

CMES- A need of modern pharmaceutical marketing

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ABSTRACT

The Indian pharmaceutical industry is growing at about 8 to 9 percent annually according to “A Brief Report Pharmaceutical Industry in India,” published in January 2011. The Pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectables. There are approximately 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India (including 5 Central Public Sector Units).

Key words: CME, Pharmaceutical marketing

Introduction

The demand for pharmaceutical products in India is significant and is driven by low drug penetration, rising middle-class & disposable income, increased government & private spending on healthcare infrastructure, increasing medical insurance penetration etc.

Current Scenario

India's pharmaceutical market grew at 15.7 per cent during December 2011. Globally, India ranks third in terms of manufacturing pharma products by volume. According to McKinsey, the Pharmaceutical Market is ranked 14th in the world. By 2015 it is expected to reach top 10 in the world beating Brazil, Mexico, South Korea and Turkey. More importantly, the incremental market growth of US\$ 14billion over the next decade is likely to be the third largest among all markets. The US and China are expected to add US\$ 200bn and US\$ 23bn respectively. McKinsey & Company's report, “India Pharma 2020: Propelling access and acceptance, realizing true potential,” predicted that the Indian pharmaceuticals market will grow to US\$55 billion in 2020; and if aggressive growth strategies are implemented, it has further potential to reach US\$70 billion by 2020. While, Market Research firm Cygnus' report forecasts that the Indian bulk drug industry will expand at an annual growth rate of 21 percent to reach \$16.91

billion by 2014. The report also noted that India ranks third in terms of volume among the top 15 drug manufacturing countries.

Further, McKinsey reports Healthcare grew from 4 per cent of average household income in 1995 to 7 per cent in 2005 and is expected to grow to 13 per cent by 2025.

Looking back into history reveals that it was in 1930 when the first pharmaceutical company in India came into existence in Kolkata. It is called the "Bengal Chemicals and Pharmaceutical Works". This Indian company is still there and today it is the part of five drug manufacturing companies that are owned by the government. Till the period of 60 years the pharmaceutical industry in India was overshadowed by the foreign drug manufacturing companies but with the Patent Act in 1970, the whole scenario of pharmaceutical companies in India had changed since then. With this the Indian market was more open to Indian pharmaceutical companies than the MNCs. So with these pharmaceutical companies in India started to grow in number.

Need of Pharmaceutical Marketing

Pharmaceutical Marketing, as a subspecialty of marketing, can be defined as a process by which market for pharmaceutical care is actualized. It encompasses all the activities carried out by various individuals or organizations to actualize markets for pharmaceutical care.

The emphasis in pharmaceutical marketing is on pharmaceutical care, and not just on drugs. Any article, service, or idea needed to anticipate and to remove gaps in pharmaceutical care should be included in the discussion of pharmaceutical marketing. The marketing of many clinical pharmaceutical services and programs is as much a part of pharmaceutical marketing as is the marketing of drug products. In other words, pharmaceutical marketing is not synonymous with, and is significantly broader than, the marketing of pharmaceuticals.

Any party interested in the exchange for pharmaceutical care may undertake pharmaceutical marketing activities. Hospital pharmacies, community pharmacies, third-party insurance companies, consulting pharmacies, and many other organizations and individuals, in addition to pharmaceutical manufacturers and drug wholesalers, are involved in pharmaceutical marketing.

Major Pharmaceutical Companies

India based pharmaceutical companies are not only catering to the domestic market and fulfilling the country's demands, they are also exporting to around 220 countries. They are exporting high quality, low cost drugs to countries such as the US, Kenya, Malaysia, Nigeria, Russia, Singapore, South Africa, Ukraine, Vietnam, and more. Currently, the US is the biggest

customer and accounts for 22 percent of the sector's exports, while Africa accounts for 16 percent and the Commonwealth of Independent States (CIS) places around eight percent of orders, as per Research and Market report.

For most of the pharma companies, domestic business contributes in the range of 20-50% of the overall revenue. US business contribution stands at 20-30% and remaining comes from the RoW markets.

Table-1: Leading Indian Players by Sales

Company	Sales in US \$Mn	Year End
Cipla	6,368.06	March 2011
Ranbaxy Lab	5,687.33	December 2010
Dr Reddy's Labs	5,285.80	March 2011
Sun Pharma	1,985.78	March 2011
LupinLtd	4,527.12	March 2011
Aurobindo Pharma	4,229.99	March 2011
Piramal Health	1,619.74	March 2011
Cadila Health	2,213.70	March 2011
Matrix Labs	1,894.30	March 2010
Wockhardt	651.72	December 2011

Source: Emkay Research

Most of the Pharma companies have shown considerable decline in growth in the first half of 2011. The slowdown is widely visible in the Chronic and Acute categories. Anti-infective, pain and gastro together contribute 1/3rd of the total pharma market. The pharma companies have started facing challenges in domestic market due to increase in competition from unlisted MNCs in this segment. They are rapidly expanding their field force to extend their geographical reach. Companies like Cipla, Torrent and IPCA which are mainly focused on Indian market are already feeling the heat. Growth rates of companies such as Cadila, Dr. Reddy and Ranbaxy have already come down. On the other hand Lupin and Sun are showing growth due to the shift of focus towards specialty therapies, where competition is relatively low.

