the common PLC, the concept can also be used to describe (1) fads, (2) fashion, and (3) style. Fads are fashions that are introduced and adopted very quickly, but just as quickly can fall. They typically have a limited following, but are nonetheless adopted with real zeal, such as the hula-hoop. Fashions grow more slowly but still quite quickly before eventually witnessing a decline. However, in some cases these become a style; that is, they come back into fashion. For example, Beanies and Yo-Yos were in fashion during the 1950s and 1960s respectively before largely dropping off the radar until the 1990s when both products witnessed a revival (Kotler et al., 1996; Kotler and Keller, 2006).

4.7.1 PRODUCT LIFE CYCLE ANALYSIS (PLC)

PLC analysis can be used both proactively and retrospectively. Proactively, companies need to assess how they think that their product will perform through its PLC and the marketing strategies and marketing mix that should accompany each stage. After all, a company should aim to prolong the growth stage of its product and look at ways of revitalizing the product during its maturity stage. However, firms should assess how they are going to do this well before they reach each stage. The proactive approach is particularly useful for market pioneers, such as Ranbaxy, GSK, Cipla, Novartis because they are often not only introducing a new product, but also creating a whole new market.
Alternatively, the PLC can be used as a retrospective tool to assess when a firm should enter an existing market with a new product. This is important because firms need to examine what marketing strategies and marketing mix will enable them to differentiate their product offering from those of existing firms. If implemented effectively, imitators and later entrants can make significant inroads into a market and, in some cases, overtake incumbents.

The Product Life Cycle (PLC) and Strategies at different stages: Advertising strategies change with the change in stages of a product life. I.e. PLC this article focuses on changes in way of advertising when PLC stages changes. Every product goes through a series of stages, namely the introduction, growth, maturity, decline. After a period of development it is introduced or launched into the market; it gains more and more customers as it grows; eventually the market stabilises and the product becomes mature; then after a period of time the product is overtaken by development and the introduction of superior competitors, it goes into decline and is eventually withdrawn. However, most products fail in the introduction phase. Others have very cyclical maturity phases where declines see the product promoted to regain customers. Thus in this case, a suitable advertising and promotion campaign is required to be identified and followed.

STRATEGIES FOR THE DIFFERING STAGES OF THE PLC

Introduction stage of PLC
The need for immediate profit is not a pressure. The product is promoted to create awareness. If the product has no or few competitors, a skimming price strategy is employed. Limited numbers of product are available in few channels of distribution. Advertising differentiates the product.

Growth stage of PLC
Competitors are attracted into the market with very similar offerings. Products become more profitable and companies form alliances, joint ventures and take each other over. Advertising spend is high and focuses upon building brand. Market share tends to stabilise. Advertising establishes participation with the marketplace.

Maturity stage of PLC
Those products that survive the earlier stages tend to spend longest in this phase. Sales grow at a decreasing rate and then stabilise. Producers attempt to differentiate products and brands are key to this. Price wars and intense competition occur. At this point the market reaches saturation. Producers begin to leave the market due to poor margins. A promotion becomes more widespread and uses a greater variety of media. Advertising puts price ahead of the competition.

Decline stage of PLC
At this point there is a downturn in the market. For example more innovative products are introduced or consumer tastes have changed. There is intense price-cutting and many more products are withdrawn from the market. Profits can be improved by reducing marketing spend and cost cutting. Defensive advertising or for revitalization.

Sources of information on the product life cycle
When engaging in a PLC analysis, a researcher may benefit from using some of the following resources: (1) annual reports; (2) academic and commercial marketing journals and magazines; (3) news reports on the internet; and (4) product reports. Annual reports are a particularly good source for finding out when products were introduced onto the market and finding out sales figures for those products over time. Academic and commercial marketing journals and magazines can be useful in understanding the
theoretical and practical use of products already introduced, as well as pointing to the marketing strategies and marketing mix being used by firms. News reports on the internet help identify when new products are introduced, as well as how popular such products are and whether they are likely to become fashion, fads or a reinvention; that is, style. Finally, product reports, whether these are found in magazines or trade journals help to show customer opinion and support (or otherwise) for a product.

