CHAPTER – VIII

OBSERVATIONS AND SUGGESTIONS

8.0 INTRODUCTION

As per the study relating to pharmaceutical marketing, the researcher has observed various aspects which are to be taken into consideration by almost all pharmaceutical industries. At the same time the problems faced by the pharmaceutical industries in marketing have also been noted down and accordingly some suggestions are given in this chapter.

8.1 OBSERVATIONS

**India's Pharmaceutical Industry in Reorientation Process**

The pharmaceutical industry is expanding worldwide. For some years now, it has been benefiting from the particular dynamics of the Asian economies as both purchasers and producers. It is not only the markets in China and India that register high growth rates, annual growth rates are also impressive in Singapore, Malaysia, Thailand and Indonesia.

- Thanks to low costs, qualified staff and extensive production and research units, India is becoming more and more of a major pharmaceutical location in the world. Drivers of growth are the growing population, which at 1.5 bn should exceed that of China by 2025, as well as the large number of aging population with markedly higher demand for medicines. Increase in number of patients with communicable, non communicable and Genetic disorder. Chronic illnesses such as diabetes, hypertension and central nervous system related disorders such as anxiety, stress and depression will be on rise
and will greatly contribute to strong market growth in the healthcare industry. As per the CII-Mckinsey Industry Analysis Report, demand of healthcare in India is expected to outstrip supply over the next decade. Almost 80,000 additional hospital beds will be required every year for the next three to four years to adequately meet growing healthcare demands.

Add to this is the increase in middle-class households which have considerably higher incomes at their disposal than the population on average.

As a result of the new patent legislation, the country’s pharmaceutical industry is reorienting itself and focusing on self-developed medicines and/or contract research and production for western drugs companies. Also the expansion of Indian firms abroad looks set to continue and the preferred target markets are the US and European countries.

Few of the observations are cited below which gives a confidence that Indian Pharmaceutical Market will undergo a sea change in terms of its overall infrastructure and thus sales personnel, being the main pillars of pharmaceutical company, have also to adapt to these external changes.

1. **Role of Sales Personnel**
The role of sales personnel and its importance has becoming increasingly important because of consistent development of all allied factors such as a fairly expanding network of dispensaries, hospitals and institutions, providing specialized curative care and also the increasing health awareness in the society, which is been created in last six decades since the attainment of independence. Considerable progress has been achieved in the promotion of the health status of
our people. Smallpox has been eliminated; plague is no longer a problem; mortality from cholera and related diseases has decreased and malaria brought under control to considerable extent. The mortality rate per thousand of population has been reduced and the life expectancy at birth has been increased. A fairly extensive network, providing specialized curative care has developed and a large stock of medical and health personnel of various levels have become available. Significant indigenous capacity has been established for the production of drugs and pharmaceutical, vaccines, hospital equipment etc.

2. **Changing Market Oriented Educational Structure**
Pharmaceutical Company has a specific nature of marketing its product; accordingly it requires skillful persons to look after the sales. This need is generated out of competition and the pharmaceutical marketing features. The skill can be by birth or by especially designed courses which can inculcate such types of selling skills. Pharmaceutical colleges, other training institutes, management institutes are some of the educational institutes providing skills and aptitude in sales. MBA in Pharmaceutical Management, MBA in Hospital and Healthcare Management are some of the recent developments in educational field for the purpose of introducing newer marketing strategies, sales techniques in Pharmaceutical marketing business.

3. **Changing Organization Structure**
Much depends on the organizational structure of marketing dept. or the organization as a whole. The Organization structure varies as per the size of the business, capital investment, management thinking and such other business and non business factors.
4. **Estimates and Achievement of Sales Targets**

The sales persons on the field and marketing heads in the Head Office estimates the budgeted sales which are to be achieved by the sales personnel by following and implementing effectively, the marketing strategies given by the marketing dept. of the company.

This results in increasing the revenue for the organization. The pharmaceutical field personnel need to have updated knowledge, good presentation skills, and better relationship with the doctors. Continuous and consistent training programmes and proper staff education can guide and prepare the sales people to face the market challenges. On the part of organization, it is essential that they should motivate the sales staff by providing incentives plus developmental strategies. The marketing of pharmaceutical products should be related to the sales of product important for the health and survival of patients.

It can be said that lot depends upon the sales staff to estimate properly and put the efforts for attainment of the decided targets. Hence, working of sales staff is an important function.

