
Marketing Strategies of Pharmaceutical Companies in Indian Context

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Abstract: *Realistically, India as a nation has come a long way from the place where the urban population, constituting 20 per cent of the customer base for companies, was responsible for 80 per cent of their profits. The current marketing environment and economic scenario which is challenging the standards of segmenting, targeting and reaching the customers has brought the corporate under the contemporary roofs of modern India. Companies are looking for new opportunities and avenues, as they witness a decline in their growth rates in urban markets due to market saturation and they have a huge untapped Indian market. The driving force for this is the youth who are educated, have access to technology and openness to change. Markets have also acquired significance, as the overall growth of the economy has resulted in substantial increase in the purchasing power of rural communities.*

The present study is concerned with Marketing Strategies of Pharmaceutical Industries in India. The marketing practices of these industries in implementing the marketing strategies and measures needed to solve the problems faced by them come under the purview of this study. The main focus is on the marketing strategies used by various sectors in the areas of production, promotion, distribution and pricing. In this study, large, medium and small scale industries were selected and marketing strategies were formed in order to increase the sales.

Keywords: *Marketing Strategies, Sales, Competitive Edge, Promotion, Pricing, Branding, Selling.*

Introduction

Pharmaceutical marketing in India has been reshaped by the changes in the marketing concept and practice. Earlier, a set of socio-economic processes in the form of licensing, franchising, trading and selling was more important. But now, marketing is growing out from a traditional trading and sales management approach to a concept with more emphasis on product planning and development. Various environmental changes are compelling companies to look at different aspects of the marketing mix inclusive of product, price, promotion, media mix, distribution, advertising, public relations and group selling processes etc. to build brands.

The aim of the present study was to evaluate

the export marketing performance of pharmaceutical industries operating in India and develop a marketing framework in the light of incentives provided by the government with special focus on schemes like innovative upgradation and integrated schemes and prevalent marketing practices adopted by them. The study was focused, mainly, on the industry possessing different strategies to develop an effective and efficient framework for pharmaceutical industries.

The present literature lacks empirical studies based on marketing strategy and success of firms in the Indian scenario. Marketing strategies will be studied in detail for pharmaceutical companies. To

understand the strategies of major companies, this study was suggested and measures were incorporated. The study helps other players in the segment formulate strategies for their products. Pharmaceutical companies' basic prescription generation comes from physicians who prescribe the drug based on various factors, which are studied in detail for the first time. The study has provided a methodology for measuring perceptual positioning in consumers' and physicians' minds with respect to the pharmaceutical company. Studies exist on marketing practices of pharmaceutical MNCs and certain Indian pharma leaders. In one important study, marketing strategies of pharmaceutical firms located at Bangalore, Hyderabad, Mumbai and Delhi have been researched.

No such study has been carried out in Madhya Pradesh. The pharmaceutical industry is important for the economy of Madhya Pradesh with potential to generate growth and employment. Firms registered in Madhya Pradesh have special significance in terms of contribution to the states' revenue, employment and industrial development. It is essential to understand the market orientation, dynamism and preparedness of these firms to face the challenges of competition in order to examine their growth potential. The present study is the first exploratory study on the marketing practices of pharmaceutical companies registered in Madhya Pradesh and will mark the beginning of future research in this area. The current study has attempted to find out the marketing strategies of pharmaceutical companies by classifying them into three broad categories: Large, Medium & Small Pharmaceutical Companies.

The study is a deliberate attempt to provide significant information to economists, planners, exporters and policy makers to develop a conducive environment with a realistic and sound policy, procedural and infrastructural support system, enabling Indian industries to take advantage of their core competencies to capture the global competitive advantage. Hence, the present study is a step towards probing of the

problem and bottlenecks in the export sector and suggesting remedial measures to ensure pharmaceutical industries shine in the global scenario in terms of their unique competitiveness. Moreover, this would aid in bridging the gap between policy makers' expectations and the demands to enhance competitiveness.

Review of Literature

According to Sanjay K. Rao (2017) devising and continually evolving the positioning strategies based on a scientific, market driven paradigm will make for a commercialization process that effectively defines and communicates product value at every stage of the life cycle. Utilizing state-of-the-art techniques and tools from disciplines such as strategic marketing research, marketing science and decision support sciences enables the process of translating such a paradigm into effective strategy.