4.7.2 ADVERTISING AND PROMOTION STRATEGIES

Marketing OTC pharmaceutical products companies require more field force to remind their direct customer (doctor) of their products on a daily basis. Moreover field force should have good knowledge of product schemes/offers and good rapport with retailers. Field force also ensures availability of their products to convince Chemist,Genral stores and Doctors to PUSH their products some very serious strategic and operational level issues such as increased competition, low level of customer knowledge (doctors, retailers, wholesalers), good product mix and excellent marketing strategies but poor customer acquisition, very high attrition rate of the sales personnel, very high territory development costs, the number and the quality of medical representatives, busy physicians giving less time for sales calls, virtually no mechanism of sales forecasting from field sales level, leading to huge deviations, absence of analysis on the amount of time invested on profitable and not-so-profitable customers and lack of time-share planning towards developing customer base for future markets etc. etc., A successful product or service means nothing unless the benefit of such a service can be communicated clearly to the target market.

An organizations promotional strategy:
Advertising: is defined as “any non personal paid form of communication using any form of mass media”. Direct to consumer advertisements in OTC marketing represent only 14 percent of pharmaceutical companies' marketing budgets. By the time a 30-second drug commercial airs, the company has conducted months of segmentation studies, held dozens of meetings to define the "communication target" (typically a woman, usually a mother, and of a certain income), and spent millions of dollars to develop the drug's brand and its market. This strategic marketing, which represents the remaining 86 percent of drug promotion expenses, should receive at least as much attention from regulators and lawmakers as Direct to consumer advertisements .most of the advertisement either OTC products or Pharmaceutical products.

These Direct to consumer advertisements seek to change patients' behavior, pharmaceutical companies are more interested in changing doctors' behavior. Drug marketers work hard to persuade doctors to prescribe their branded drug over generics and other competitors, and to change other medical practices that limit company profits. Rebranding is a highly effective marketing strategy which coverts patients turned into consumers.

First of all, the process is mostly hidden from the "communication target": the person looking at a drug advertisement. Ads for a rebranded drug don't mention that the only thing "new" about the drug is the color of its coating. In addition, expanding the drug's FDA approval to cover new, ill-defined medical conditions allows the pharmaceutical company to decide who might benefit from their product. Not surprisingly, their definitions tend to be wide ranging, even including what are usually considered normal experiences. For example, Eli Lilly includes among its symptoms of PMDD "irritability, mood swings, tension as well as breast tenderness and bloating" in the week before a
woman's menstrual period. "Left untreated, [PMDD] can get worse with age," warns the drug maker.

It is illegal to promote off-label uses in DTC advertisements, but off-label uses are marketed in other, more subtle ways. The ad for Restylane, for example, cannot mention its off-label applications, but marketers continually promote these unapproved uses. The off-label marketing of drugs and medical devices raises serious questions. It's not surprising that profit-driven, cutting-edge marketing techniques have outstripped the government agency established to guide them. What is surprising is that public health advocates haven't made pharmaceutical rebranding and off-label promotions of drugs and medical devices major issues. In December, the advocacy group Consumers Union sent recommendation to the FDA requesting tighter DTC advertising regulations on medical devices.

That's a good first step, but much more must be done. Public relations: Involves developing positive relationships with the organization media public. The art of good public relations is not only to obtain favorable publicity within the media, but it is also involves being able to handle successfully negative attention.

Sales promotion: Commonly used to obtain an increase in sales short term. Could involve using money off coupons or special offers. OTC Marketing companies are seen more involved in sale promotion in the new formats of modern trade.

Personal selling: Selling a product service one to one. The concepts of direct selling in OTC marketing can be done very effectively as seen in many FMCG products.

Direct Mail: Is the sending of publicity material to a named person within an organization. There has been a massive growth in direct mail campaigns over the last 5 years. Spending on direct mail now amounts to £18 bn a year representing 11.8% of advertising expenditure (Source: Royal Mail 2000). Organizations’ can pay thousands of pounds for databases, which contain names and addresses of potential customers.

Direct mail allows an organization to use their resources more effectively by allowing them to send publicity material to a named person within their target segment. By personalizing advertising, response rates increase thus increasing the chance of improving sales.
Message & Media Strategy

An effective communication campaign should comprise of a well thought out message strategy. What message are you trying to put across to your target audience? How will you deliver that message? Will it be through the appropriate use of branding? Logos or slogan design? The message should reinforce the benefit of the product and should also help the company in developing the positioning strategy of the product. Companies with effective message strategies include:

Media strategy refers to how the organization is going to deliver their message. What aspects of the promotional mix will the company use to deliver their message strategy. Where will they promote? Clearly the company must take into account the readership and general behavior of their target audience before they select their media strategy. What newspapers does their target market read? What TV programmes do they watch? Effective targeting of their media campaign could save the company on valuable financial resources.