5. **Increasing Market Challenges**

Qualitative change in customer behavior is posing continuous challenges before sales staff. The rising literacy rate, higher levels of income and increasing awareness through deeper penetration of media, internet, has brought the Indian consumer closer to demand quality healthcare. With nuclear families on the rise, the bread-earner of the family and indeed, every member of the family now have access to regular health check-ups. All these factors have contributed to the growth of pharmaceutical sector in India.
6. Factors Responsible for Complexity of Pharmaceutical Marketing Job

During last few decades, because of consistent development of science and technology, increasing competition, ever growing pharmaceutical market, there are number of factors that have resulted in complexity of marketing jobs. These factors such as socio-economic changes, at the same time, loyalty of the customers for the branded products, requirement for allied sectors in healthcare and pharmaceutical business (insurance sector, banking sector), all these are increasing the challenges before the sales staff and thus the management of sales staff is most important.

By the Management of sales staff, we mean providing better training facilities, development opportunities, incentives, wage calculators, reducing attrition i.e. HRD function in marketing concepts. So, marketing personnel will have to establish their brands and at the same time create loyalty for the brands. The price levels should be within the reach of common customers. In brief, hard core sales promotion activities and use of newer HRD techniques in marketing, is the need of hour. This is how two important functions of management i.e. Marketing and HR need to work together to generate more finance.

7. Communication in Pharmaceutical Business

For the sales promotion in pharmaceutical business, the marketing staff needs good communication skills. In this hi-tech age, there should be knowledge of English language and local language is preferred. The sales person should be better trained for illustration and detailing, in short, they should be good in their In-clinic performance.
Modern tools are used for good communication, especially when such vast competition is existing in pharmaceutical industry in India.

There are various institutions, private training classes, who are training on communication skills. The top management in marketing should take the responsibility of extending the training facilities to their sales personnel. Nowadays, seminars, conferences, exhibitions, Continuing Medical Education (CMEs) programmes help for the development of the communication skills in this modern age.

8. **Continuous Appraisal System**
Continuous appraisal system is introduced by organizations to improve the efficiency of sales staff. In pharmaceutical business, there is a scope for the same. Most of the pharmaceutical organizations in India have appraisal system for their field staff where given target achievement is the only criteria. Apart from target achievement, self development will also make sales personnel to stay long with the organization. Sales Incentives and increments will be additional motivating factors for the field staff.

Mumbai is a very large and specialized market, as one of the top hospitals and top medical practitioners are serving the society, so it needs a special attention and skilled sales staff to cater the market.

9. **Demand Pattern for Pharmaceutical Products have Changed Considerably**
In last 2 decades, demand pattern for pharmaceutical products have changed considerably. This is because of development of medical technology and modern pharmaceutical products. At the same time,
supply chain management is further strengthened to meet out the
need of the pharmaceutical marketing. Manufacturers, channel
partners like stockiest, distributors, chemists etc. should have proper
and cohesive working with each other. This can be a challenge before
modern marketing management.

10. **The Cost of Marketing is Consistently Increasing**
There is a vast competition in pharmaceutical business accordingly
every pharmaceutical company has to spend more on advertisements
and sales promotion expenses.

11. **Changing Economic Policies since 1991**
We have adopted liberalization policies and thus more number of
multinational companies are entering into the Indian market and more
so, after Jan.2005, when India adopted GATT and TRIPS. This led to
increased challenges before pharmaceutical field personnel.

12. **Rural Market in India**
Nearly 70% of Indian population is residing in rural India. However,
the modern pharmaceutical products, newer drugs, technology are yet
to reach this vast sector. To tap this market effectively is the challenge
before Pharmaceutical companies marketing staff.

13. **Work Culture**
For building a team and inculcating team spirit in any organization,
useful guidelines defining the role of each member of the team, is
must. Creating commitment and strong interest in achieving objectives
and goals among all team members is the prime responsibility of
management. Establishing open communication system with each
member of the team as well as the team as a whole, taking immediate corrective measures in the event of things going wrong, discovering and making full use of diversity of talent and experience of all team members, inculcating common values and clarity of purpose in keeping with the mission and objectives of the organization and promoting commitment, work culture, would greatly enhance teamwork which will lead to achieving set goals. Leaders are required with a vision, objective, clarity and system discipline orientation.

14. **Pharmaceutical Price Regulation in India**

Prior to 1962, there was no price control in Indian pharmaceutical sector. There was a domination of multinational corporations (MNCs) on overall pharmaceutical market, price of medicines were high. First Price regulation in Medicines was introduced in 1962. In 1970, the Drug Price Control Order (DPCO), issued under the Essential Commodities Act, 1955. In the same year, Indian Patents Act (IPA) was enacted. DPCO was revised in 1979, 1987 and 1995 as per pharmaceutical policy of the Government.