According to Schuiling and Moss (2014), pharma companies have not worked proactively in identifying a brand identity for their products and in communicating this identity to consumers. They have not done market research to determine their brand identity and to verify if this is how consumers view them. Pharmaceutical companies must embrace marketing and branding strategies to a greater extent than they have in the past. Therefore, it is important to discuss the presence of generic drugs in the market, and the effect they have on consumer decisions.

Dixit (2008) studied marketing strategies of Indian pharmaceutical companies under the WTO regime. He proved that marketing strategies of Indian pharmaceutical companies have changed after implementation of product patent regime in India. He found that introduction of new molecules is a preferred strategy because pharmaceutical companies in order to enhance their brand image want to introduce latest molecules so that they are seen as progressive R & D focused companies.

Zara Ladha (2007) studied perceived difference between generic and branded

drugs in terms of efficacy, willingness of people to pay for branded drugs and trust of people in doctor prescribed drugs. She also studied the importance of attributes like price, name, doctor's prescription, past experience, advertisement and promotion. The conclusions were that the only influencing factor given more importance for prescription versus non-prescription medicines was that of the physician's. Other factors like in-store promotion, price, family/friend's recommendation, brand name and advertising play a significant role in purchase making. Current strategies in the pharmaceutical industry have shown significant differences compared to the FMCG sector. In the choice of brand names, the basic naming strategies are the same, but the focus on them is different.

Chiu (2005) analyzed the marketing strategies in the pharmaceutical industry and their effect on healthcare and research. The results indicate that drug companies' promotions subconsciously influence physicians' prescription patterns. They further indicate that heavy advertising to consumers results in more prescriptions being written and therefore strongly correlates with sales increase for the promoted new drug.

Saxena (2005) analyzed marketing strategies of different pharmaceutical companies. His study focuses on the processes and outcomes of globally distributed pharmaceutical companies. The study also gives an insight about shift in supply chain process and customer and end-customer perception which is the base of formulation of different marketing strategies.

Wadhwa and Rodrigues (2004), in a paper titled 'Competitive Marketing Strategies for the Indian Pharmaceutical Industry — Post 2005', states that competitiveness of the Indian Pharmaceutical Industry will depend on marketer's ability to market new products more efficiently. The core strategies that have been successfully adopted by companies according to them are:

1) Co-Marketing: which helps companies

with weaker marketing infrastructure gain quicker and cheaper access to the market.

2) Franchisee model: Ranbaxy Laboratories, Dr Reddy's, Nicholas Piramal, Alembic, Zydus Cadilla etc. have launched franchises to handle their products so that the companies can retain their focus on core products.

3) Consultative Selling: Consultative detailing of MRs to improve the sales call productivity, improve brand recall and increase the image of the company have recently been adopted by MNCs. The researchers emphasize on the support strategies that would play an important role in supporting the core marketing activities. These include focus on smart research collaborations, setting up subsidiaries abroad, and upgrading manufacturing facilities and becoming globally compliant.

Neelamegham et.al.(2004), conducted a study to analyze the factors which motivate salesmen employed in the pharmaceutical industry in India. The study was based on a sample of salesmen taken from thirty pharmaceutical companies. The study revealed that despite the importance attached to personal selling, only a few firms in the industry devoted the required attention towards training, development and motivation of their sales force. The findings showed that the need deficiency between the salesman's aspiration level and their actual need satisfaction was highest in respect of three factors viz. prospects for promotions, feeling of self-esteem and opportunities for personal growth and self-development. The researchers suggest that sales administration should give more attention to these factors while designing the motivational programmes to improve the performance of their salesman.

Objectives of the Study

- To study marketing strategies of different pharmaceutical companies in Madhya Pradesh
- To suggest effective and appropriate marketing strategies for pharmaceutical companies in Madhya Pradesh

Hypothesis

The following hypothesis has been framed to attain the objectives of the present study:

There is no significant difference among large, medium and small scale pharmaceutical companies with respect to marketing strategies.

Research Methodology

Research Type: Descriptive Research.