Push & Pull Strategies -

Communication by the manufacturer is not only directed towards consumers to create demand. A push strategy is where the manufacturer concentrates some of their marketing effort on promoting their product to retailers to convince them to stock the product. A combination of promotional mix strategies are used at this stage aimed at the retailer including personal selling, and direct mail. The product is pushed onto the retailer, hence the name.

A pull strategy is based around the manufacturer promoting their product amongst the target market to create demand. Consumers pull the product through the distribution channel forcing the wholesaler and retailer to stock it, hence the name pull strategy.

Above a pull strategy (left) push strategy (right).
Organizations tend to use both push and pull strategies to create demand from retailers and consumers.

**Communication Model - AIDA**

![AIDA Diagram](https://www.learnmarketing.net)

AIDA is a communication model which can be used by pharmaceutical companies to aid them in selling their OTC product. AIDA is an Acronym for Attention, Interest, Desire, and Action. When a product is launched the first goal is to **grab attention**. Use well-known personalities to sell OTC products? Once you grab attention how can you **hold Interest**, through promoting features, clearly stating the benefit the product has to offer? The third stage is desire, how can you **make the OTC product desirable** to the consumer? By demonstrating it? The final stage is the **purchase action**; if the company has been successful with its strategy then the target customer should purchase the OTC product.

**Promotion through the Product life cycle -**

As products move through the four stages of the product lifecycle different promotional strategies should be employed at these stages to ensure the healthy success and life of the product. Stages and promotion strategies employed.

**Introduction:** When an OTC product is new the Company’s objective will be to inform the target audience of its entry. Television, radio, magazine, coupons etc may be used to push the product through the introduction stage of the lifecycle. Push and Pull Strategies will be used at this crucial stage.

**Growth:** As the OTC product becomes accepted by the target market the Company’s at this stage of the lifecycle the Company’s works on the strategy of further increasing brand awareness to encourage loyalty.

**Maturity**
At this stage with increased competition the Company’s take persuasive tactics to encourage the consumers to purchase their OTC product over their rivals. Any differential advantage will be clearly communicated to the target audience to inform of their benefit over their competitors.

**Decline**
As the OTC product reaches the decline stage the Company’s will use the strategy of reminding people of the OTC product to slow the inevitable
The development of the World Wide Web has changed the business environment forever. Dot com fever has taken the industry and stock markets by storm. The e-commerce revolution promises to deliver a more efficient way of conducting business. Shoppers can now purchase OTC products through the comfort of their home 24 hours a day 7 days a week. Owning a website is now a crucial ingredient to the marketing mix strategy of a Company’s Consumers can now obtain instant information on OTC products to aid them in their crucial purchase decision. This is a new facet in marketing but taking grip in modern Indian market. Advertisers have now moved their money over to the internet as customers are on average spending more time online then watching TV. Popular ways to advertise seem to be with banners and pop ups. The Scope of analysis is at the product form level in OTC sector. Where the researcher show how certain characteristics of the market change over time and break down each stage and discuss the market characteristics in terms of -

- Level of Competition
- Nuances of the Target Market
- Available Product Options
- Average Price Level
- Promotional Focus
- Distribution Strategy
- Total Industry Profits

While market characteristics are evaluated for the product form, we offer strategy guidance for individual brands that compete within these specific industries. While at the general level the PLC is divided into five main stages, we view most stages as consisting of sub-stages that result from noticeable changes in market characteristics.
The ultimate objective of the marketer would be to devise a product or service which will be seen as different in the eyes of prospective customers, to the point where they will prefer it to all competing substitutes. The marketer has four basic ingredients which he can combine in an almost infinite number of ways to achieve different end results. The so-called 4’P’s’ of marketing following the classification first proposed by McCarthy (1978); Product, Price, Place (or distribution) and Promotion; factors that, within limits, are capable of being influenced or controlled and how they may be combined to create a distinctive marketing mix that will prove profitable. Beyond the 4’P’s’ is other P’s also used by some marketing strategists: packaging, premiums, physical distribution, personal selling and publicity or advertising.

Marketing strategy can be viewed as reflecting a marketing mix of these four elements. Every market has its own logic whereby excellence as one element of the mix, be it product, price, promotion or distribution, is often a necessary condition for success. Knowing the key factor in the marketing mix is crucial in drawing up a marketing strategy since it means knowing what to emphasize.