It was a practice, that the prices of pharmaceutical products was governed by National Pharmaceutical pricing authority (NPPA) of India. However, in changing scenario, government has realized the need of market regulation rather than regulatory framework. Accordingly, the products under the control of NPPA has been consistently reduced which can be shown by the following table. The decisions pertaining to pricing was one of the major weakness which is been discussed in the earlier part of this study, the same weakness is now tried to overcome by the introduction of new policies.
Following table shows the number of drugs under DPCO, for last three decades-

Table 40 : Number of Drugs Under DPCO

<table>
<thead>
<tr>
<th>YEAR</th>
<th>No. of Drugs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>347</td>
</tr>
<tr>
<td>1987</td>
<td>142</td>
</tr>
<tr>
<td>1995</td>
<td>74</td>
</tr>
<tr>
<td>2008</td>
<td>74</td>
</tr>
</tbody>
</table>

*Source: NPPA*

15. **The Perspective of Pharmaceutical Business**

The challenge facing pharmaceutical marketers in the next decade will be to demonstrate value of product through promotional innovation, combined with the required emphasis on efficiency and safety of their product. To do so, they should turn to pharmaceutical co-economics - an evolving field that examines the issues in the context of the market's health care system. Lay persons in India tend to examine only single patient cost. But from a social perspective one may want to know what sort of treatment option minimizes overall costs. In the future, the degree of fragmentation is likely to decline significantly. Wide product portfolio and distribution strength could become a key competitive advantage among the larger players. Smaller players focused on research and development will probably be approached for alliance by larger companies. Domestic companies with International research and development or marketing ties are likely to succeed. In long term, there is likely to be an emergence of new set of competitors -- the integrated health care firms -- that will have significantly greater power than pure pharmaceutical companies. Quality of product will
increase as a result of consolidation. However, declining global price realization from the product going off patent will likely put pressure on prices of generics in India. With a wider product availability, and opening of insurance sector, the penetration of drugs and per capita expenditure of health care is likely to increase. As health care market develops the standard of health care in India, are also likely to evolve and approach the level set by more advanced western countries.

**Outsourcing**

As all the 4 M’s (Men, Money, Material and Machinery) are important to run any business effectively and profitably, the most challenging M is MEN, which will decide the fortune of the Pharmaceutical Industry in Indian scenario. The following trends are being seen in recruitment of sales personnel in Indian Pharmaceutical industry.

In India, the HR processes are being outsourced from more than a decade now. A company may draw required personnel from outsourcing firms. The outsourcing firms help the organization by the initial screening of the candidates according to the needs of the organization and creating a suitable pool of talent for the final selection by the organization. Outsourcing firms develop their human resource pool by employing people for them and make available personnel to various companies as per their needs. In turn, the outsourcing firms or the intermediaries charge the organizations for their services.

Advantages of outsourcing are:

- Company need not plan for human resources much in advance.
- Value creation, operational flexibility and competitive advantage
turning the management's focus to strategic level processes of HRM

- Company is free from salary negotiations, weeding the unsuitable resumes/candidates.
- Company can save a lot of its resources and time

**Poaching/Raiding**

"Buying talent" (rather than developing it) is the latest mantra being followed by the organizations today. Poaching means employing a competent and experienced person already working with another reputed company in the same or different industry; the organization might be a competitor in the industry. A company can attract talent from another firm by offering attractive pay packages and other terms and conditions, better than the current employer of the candidate. But it is seen as an unethical practice and not openly talked about. Indian software and the retail sector are the sectors facing the most severe brunt of poaching today. It has become a challenge for human resource managers to face and tackle poaching, as it weakens the competitive strength of the firm.

**E-Recruitment**

Many big organizations use Internet as a source of recruitment. E-recruitment is the use of technology to assist the recruitment process. They advertise job vacancies through worldwide web. The job seekers send their applications or curriculum vitae i.e. CV through e mail using the Internet. Alternatively job seekers place their CV’s in worldwide web, which can be drawn by prospective employees depending upon their requirements.

To conclude the findings, it is essential to look at the pharmaceutical business with a modern and scientific outlook. It requires the new strategies
for development of the market and adoption of business ethics in pharmaceutical marketing. These strategies are essential to face the new challenges that are being faced by pharmaceutical business which are listed as follows-

A. There can be several challenges for pharmaceutical marketing with global channels opening up from all directions. It has become an art of its own kind. Some of the important challenges can be listed out as follows-

1. Increased competition

2. Low level understanding of customer knowledge (Doctors, Retailers, Wholesalers).

3. Dissimilar customer perception.

4. Quality of medical representatives.

5. Job turnover and Recruitment process of medical representatives.

6. High training and re-training costs of sales personnel.

7. Busy doctors giving less time for sales calls.

8. Poor territory knowledge in terms of business value at the level of medical representatives.
9. Value of prescription from each doctor in the list of each sales person.

