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RESEARCH ARTICLE

MARKETING STRATEGIES OF DIFFERENT PHARMACEUTICAL COMPANIES

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ABSTRACT

Multinational pharmaceutical Companies are responsible for the current shift in the marketing strategies. Leading companies are using high-end development and not adaptive development, new innovation-based companies are going places and companies not doing innovation in products and processes are finding difficult, to compete with organizations adapting innovation. The pharmaceutical industry is highly complex. The technologies leading to drug Discovery and development are at the peak of human knowledge. The huge sizeof the companies and the complexities of their processes and technologies results in many organizational and management challenges. The development and management of the distribution system is highly costly .My study analyze the processes and outcomes of global pharmaceutical companies. This article will present the changing marketing strategies of a pharmaceutical companies shifting from acute base to chronic therapy base. This research paper will also give an insight about the supply chain management Process of these organizations, and will highlight the customer perception on the base of which organizations are framing different marketing strategies.

Key Words: *Chronic, Closing stock, Push, Pull, End-customer, SKUs, SAP, ERP, Inventory, Primary Sales, Secondary Sales. Acute, Core*

1-INTRODUCTION:

The **Pharmaceutical industry in India** is the world's third-largest in terms of volume .According to Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, the total turnover of India's pharmaceuticals industry between 2008 and September 2009 was US$21.04 billion. While the domestic market was worth US$12.26 billion. According to Brand India Equity Foundation, the Indian pharmaceutical market is likely to grow at a compound annual growth rate (CAGR) of 14-17 per cent in between 2012-16 .India is now among the top five pharmaceutical emerging markets of the world. Exports of pharmaceuticals products from India increased from US$6.23 billion in 2006–07 to US$8.7 billion in 2008–09 a combined annual growth rate of 21.25%.According to PricewaterhouseCoopers (PWC) in 2010, India joined among the league of top 10 global pharmaceuticals markets in terms of sales by 2020 with value reaching US$50 billion.

The government started to encourage the growth of drug manufacturing by Indian companies in the early 1960s, and with the Patents Act in 1970. However, economic liberalization in 90s by the former Prime Minister P.V. Narasimha Rao and the then Finance Minister, Dr. Manmohan Singh enabled the industry to become what it is today. This patent act removed composition patents from food and drugs, and though it kept process patents, these were shortened to a period of five to seven years.

The lack of patent protection made the Indian market undesirable to the multinational companies that had dominated the market, and while they streamed out, Indian companies carved a niche in both the Indian and world markets with their expertise in reverse-engineering new processes for manufacturing drugs at low costs. Although some of the larger companies have taken baby steps towards drug innovation, the industry as a whole has been following this business model until the present.

India's biopharmaceutical industry clocked a 17 percent growth with revenues of Rs. 137 billion ($3 billion) in the 2009–10 financial year over the previous fiscal. Bio-pharma was the biggest contributor generating 60 percent of the industry's growth at Rs. 88.29 billion, followed by bio-services at Rs. 26.39 billion and bio-agri at Rs. 19.36 billion. In 2013, there were 4,655 pharmaceutical manufacturing plants in all of India, employing over 345 thousand workers.

The number of purely Indian pharma companies is fairly low. Indian pharma industry is mainly operated as well as controlled by dominant foreign companies having subsidiaries in India due to availability of cheap labor in India at lowest cost. In 2002, over 20,000 registered drug manufacturers in India sold $9 billion worth of formulations and bulk drugs. 85% of these formulations were sold in India while over 60% of the bulk drugs were exported, mostly to the United States and Russia. Most of the players in the market are small-to-medium enterprises; 250 of the largest companies control 70% of the Indian market. Thanks to the 1970 Patent Act, multinationals represent only 35% of the market, down from 70% thirty years ago.

Most pharma companies operating in India, even the multinationals, employ Indians almost exclusively from the lowest ranks to high level management. Homegrown pharmaceuticals, like many other businesses in India, are often a mix of public and private enterprise. In terms of the global market, India currently holds a modest 1–2% share, but it has been growing at approximately 10% per year. India gained its foothold on the global scene with its innovatively engineered generic drugs and active

pharmaceutical ingredients (API), and it is now seeking to become a major player in outsourced clinical research as well as contract manufacturing and research. There are 74 US FDA-approved manufacturing facilities in India, more than in any other country outside the U.S, and in 2005, almost 20% of all Abbreviated New Drug Applications (ANDA) to the FDA are expected to be filed by Indian companies. Growth in other fields notwithstanding, generics is still a large part of the picture. London research company Global Insight estimates that India's share of the global generics market will have risen from 4% to 33% by 2007. The Indian pharmaceutical industry has become the third largest producer in the world and is poised to grow into an industry of $20 billion in 2015 from the current turnover of $12 billion.

2. Pharma Marketing Process and its Challenge

The pharmaceutical industry is the world's largest industry due to worldwide revenues of approximately US$2.8 trillion. Pharma industry has seen major changes in the recent years that place new demands on payers, providers and manufacturers. Customers now demand the same choice and convenience from pharma industry that they find in other segment. Indian Pharmaceutical Industry is poised for high consistent growth over the next few years, driven by a multitude of factors. Top Indian Companies like Ranbaxy, DRL, CIPLA and Dabur have already established their presence. The pharmaceutical industry is a knowledge driven industry and is heavily dependent on Research and Development for new products and growth. However, basic research (discovering new molecules) is a time consuming and expensive process and is thus, dominated by large global multinationals. Indian companies have only recently entered the area. The Indian pharmaceutical industry came into existence in 1901, when Bengal Chemical & Pharmaceutical Company started its maiden operation in Calcutta. The next few decades saw the pharmaceutical industry moving through several phases, largely in accordance with government policies. Commencing with repackaging and preparation of formulations from imported bulk drugs, the Indian industry has moved on to become a net foreign exchange earner, and has been able to underline its presence in the global pharmaceutical arena as one of the top 35 drug producers worldwide. Currently, there are more than 2,500 registered pharmaceutical producers in India. There are 25,000 licensed pharmaceutical companies. Of the 465 bulk drugs used in India, approximately 430 are manufactured here. India has more drug-manufacturing facilities that have been approved by the U.S. Food and Drug Administration than any country other than the US. Indian generics companies supply 85% of the AIDS drugs that Doctors without Borders uses to treat 65,000 patients in more than 35countries

2.1 From organizational perspective following are the most prominent performance related issues:

a) Unethical practices adopted by some of the Propaganda base companies.