Research Area: The study was carried out in major cities of Madhya Pradesh. The questionnaire was distributed only and through hard copies to the Managers of Pharmaceutical Companies in cities like Indore, Bhopal, Dewas etc.

Universe: The unit of analysis was the chief executive officer/managing director or marketing/sales manager of pharmaceutical companies situated in the state of Madhya Pradesh.

Sampling Unit: Total 240 respondents from 2 large companies, 2 medium companies and 2 small companies constitute our sample size. It is pointed out that limited financial resources at the researcher's disposal could not permit or allow for a greater sample size.

Sampling Method: For the purpose of this research, convenience and purposive sampling has been used.

Statistical Tools: For the data analysis, One way ANOVA was applied on SPSS 20.0 to conclude the concrete results.

Results on Hypothesis

H_{01} : There is no significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Product Strategy.

TABLE: 1: ANOVA ON PRODUCT STRATEGY

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|--------|------|
| Between Groups | 1282.711 | 2 | 641.356 | 53.349 | .000 |
| Within Groups | 2127.867 | 177 | 12.022 | | |
| Total | 3410.578 | 179 | | | |

From the given above Table No. 1, it is clear that calculated value of F is higher (53.349)

than the tabulated value at ($p.000 < 0.05$) level of significance. One- way ANOVA was carried out to check the hypothesis H_{01} that there is no significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Product Strategy. This null hypothesis is rejected at 5% level of significance. Alternate hypothesis that there is a significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Product Strategy is accepted as the value of F is 53.349 at .000 significant level.

H_{02} : There is no significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Price Strategy.

TABLE: 2: ANOVA ON PRICE STRATEGY

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|--------|------|
| Between Groups | 315.733 | 2 | 157.867 | 22.888 | .000 |
| Within Groups | 1220.817 | 177 | 6.897 | | |
| Total | 1536.550 | 179 | | | |

From the given above Table No. 2, it is clear that calculated value of F is higher (22.888) than the tabulated value at ($p.000 < 0.05$) level of significance. One- way ANOVA was carried out to check the hypothesis H_{02} that there is no significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Price Strategy, this null hypothesis is rejected (at 5% level of significance) and alternate hypothesis that there is a significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Price Strategy is accepted as the value of F is 22.888 at .000 significant level.

H_{03} : There is no significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Promotional Strategy.

TABLE: 3: ANOVA ON PROMOTIONAL STRATEGY

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|-------|------|
| Between Groups | 190.633 | 2 | 95.317 | 6.051 | .003 |
| Within Groups | 2788.367 | 177 | 15.753 | | |
| Total | 2979.000 | 179 | | | |

From the given above Table No.3, it is clear that calculated value of F is higher (6.051) than the tabulated value at ($p.003 < 0.05$) level of significance. One-way ANOVA was carried out to check the hypothesis H_{03} that there is no significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Promotional Strategy, this null hypothesis is rejected at 5% level of significance and alternate hypothesis that there is a significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Promotional Strategy is accepted as the value of F is 6.051 at .003 significance level.

H_{04} : There is no significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Distribution Strategy.

TABLE: 4: ANOVA ON DISTRIBUTION STRATEGY

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|-------|------|
| Between Groups | 37.878 | 2 | 18.939 | 3.501 | .032 |
| Within Groups | 957.517 | 177 | 5.410 | | |
| Total | 995.394 | 179 | | | |

From the given above Table No. 4, it is clear that calculated value of F is higher (3.501) than the tabulated value at ($p.032 < 0.05$) level of significance. One- way ANOVA was carried out to check the hypothesis H_{04} that there is no significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Distribution Strategy, this null hypothesis is rejected at 5% level of significance and alternate hypothesis that there is a significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Distribution Strategy is accepted as the value of F is 3.501 at .032 significant level.