11. Unknown value of revenue from each retailer in the territory.

12. Sales forecasting from field sales level to actual level.

13. 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 and un-tapped markets.

8.2 SUGGESTIONS

1. **Introduction of TQM in Pharmaceutical Marketing**

   Total Quality Management concept in “Pharmaceutical Marketing” will help survive pharmaceutical companies in today’s competition. In these days of competition, one of the major ways to overcome competition is through delivering consistently higher-quality services than offered by the competitors. The pharmaceutical firms have to audit service performance, introduce techniques like Total Quality Management (TQM) and evolve mechanism for satisfying customer’s complaint. Marketing research, study of marketing environment, consumer behavior, market segmentation, pricing policy, communication, developing new service systems to meet needy customers. Advertising and other sales promotion activities like patient education, disease detection camps even in rural markets are the other
marketing tools to be used by the organizations that are in the pharmaceutical field.

2. **Consider Marketing Ethics**
   The Pharmaceutical industry has to consider certain marketing ethics accordingly in India where the number of poor customers is high, they are deprived off from better quality medicines and healthcare services so apart from the profit earning motive of marketing, pharmaceutical marketing should take care of poor customers and provide them medicines at reasonable rate as a part of marketing ethics and social responsibility of the business.

3. **Survival of the Fittest**
   The quality product with Quality services and sound marketing policies with competitive prices, will generate long term survival i.e. survival of the fittest. Organization having compromised qualities will have the problem of long term survival.

4. **Innovative HR Concepts in Pharmaceutical Marketing**
   HRD has been defined as a composition of those learning experiences which are organized for a specific time and are designed to bring about the possibility of behavioral change (Lloyd and Berthelot, 1992). The conceptual dimensions of HRD need to be understood and implemented in the right and relevant perspective with judicious objectivity and pragmatic approach. Formulation, adoption and effective implementation of innovative techniques of human resource management and development depend on how firmly they are grounded in sound concepts. Some of the relevant aspects deserving
attention are knowledge management, input of ethics, work culture, Total Quality Management (TQM) and creation of HRD climate. These concepts provide an objective base for analysis particularly of HRD in pharmaceutical sector.

5. **Change in Attitude is Essential**

Implications of the present research study stem from the knowledge generated in regard to the identified HRD factors in pharmaceutical companies and their dimensions. Inadequacies and weaknesses brought out would seem to require appropriate corrective action and attitudinal change, both at the macro level of the government, and at the micro level of pharmaceutical companies.

6. **Extensive Importance should be given to R & D**

Research is a continuous process and in Pharmaceutical industry, it is still important. Tremendous enhancement in terms of Research and Development activities in terms of inventing new ideal drugs and marketing it for the betterment of mankind is the need of hour for all the Indian pharmaceutical companies. Apart from the same, R & D should also be carried out in Marketing, HR and Production because these 3 functions together, result into the creation of demand.

R & D dept. has to play the role for generation of Pharmaceutical products which are convenient for use in modern life style of the society for ex. their is development of Time release, Sustained release dosage forms which offers dosage convenience and thus compliance to patients. Even the newer dosage forms and new drugs should offer economy to the patients which ensure the effective completion of the
drug therapy leading to complete cure or better management of the disease and disorders.

R & D in Marketing is to search newer product promotion techniques, application of market surveys in order to understand the need of the customers and to sustain the competition in the market place. With the emergence of newer diseases, disorders, change in symptom profile or treatment procedures, marketing has become still difficult and it is the function of marketing people to record such observations and give suggestions to R & D, Production dept. to launch such products, techniques, technology which are suited to the market needs. Thus, marketing people are responsible making the organization updated in terms of latest molecules, technology, strategies, competition, customer preference etc.

R & D in HR is also equally important because by the introduction of advanced HR techniques, the organization can attract best talents; motivate the people to attend the desired goals. Production based, target based incentives will alone not serve the purpose, the advanced technologies such as continuous performance appraisal, result based remuneration, regular Training and Development programmes, better working environment, participation in decision making and scope for informal organization, with various motivational factors will be useful for the development of the people, so there is a scope for R & D in HR functions also. Especially the manpower turnover in Pharmaceutical business should be minimum to ensure the organization against brain drain. This is the area where HR should go for introspection.
R & D in Production is an important as here we make the anticipated changes. These changes are in consideration of 2 factors-

a) The Production process should be effective  
b) The economy in Production should be maintained.