OTC marketing companies are creating innovative strategies after the OTC category witnessed huge competition and patent expiry of a successful prescription drug. Secondly there are many prescriptive products are in decline stage and requires switch. The strategies available are the facing competition. Innovate new forms, dosage and service etc. Provide more value for the money with new flavor, packaging etc. Invest in promotion and distribution network and Reduce price. OTC medicines Marketing plans or strategies have to be formulated and implemented on the basis of 4 Ps of Marketing mix, Product, pricing, distribution (place) and promotion. the major issues are related with the above factors only as they raise many question on types of products, price of the product and distribution channel for consumer orientation in framing OTC marketing strategies. OTC Product: Product denotes the goods and services that organization offers to its target markets. plans and polices related to OTC product need to be formulated and implemented on the basis of Quality, potency, brand name packaging etc. Strategies dictate the manner in which the product and market are defined. Competitive strategies may be implemented by stressing on high quality, better and more features and attributes in the product. Ranbaxy laboratories has quality generic product portfolio as their prominent factor and GSK has highly researched quality therapeutics products. The product policy GSK was to offer high quality product no only in therapeutics but also in OTC Category.

Products and services help a company in implementing its strategy just like a strategy guide the formulation and implementation of product plans and polices. Pricing: price denotes the money that a customer pays in exchange of goods and services. Pricing is sensitive phenomenon in OTC category as generic drugs are available at low price and competition on other side is making companies reduce their cost on products without hindering the quality of product. It is important to the seller because it represents the returns of efforts. to a buyer price is the value that is assigned to the satisfaction of need and wants.

Several price characteristics such as discounts, mode of payment, allowances, credit terms etc affect pricing plans and polices. the use of high or low prices for their products is extensively used by pharmaceutical companies. Like GlaxoSmithKline and Ranbaxy have placed their products like Crocin, Eno, Revital on low price. Price often determines
market segmentation, which in turns becomes basis for creating different models of same products. 
Place: Pharmaceutical distribution channel plays an important role in implementation of marketing strategy. Distribution plans and polices address themselves to issues such as the channels of distribution used, transportations, logistics, and inventory and storage management, coverage of markets. The use of distribution plans and polices in marketing function as well as strategy implementation. The success of market oriented strategies in this competitive envirounment largely depends upon efficiency and effectiveness of distribution system. 
Pharmacy companies marketing OTC products realize the importance of effective distribution network and hence companies like Ranbaxy and GSK investment huge amount in maintaining the effective distribution network and retail. Companies offer better margins and support the distributor as they are one who makes products available to the retailers. Pharmaceutical distribution channel is indirect with usually three channel members depot/C&F, Stockiest and chemists. Pharmaceutical companies appoint one depot or C&F. Agent usually in each state and authorized stockiest in each district across the country. Company depot/C&F Agent sends stock to stockiest as per the requirement. Retail chemists buy OTC products on daily or weekly basis from the authorized stockiest. Consumers visit chemist for buying OTC medicines either with prescription from doctor or without prescription in cases of minor ailments where prescription from doctor is not necessary. Promotion: Promotion deals with marketing communication intended to convey the company, products image to the perspective buyer. Across the whole range of different media from advertising campaigns to internet search engines. There are twelve different communication tools in pharmaceutical communication mix - advertising, personal selling, sales promotion, publicity, direct marketing, sponsorships, exhibitions, word of mouth, merchandising, internet and Point of purchase. Pharmaceutical companies like GSK, Ranbaxy, Paras, and Novartis have effective OTC products and markets also. To market these products companies require more and more skilled sales and marketing force. These representative will develops good rapport with the doctors. The marketing representative must have good knowledge of product and USP of their products as to convince the doctor and retailer. 
In case of OTC medicines they may not require to detail doctors but convince chemist and other modern trade like general stores, kiranashops and malls as to pull the demand or their products. The relation between doctors, retailers and representative need to be healthy. Marketing Representatives need to manage his territory before and after completing the sales quota. Many brands in prescription sector have reached stagnation as far its growth is concerned. So switch to OTC is only strategy 

4.8 CONCLUDING REMARKS 

The success of OTC products is unavoidable if the products meets the safety, efficacy and create brand among consumers. Secondly if the company has clear marketing strategy for OTC products communicates to the consumers through large scale advertising and promotions and establishes retail relationships and widespread distribution for smooth moving of the products. 
In OTC marketing communication the main objective is to create impression and more important maintain the impression for longer time. Many OTC brands spend huge amount of money on advertisement especially in Indian envirounment companies like
Ranbaxy, Paras and GSK investing in television advertisement like anything. The success of OTC depends upon many actors, the most important of which are timing of market entry, providing a safe, effective, easy to use product that consumers need and also recognizable brand names, gaining markets and providing competitive advantage that communicates products advantages and sustains repeated purchase of the OTC Products.

REFERENCES