TABLE: 5: ANOVA ON BRANDING STRATEGY

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|--------|------|
| Between Groups | 156.133 | 2 | 78.067 | 11.033 | .000 |
| Within Groups | 1252.417 | 177 | 7.076 | | |
| Total | 1408.550 | 179 | | | |

From the given above Table No. 5, it is clear

that calculated value of F is higher (11.033) than the tabulated value at ($p.000 < 0.05$) level of significance. One- way ANOVA was carried out to check the hypothesis H_{05} that there is no significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Branding Strategy. This null hypothesis is rejected at 5% level of significance and alternate hypothesis that there is a significant difference in marketing strategies of various textile industries (Large, Medium & Small) in India in terms of Branding Strategy is accepted as the value of F is 11.033 at .000 significant level.

Findings of the Study

In this study, total 240 marketing executive managers from Large, Medium and Small Scale Pharmaceutical Companies were chosen and they were asked about the marketing strategies implemented by their companies. From the analysis of the questionnaire, it has been explained that the majority of the pharmaceutical companies are limited companies. The Marketing Managers' experience is also taken under consideration to judge how they perceive the competitive market scenario. 20 per cent have less than 5 years of experience, 40 per cent have 5-10 years of experience in this field, 15 per cent have 10-15 years of experience and rest 25 per cent have more than 15 years of experience.

As far as hypothesis based on the branding strategy is concerned, the finding is explained that the large scale pharmaceutical companies have a hold on the branding of their products due to the availability of funding. They invest heavy budget on the branding strategy. But this factor is limited in case of the medium and small pharmaceutical companies. Hence, it is found that there is a significant difference in terms of branding among large, medium and small pharmaceutical companies.

As far as the next hypothesis based on the market segmentation is concerned, the finding is explained that the large scale pharmaceutical companies have covered the huge market nationally and internationally. But this factor is limited in case of the medium and small pharmaceutical

companies. Hence, it is found that there is a significant difference among large, Medium and Small Scale Pharmaceutical Companies with respect to market segmentation.

The next finding on the basis of promotional strategy found that the expenditure is high on promotional tools by small scale units, as they have to capture the market, so they put a lot of effort into innovative and economic marketing for promotions. Large and medium scale companies already have some standing in the market so they are required to spend lavishly on research and development.

Regarding the difference in marketing strategies of various pharmaceutical companies (Large, Medium & Small) in India in terms of Promotional Strategy, it has been found that these industries adopt promotional strategies differently.

As far as selling and distribution strategy is concerned, the result found that there is a significant difference among large, medium and small pharmaceutical companies. The mean score of small pharmaceutical companies is higher than other two segments. The distribution strategy of small scale pharmaceutical units is most competitive in nature. They have to locate their products in small segments and due to the lack of infrastructure facilities they have many retail outlets, but this problem does not lie with the medium and scale industries.

The hypothesis is based on the pricing strategy; it is found that large scale pharmaceutical industry is always conscious about the pricing as they have to compete with other industry and so their price is competitive. This scores the highest mean value among the two. One of the important reasons is that the large scale pharmaceutical units produce more volume so it is feasible to fix on the basis of competitive pricing.

Conclusion

It has been found from the study that different pharmaceutical companies including large, medium and small adopt

marketing strategies in response to changing consumer behavior as today there are so many diseases due to the changing life styles. But it also right that the speed of innovations is also rapidly increasing, hence there is a need to adopt various strategies to reach the consumers in urban and as well as rural areas of India. The commonly used strategies according to the rating were branding and pricing. Other strategies are also important like positioning of the products, selling and distribution, market segmentation, promotional tools etc. but these are all secondary. It was also noted that most companies use more than one marketing strategy according to their limitations. From the study it was also noted that the pharmaceutical companies undergo many challenges during implementation of the marketing strategies which include resistance to change, financial requirements, regulations imposed by the Government, technological changes, legal requirements and competition.

Recommendations

Based on the findings, it is expected that the price of medicines should be affordable to the general people so that they can also overcome their health problems. Doctors should prescribe medicines which are easily available and affordable. There should be no compromise between the medical representatives of pharmaceutical companies and the doctors or hospitals.

- This study also recommends that adequate information should be given to the employees of the pharmaceutical companies on the importance of any new strategy to minimize resistance. It also recommends that there is a need to get good competitor information before implementing a change of strategy.
- Promotional strategies should have a sound understanding of consumers' perceptions and preferences for particular products and how they differ across cultures. This understanding can help in targeting areas to promote and improve or amend their business perceptions so that customer demand can be increased.

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