At the same time, it becomes a managerial function to ensure that the requisite efficacy of drugs is not been compromised in other words Quality is not been compromised at any cost. For this purpose, R & D dept. should have a better consultation with production dept. and all technical and scientific changes should be made known to the working staff. The Product leaflets, literature should be provided accordingly, because actual information from organizational end to the customers is briefed by the marketing persons by means of scientific print outs.

There is a scope, nowadays to provide for modern scientific tools for briefing the customers, in less time, more effectively.

Thus R & D plays role in all important functions of management such as Marketing, HR and Production and all these functions are inter-related and have their own reflections into the market.

7. **Need of Long Term HR Policies for Empowerment**

Long-term strategy for globalization is necessary for a developing country like India not just for survival, but to become a major player. Given its endowments, human as well as natural, India has the potential. In this new climate, there is growing awareness for not only more rational management of human resources, but also their development and grooming in order to bring out the best in them.
There is a perceptible change of priorities for development and growth from narrowly economy centric to broadly human centric. Human beings must be brought to the center stage and must be empowered and aided by advanced and sophisticated technology. There is much to learn from developed countries where advanced management concepts, techniques and practices have yielded worthwhile results in the shape of heightened efficiency, augmented quality levels, knowledge and training based performance and more active involvement through empowerment.

8. **Marketing should be Customer Oriented Function**

Marketing is the business function that identifies unfulfilled needs and wants, defines and measures their magnitude, determines which target markets the organization can best serve, decides on appropriate products, services and programs to serve, in these markets and calls upon everyone in the organization to think and serve the customer. The marketing concept hold that the key to achieving organizational goals consists in determining the needs of the target markets and delivering the desired satisfactions to the customers more effectively and efficiently than the competitors. Marketing is so basic that it cannot be considered a separate function. It is the whole business seen from the point of view of its final result, i.e. from the customer’s point of view.
9. **The Linkage of Marketing, Health, Environment, and Socio-economic Improvements**

This requires inter-sectoral efforts by pharmaceutical companies along with government health departments, environment department, particularly in the program areas such as meeting primary healthcare needs, particularly in rural areas, controlling communicable diseases, protecting vulnerable segments, meeting the urban health challenge and reducing health risks from environmental pollution and hazards. The goals of these healthcare programs are improving health status, reducing health inequalities, enhancing responsiveness to legitimate expectations, increasing efficiency, protecting individuals, families and communities from financial loss, enhancing fairness in the financing and delivery of healthcare, improving capacity for humanitarian assistance and treatment response to complex emergencies and making healthcare systems more focused, more effective, more impact-oriented and more innovative (W.H.O.Report, 1999)

10. **Realistic Target should be Designed**

In marketing functions the target is designed for the field force. While designing the target, following factor should be taken into consideration:

   A) **Organizational Set Up**

   There should be well designed organizational set up having defined hierarchy, delegation of authority and responsibility, accountability, etc. Reducing the number of field management
layers will bring more and more marketing and sales people closer to the doctors (customers) and patients (consumers).

B) **The Region or Area should be Well Defined**
This is related to the deployment of sales personnel in different areas. Deployment should be in such fashion that it avoids overlapping of field working, ensures complete doctor/chemist coverage and proper managerial control.

C) **Proper Forecasting of the Regional Needs**
Every region has different health problems. Diseases/Disorders may vary as per lifestyle, population, hygenicity, food habits etc. thus Pharmaceutical needs differ as per the different regions. Thus sales forecasting for each region will vary and hence rational, scientific approach for forecasting of targets, is essential.

D) **Market Surveys**
Regular market surveys should be conducted in order to study the changes in environmental factors, study of various types of ailments, paying capacity of patients, doctor preference, competitor activities etc. will help in right product target setting.

Number of working staff, forecasted need of markets and other factors, should be taken into consideration while preparing the targets then only it will be called as Realistic Targets. It should not be unrealistic and felt as a burden by sales staff. Very low and too high targets will disturb the morale of working staff.
11. **Appointing Contract Sales Organizations (CSO)**

Looking at the mergers, acquisitions taking place in Indian scenario, Indian pharmaceutical companies can evaluate pros and cons and can explore the possibility of appointing Contract Sales Force through hiring Contract Sales Organizations.

12. **Tap the Untapped Rural Markets**

Indian pharmaceutical companies are eyeing the global markets and employing tactics to grab a piece of the international consumer’s wallet. But for long, rural market in India (which accounts for almost 70% of countries population) was unattended by most of the pharmaceutical companies. Pharmaceutical companies need to focus on these highly untapped markets where the customers are more loyal. It is the government, medical practitioners and pharmaceutical company, who in close coordination can change the rural picture.