Table-2: Indian Pharma – Domestic Growth Expectations

Company	FY12 Domestic Growth	Earlier growth estimates
Cadila	12%	15%
Cipla	10%	15%
Dr. Reddy's	10%	15%
Glenmark	16%	16%
IPCA	10%	17%
Lupin	19%	19%
Ranbaxy	12%	12%
Sun Pharma	15%	18%
Torrent	12%	12%
Unichem	5%	9%
GSK	13%	13%
Pfizer	14%	14%

Source: Emkay Research

Literature Review

With the proliferation of new drugs in the 1950s and 1960s, organized medicine became increasingly concerned about the educational needs of practicing physicians. At the same time, the pharmaceutical industry realized a substantial commercial interest in marketing its products to physicians. A partnership between the profession and industry in the continuing education of doctors was a natural outgrowth. By 1975, the cost of CME was a growing concern, and it was recognized that outside sources of funding were needed to help defray this cost. In the ensuing years, CME became increasingly formalized and tied to licensing and credentialing. However, as industry support for CME grew, so did concerns about bias and commercial influence. Regulatory safeguards and firewalls were gradually built. Today's CME is highly regulated to ensure transparency and compartmentalization between marketing and educational content development. These safeguards, however, are not enough for those who want a complete ban on industry support for accredited CME.

What was once a minor distraction in the early part of the last century has turned into a full-blown issue in the past two decades as attention has focused on how commercial interests impact medical practice, research, and education (Angell, 2005; Blumenthal, 2004; Brenann et al., 2006; DeAngelis, & Fontanarosa, 2008). This has become a much more serious issue now because: “Interactions between drug companies and doctors are pervasive. Relationships begin in medical

school, continue during residency training, and persist throughout physicians' careers. The pervasiveness of these interactions results in part from a huge investment by the pharmaceutical industry in marketing" (Blumenthal, 2004, p. 1885). The concern raised in the literature is that industry support of research, education, and practice creates potential "conflicts of interests between physicians' commitment to patient care and the desire of pharmaceutical companies and their representatives to sell their products" (Brennan, et. al., 2006). This concern has gained a great deal of traction because of the argument's face validity that pharmaceutical companies and device manufacturers would make such marketing investments precisely because there was a demonstrable positive impact on product sales. For example, a recent study (Steinman et al., 2006) showed how Parke-Davis's marketing plan used many avenues, including research, publication, and educational activities, to promote the use of Gabapentin.

Within the larger discussion in the medical profession, the literature also shows a strong and persistent debate about the impact of the pharmaceutical industry on the development and delivery of continuing education designed to improve physician's practice and patient care (DelSignore, 2003; Harrison, 2003; Holmer, 2001; Moynihan, 2003a, 2003b; Relman, 2001; Schaeffer, 2000; Steinbrook, 2005, 2008). Concerns specifically about the potential for bias in CME have been raised by a several influential national bodies (AAMC, 2007; Committee on Finance, U.S. Senate, 2007; Fletcher, 2008). As in the medical profession more generally, this concern arises because commercial support for accredited CME has increased dramatically in the past decade.

In 2006, commercial support for CME totaled \$1.2 billion or 60% of total revenues for accredited providers. The profession recognized this potential for bias and produced accreditation policies and procedures to assure that CME is not biased due to commercial support. The Accreditation Council on Continuing Medical Education (ACCME) issued its first set of "Standards for Commercial Support" in 1992. New "Standards for Commercial Support" were issued in 2004 to insure that CME activities are independent, free of commercial bias and beyond the control of persons or organizations with an economic interest in influencing the content of CME. In addition to ACCME guidelines, the AAMC has recently proposed principles to "guide the AAMC and the leaders of medical schools and teaching hospitals in developing policies and procedures to manage industry gifting practices and financial support of their

activities of medical education for students, trainees, faculty, and community physicians” (AAMC Task Force Report, 2008, p. iii).

There is a widespread belief that the safeguards the profession has erected to assure that CME is free of commercial bias have not been successful (Brenann et al., 2006; DeAngelis, & Fontanarosa, 2008; Macy, 2007; Steinbrook, 2008; Blumenthal, 2004). For example, one commentator concludes that: “Continuing medical education has become so heavily dependent on support from pharmaceutical and medical device companies that the medical profession may have lost control over its own continuing medical education. Commercial funding may inherently distort education and practice to the detriment of physicians and patients, regardless of the various safeguards to protect the integrity of the enterprise” (Steinbrook, 2008, p. 1060). In spite of the firmly held belief that commercial support produces CME that is biased toward the products of the sponsor, there has not been a comprehensive review of the literature to support or refute that claim. The purpose of this study was to analyze the research literature about relationship between commercial support and bias in CME.