13. **Hiring of Recruitment Process Outsourcing (RPO)**

Indian pharmaceutical companies would definitely like to go global. In this scenario Pharmaceutical companies can explore of hiring an outside agency that are specialized in recruitment process outsourcing. They need a specialist help to attract right kind of talent. If pharmaceutical companies tap such RPOs, then it will really help them.

Indian pharmaceutical industry should take steps to know if they want the major lion share in the market as far as revenue is concerned as in next 10 -20 years lot of competition will be there. In past 2 years many pharmaceutical companies have hired only one biotech person for the name sake. Indian pharmaceutical industry is unable to accept that the lead time or
the money invested recovery for any biotech business to flourish is 10 years if it is biosimilar. If it is novel, definitely 5 years. A lot of potential is there in biosimilar and man power training should be done now so when actual competition will come they should be prepared for any regulatory.

India's pharmaceutical sector is currently undergoing unprecedented change. Much of this is due to the country's introduction, on 1st January, 2005, of a system of product patents. Both multinational companies and domestic players are examining the prospects offered by the local market as the government moves forward with initiatives aimed at providing India's more than one billion inhabitants, for the first time, with access to the life-saving drugs they need. A further huge boost to the local market is emerging from the rise of India's new affluent consumers, who lead more Western-style lives and are demanding innovative drugs to treat the chronic illnesses that these changing lifestyles may produce. India's leading drug manufacturers are becoming global players, utilizing both organic growth, through the gradual development of their business, and mergers and acquisitions as they seek to boost their presence in existing markets and open up new ones. With these opportunities, however, there are huge challenges that require commitment by both industry and government, and unprecedented levels of partnership between them.

8.3 RECOMMENDATIONS

Pharmaceutical Marketing-emerging Trends

The use of contract sales force has grown rapidly in the last two decades in international market but yet to make headway in Indian context. It offers benefits such as minimization of overheads, reallocation of sales
force according to the product priorities and an increase in revenues without an increase in headcount.

Contract sales in the international pharmaceutical industry were first developed over 25 years ago. Before this, pharmaceutical companies built their own sales teams and infrastructure to support promotional activities, product launches and general company/portfolio expansion.

While the introduction of CSOs (Contract Sales Organizations) was met with some skepticism, smart companies quickly realized that by employing a specialist outsourcing partner, they could better manage the peaks and troughs in resourcing that inevitably occurred as a result of changing portfolio priorities.

**Benefits of Contract Sales Organization (CSO)**

1. Using a CSO to build and run a sales force minimizes fixed overheads of the pharmaceutical company.

2. It can also help manage new product launches, as there is a need for a high level of detail activity in the initial launch phase which may reduce in the later stages.

3. When companies merge, contract sales teams can be used as a safety net to cover the company’s portfolio before final staffing decisions are made or to top-up resources at times of headcount uncertainty.
4. In times of financial uncertainty, when headcount freezes can be imposed, contract sales are a means of increasing resources without increasing permanent staff levels.

5. Using a contract sales force can be a strategic weapon to give the pharmaceutical company a competitive advantage. For e.g. if an established brand is under threat from a competitor launch the company may wish to deploy a larger sales force in key areas to fight off the competition, CSO can provide this extra force for them speedily and efficiently.

When to use CSOs:

1. Times of uncertainty
2. As part of strategic campaign
3. To support product launches
4. To build teams without risk
5. When pharmaceutical company has lack of experience or skill set
6. Need to balance existing product portfolio and also at the same time getting into newer therapeutic areas
7. Control of costs.

Use of the Internet to Maximize the Effectiveness of Pharmaceutical Marketing

Traditionally, pharmaceutical marketers in India have focused their attention on target doctors thru face to face detailing by their field force. But in today’s scenario, getting doctor’s time is becoming difficult. Many top opinion makers (doctors) in metro and semi metro towns are even not able to meet Medical representatives for months together or may not meet at all.
Internet is opening up new channels for communication. Using it on large scale can help pharmaceutical marketer to supplement the field force efforts plus tapping the top doctors, who are not able to meet medical representatives.

Big pharmaceutical companies can use the internet as a lead generation channel while the middle level companies can use it to expand their reach; the small companies can use the internet as a virtual sales force. (Source: Pharmaceutical Marketing-Emerging Trends)

**Contract Marketing**

Confronted by the impending pressure of post GATT period, Indian companies are forced to think creatively and differently to convert this business limitation into business opportunities. To be successful in business you need a sound business model to exceed revenues and enhance profits through innovative solutions, services and operational excellence.

The business models for Indian companies are likely to be influenced by the new business and market dictates. "Outsourcing" will become an integral part of the business strategies of majority of Indian companies. Outsourcing will be signs and symbols of Indian business. Outsourcing in the operating areas like contract manufacturing, contract R & D, contract marketing, co-marketing can be some of the major growth drivers of business besides domestic and International marketing.

In this evolving domestic scenario contract marketing offers plenty of opportunity due to:

1. Swelling up of product mix of national and International companies because of mergers and acquisitions.
2. Large portfolio of various molecules with little marketing advantage and multiple brands of Indian Companies for the same therapy.

3. Shift of MNCs from off patented product mix to their pipeline products.
   Increasing cost of operations due to own marketing and sales force.
   Limitation of market and customer reach.

4. Lack of local business expertise and experience in the local markets.
   Leveraging this emerging opportunity will leave the companies to focus on their competence while en-cashing the expertise and efficiency of partners network, thereby reducing costs and risk exposure.

The benefits of the Contract Marketing can be stated as follows:

1. Expansion of customer coverage
2. Extension of therapeutic coverage
3. Exploration of new markets
4. Increase in market presence
5. Improvement in marketing effectiveness.
6. Substantial growth with little risk
7. Traditional business expansion requires own requires investment, whereas contract marketing investment comes from individual parties.
8. Risks are spread across the contract-marketing entrepreneurs
9. Contract marketing allows investing in the proven experience, expertise and methods of the contract marketers
10. It leaves the company to focus on core competencies
11. Speed and flexibility
12. Familiarity with market and local business conditions
**Indian Pharmaceutical Sector: Future Scenario**

The dream of Indian pharmaceutical companies for marking their presence globally and competing with the pharmaceutical companies from the developed countries like Europe, Japan, and United States is now coming true.

The new patent regime has led many multinational pharmaceutical companies to look at India as an attractive destination not only for R&D but also for contract manufacturing, conduct of clinical trials and generic drug research. With market value of about US$ 45 billion in 2005, the generic sector is expected to grow to US$ 100 billion in the next few years.

The Indian companies are using the revenue generated from generic drug sales to promote drug discovery projects and new delivery technologies. Contract research in India is also growing at the rate of 20-25% per year and was valued at US$ 10-120 million in 2005. India is holding a major share in world's contract research business activity and it continues to expand its presence.

Clinical Research Outsourcing (CRO), a budding industry valued over US$ 118 million per year in India, is estimated to grow to US$ 380 million by 2010, as MNCs are entering the market with ambitious plans.

By revising its R&D policies the government is trying to boost R&D in domestic pharmaceutical industry. It is giving tax exemption for a period of ten years and relieving customs and excise duties of all the drugs and material imported or exported for clinical trials to promote innovative R&D.
The future of Indian pharmaceutical sector is very bright because of the following factors:

- Clinical trials in India cost US$ 25 million each, whereas in US they cost between US$ 300-350 million each.

- Indian pharmaceutical companies are spending 30-50% less on custom synthesis services as compared to its global costs.

In India investigational new drug stage costs around US$ 10-15 million, which is almost 1/10th of its cost in US (US$ 100-150 million)

Until yesterday, Ranbaxy was India's No. 1 pharmaceutical company, with grand visions of becoming a global player. Now, a relatively unknown Japanese company, Daiichi Sankyo, has bought out the founders' stake (35%) for $4.6 billion, recasting the Indian pharmaceutical industry and anticipating its future. The founders have been turned into billionaires, the present CEO (from the founders' family) retains his position and at a 30% premium, experts are saying it is a good deal. The markets are not so enthused. On the other hand, stocks of other major players shot up by over 10% in the expectation that more takeovers are around the corner.

For decades, the Indian pharmaceutical industry was happily producing generic drugs and combination medicines of questionable efficacy and raking in huge profits. The phasing out of process patents in 2005 changed the landscape. The pharmaceutical companies were forced to look at R&D, something they had long neglected. R&D in pharmaceuticals is particularly difficult for two reasons - development costs that can run up to $300 million and time-to-market that can be as long as a decade. The risks involved are
too high for anyone's comfort. If a blockbuster drug is developed, the organization can make billions. If nothing is developed or what is developed is not approved by the regulator, the organization may sink. Faced with this situation, the big players started looking at acquisitions of companies that had a decent track record in R&D as the only way out of a possible crisis.

What was probably overlooked in the process was that not many path-breaking drugs have come out of small laboratories. Proprietary drug development is a big and serious business. It requires concepts like concurrent engineering that require major attitudinal changes (internal competition) and outlays that are multiples of normal R&D investments. As a result, nothing much of significance has come out of the acquisitions of small companies by Indian pharmaceutical players.