A flagship product is defined as .the one consumers most closely associate with the brand name. (John et al. 1998, p. 19). The prominence of flagship products in consumer memory suggests that such products could be affected by positive (or negative) transfer effects from brand extensions. Indeed, previous research has revealed that unsuccessful line extensions may hurt evaluations of flagship products (John et al. 1998). Conversely, successful brand extensions could be a useful tool for improving the image of flagship products. In this study, the focus is on the ability of brand extensions to revitalize the personality of flagship products. The brand personality construct refers to .the set of human characteristics associated with a brand. (Aaker 1997, p. 347). Product/brand personality is a major key to differentiation and a central driver of consumer preference and usage (Biel 1993). Thus, when images of brands or products are weakened and there is a need for revitalization, brand/product personality is often the focus (Keller 2003).

Objectives

1. To study special efforts of Pharmaceutical companies to promote flagship products in chronic therapy disorders.
2. To evaluate the importance of continuing medical conferences/seminars in Pharma marketing.

Hypotheses

1. Pharma companies are taking special efforts to promote flagship products in chronic disorders.
2. Continuing Medical conferences/seminars is the Pharmaceutical industry's most important marketing tool.

Need to change Pharmaceutical Marketing Strategy

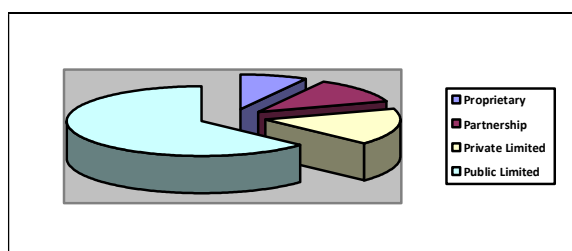
In many business settings, strategy is a word that has cachet. It seems to have a little less today, with the word execution gaining quickly, but it still carries some weight.

At its essence, strategy (the “how”) is a way to accomplish an objective (the “what”). In terms of a marketing strategy, if the objective of marketing is to select, serve and satisfy customers in a profitable manner, then a marketing strategy is the way a company accomplishes those objectives, which may include segmentation studies, competitive analysis, and the tactical 4 Ps (Promotion, Place, Product, Price).

Data Analysis

Table-3: Ownership pattern of the company

Sr. No.	Ownership pattern	No. of respondents	Percentage
1.	Proprietary	6	8
2.	Partnership	9	12
3.	Private Limited	13	17
4.	Public Limited	47	63
	Total	75	100

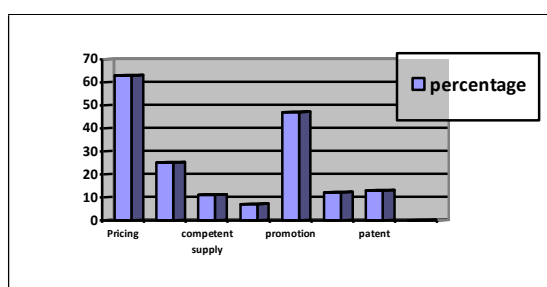


Graph-1: Ownership pattern of the company

From the above chart No.1 it is clear that majority of the Indian Pharmaceuticals are of Public limited nature.

Table-4: In which area do you think your competitors compete with your products?

Sr. No.	Areas for competition	No. of Respondent	Percentage
1.	Pricing	47	63
2.	Discount structure	19	25
3.	Competent Supply	8	11
4.	Raw material procurement	5	7
5.	Promotion	35	47
6.	Pack and packaging	9	12
7.	Patent	10	13
8.	Any other	----	



Graph-2: competitors compete with your products

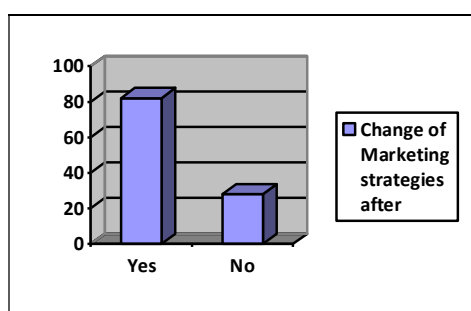
Change of marketing strategies of Indian Pharmaceutical companies after implementation of product-patent regime in India.

Table: revealed the change of marketing strategies of Indian Pharmaceutical companies after implementation of product-patent regime in India. Following hypothesis was tested.

“Product Patent Regime Posed Indian Pharma Companies to Change Their Marketing Strategies.”