The other major problem that the industry has to contend with is fragmentation. A focus on generics has meant a spawning of entities - most of them small - that together churn out some 20,000 drugs - both single and combination. Compare this with the 200 drugs that the WHO has recommended as being vital for a nation's well-being and you get an idea of the perils of needless proliferation. It is quite remarkable that a country like Bangladesh has been able to follow the WHO guidelines.

Looking at the above changing scenario a question which need to be mulled over is what is in store for the Indian pharmaceutical industry?

- We can expect a significant level of consolidation - a major portion of small players are likely to be wiped out.
- Many of the existing players are family owned businesses. No one should be surprised if many more deals on the lines of the Ranbaxy-Daiichi deal come through. It is the classic "bird in the
hand" principle - if the founders can earn a few billions without too much effort, why should they spend hundreds of millions and ten years or more in trying to develop new drugs?

- The present scenario presents an excellent opportunity for multinational enterprises to establish manufacturing bases in India through the take-over route. The availability of talented scientists at a relatively low cost makes India an ideal location for manufacturing quality drugs. A word of caution is necessary though; such enterprises may have to follow a dual pricing policy, one for the local market and another for the global market.

- The Indian government would do well to take another look at its lop-sided policies. The corporations engaged in R&D need tax breaks and innovative incentives.

- The Indian pharmaceutical industry is the only sector that receives huge fund allocations for research and development.

- The knowledge potential India had could not be ignored either, as the nation had huge trained manpower resources.

- In terms of absolute growth, India would be among the top five pharmaceutical markets globally by 2015.

- India was now an exporter of drugs, at low-cost, quality pharmaceuticals were in great demand across the world.
Indian Pharmaceutical industry has tremendous potential to grow. They say the biggest clinical trial market will be India. Similarly the generics market will exponentially grow too. The researcher would really hope to see some solid leadership decisions and policies coming out of New Delhi to lay out a smooth platform. That will be a big challenge Indian leaders face as an opportunity can only formulate into a success if has the correct direction and a well paved road, not ones with purposely created pot-holes.

8.4 CONCLUSION

Indian pharmaceutical companies are growing strong and going global. In the past the Indian pharmaceutical market was dominated by MNCs. From a stage of being nowhere, Indian pharmaceutical companies today are not only dominating the domestic market but have also begun to dominate some of the world markets.

One of the main reasons for Indian pharmaceutical company’s success is the support from the Government. Various policies followed by the Indian Government initially sowed the seed for development of the Indian pharmaceutical industry. This enabled Indian companies to flourish, and at the same time reduced the expansion of foreign companies in India.

Today, Indian pharmaceutical companies are going global through exports, joint ventures, mergers and acquisitions, and out-licensing. Many Indian players are using these strategies according to their needs. Most of the Indian companies prefer the acquisition strategy to enter Europe and the
Greenfield Investment strategy to enter the US market. Indian companies are not only targeting developed and regulated markets like the US, Europe and Japan but has also begun to exploit the opportunities in developing markets like South Africa, Mexico and China thus making open the domestic market for the MNCs and at the same time also getting entrenched in the international market which is evident from the headway made by the Indian pharmaceutical companies in mergers and acquisitions in the recent past.

The present salient features of Indian Pharmaceutical industry are summarized below:

i. The Indian Pharmaceutical sector has a wide potential. With the entry of the global market players in the Indian Pharmaceutical sector, the quality of the Pharmaceutical products is bound to improve.

ii. Indian companies are now heavily investing in the Research and Development and will be able to come out with products which suit the Indian market segment.

iii. These companies are introducing new Human Resources techniques to attract the best talents and retaining of the right people, so that their R and D as well as marketing skills are improved and achieve greater marketing efficiency and the company products are available to the target market.

iv. The Mumbai region is a versatile region having its own characteristics and also complexity. This has lead to special attention for marketing of the products.
v. Pharmaceutical business needs better updated knowledge, skillful sales staff, and good relations with customers; in short it requires a total utilization of human resources in office and on the field.

vi. The social responsibilities of the Pharmaceutical business is very important accordingly sales promotion activities should consider social ethics of the business also.

vii. Proper Recruitment, Selection and Training shall facilitate the better growth of the Pharmaceutical organizations.

Marketing and HR field is dynamic in nature, there are changes taking place in government policies, marketing dynamics, technological upgradation, change in disease and disorder profile, demographic migration from rural to urban /metropolitan areas, entry of lot of multi national companies, mergers, acquisitions etc. There is scope of undertaking further research study keeping in view the above changes.