Table-5: Change of Marketing Strategies

Sr. No.	Change of Marketing Strategies of Indian Pharmaceutical companies after implementation of product-patent regime in India	Response (Percentage)
1	Yes	82
2	No	28
	Total	100



Graph-3: Change of Marketing Strategies

From the above chart No.3 it is clear that there is a change of Marketing Strategies of Indian Pharmaceutical companies after implementation of product-patent regime in India.

Table-6: What special efforts do you take to promote your flagship products?

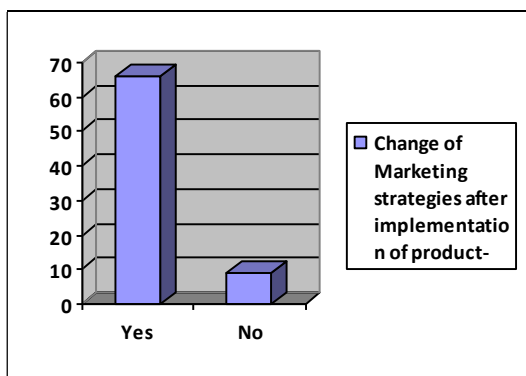
Diabetes	CNS	Cardio	Respiratory
MR, Prescription pads, Quality products CME, Samples, Textbooks, Advertising, Samples	CME, Medical journals, Gifts to docs, reminders, Textbooks	MR, CME, Samples, Quality products, Medical Exhibitions	MR,CME, Samples, Quality products, Medical Journals

From the above table it is clearly identified that for all the chronic disorders viz, Diabetes, CNS, Cardio and Respiratory, Promotion through CME is suitable.

Does your organization participate in medical/pharmaceutical conferences and seminars?

Table-7: Organization participation

Sr. No.	Organization participate in medical/pharmaceutical conferences and seminars	Response (Percentage)
1	Yes	88
2	No	22
	Total	100

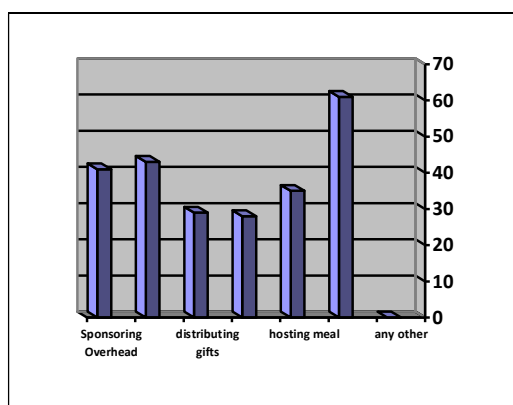


Graph-4: Organization participation

If 'yes,' which of the following do you sponsor?

Table-8: Type of Organization participation

Sr. No.	Type of Organization participation in medical/pharmaceutical conferences and seminars	No. of Response	Percentage
1	Sponsoring overhead	31	41
2	Overhead Expenses of conferences	32	43
3	Distributing gifts	22	29
4	Foods	21	28
5	Hosting meal	26	35
6	Advertisements in Medical Journals	46	61
7	Any other, Please specify	0	0

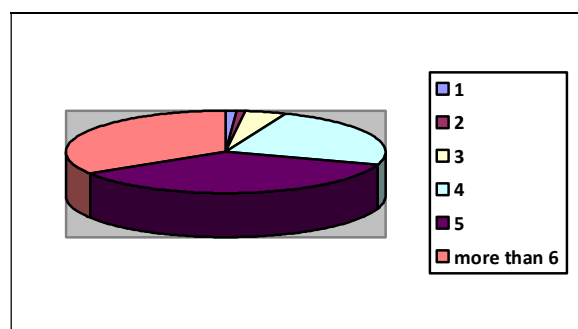


Graph-5: Type of Organization participation

How many brands do you sale for chronic disorders? 1 2 3 4 5 more than 6

Table-9: Brands do you sale for chronic disorders

Sr. No.	No. of Brands	No. of Respondents	Percentage
1	1	1	1
2	2	1	1
3	3	2	4
4	4	17	24
5	5	25	36
6	More than 6	24	34
		70	100



Graph-6: Brands do you sale for chronic disorders

From the above pie chart, it is clearly indicated that majority of Pharmaceutical companies sale brands more than 6 in number for chronic disorders.

Conclusion

If sponsoring CME events did not increase product sales, drug companies would not do it. The large amount of commercial support poured into CME is in itself testimony that industry believes supporting CME is cost-effective. For promotion of flagship products for Chronic disorders viz, Diabetes, Respiratory disorders, CNS disorders and Cardiac disorders, promotion through CMEs is the best source to grab the market. Industry influence on medical discourse limits the discussion to the most profitable therapies, which may not be the best for patients. Industry-funded medical education is a contradiction in terms.

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