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

c) Poor customer (both external & internal) acquisition, and Retention strategies

d) Varying customer perception.

e) The number and the quality of medical representatives

f) Very high cost of territory development.

g) High training costs of sales personnel.

h) High attrition rate of the sales personnel.

i) Busy schedule of doctors making them unable to give time to sales calls.

j) Poor knowledge of medical representatives regarding the territory.

k) Unknown value of revenue from each retailer in the territory

l) Lack of ideal mechanism of sales forecasting at field sales level, resulting in

Huge deviations

m) Lack of analysis on the amount of time invested on profitable and not-so profitable

Customers and lack of time-share planning, for developing customer base for future and un-tapped markets.

2.2 Patents

The pharmaceutical industry develops, produces, and market drugs or pharmaceuticals licensed, for use as medications. Pharmaceutical companies are allowed to deal in generic and/or brand medications and medical devices. They are subject to a variety of laws and regulations regarding the patenting, testing and ensuring safety and efficacy and marketing of drugs.

Most of today's major pharmaceutical companies were founded in the late 19th and early 20th centuries. Key discoveries of the 1920s and 1930s, such as insulin and penicillin, became mass-manufactured and distributed. Switzerland, Germany and Italy had particularly strong industries, with the United Kingdom, the United States, Belgium and the Netherlands following suit.

Legislation was enacted to test and approve drugs and to require appropriate labeling. Prescription and non-prescription drugs became legally distinguished from one another as the pharmaceutical industry matured. The industry got underway in earnest from the 1950s, due to the development of systematic scientific approaches, understanding of human biology (including DNA) and sophisticated manufacturing techniques.

Numerous new drugs were developed during the 1950s and mass-produced and marketed through the 1960s. These included the first oral contraceptive, "The Pill", Cortisone, blood-pressure drugs and other heart medications. MAO inhibitors, chlorpromazine (Thorazine), haloperidol (Haldol) and the tranquilizers ushered in the age of psychiatric medication. Diazepam (Valium), discovered in 1960, was marketed from 1963 and rapidly became the most prescribed drug in history, prior to controversy over dependency and habituation.

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Attempts were made to increase regulation and to limit financial links between companies and prescribing physicians, including by the relatively new U.S. Food and Drug Administration (FDA). Such calls increased in the 1960s after the thalidomide tragedy came to light, in which the use of a new anti-emetic in pregnant women caused severe birth defects. In 1964, the World Medical Association issued its Declaration of Helsinki, which set standards for clinical research and demanded that subjects give their informed consent before enrolling in an experiment. Pharmaceutical companies became required to prove efficacy in clinical trials before marketing drugs.

Cancer drugs were a feature of the 1970s. From 1978, India took over as the primary center of pharmaceutical production without patent protection.

2.3 New Drug Approval (NDA):

A pharma company has to undertake patent registration to protect its own interests, prior to launching its products in any country. To protect the interests of the consumers, it is necessary that the product be approved by the drug authorities in that country. Mostly the process for seeking approval is initiated alongside the patent registration process.

2.4 WTO

The developed countries of the world have put a pressure, across the world for uniformity in patent laws which is being implemented under WTO (World Trade Organization - earlier GATT i.e. General Agreement on Tariffs & Trade). Presently different countries have different Patent types and life period. WTO has decided upon a product patent life of 20 years in all countries.

2.5 RESEARCH & DEVELOPMENT (R&D)

Indian pharmaceutical industry is third largest in the world and is one of the most developed industries. Technologically strong and totally self-reliant, the pharmaceutical industry in India has low costs of production, low R&D costs, innovative scientific manpower, strength of national laboratories and an increasing balance of trade. Indian pharmaceutical industry today is ranked world class, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

The industry today can boast of producing the entire range of pharmaceutical formulations, i.e. medicines ready for consumption by patients and about 350 bulk drugs, i.e., chemicals having therapeutic value and used for production of pharmaceutical formulations.

The pharmaceutical industry in India is stated to be valued at approximately US$ 12.26 billion as per industry estimates. This industry is growing @ 10-11% per annum on compounded growth rate basis. Although total turnover of pharmaceutical industry is estimated at 21.04 billion, about 65% of this revenue is from exports. It spends around 18 % of this revenue on research and development (R&D) activities. Additionally, India's clinical research industry is estimated to be a US$ 2.2 billion with a high growth rate of 23%. Moreover, Indian pharmaceutical off-shoring industry is slated to become a US$ 2.5 billion opportunity by 2012, due to low R&D costs and a high-talent pool.

Through the introduction of a system of product patents since 2005, Indian industry has today become a worldwide exporter of high quality generic drugs. India exports pharmaceuticals to many countries across the world, including the U.S., Germany, France, Russia and UK. The Indian Government is very proactive for boosting growth and investment in Indian pharmaceutical sector. It allows 100 per cent FDI under the automatic route in the drugs and pharmaceuticals sector.

The DIPP data suggests that the drugs and pharmaceuticals sector has attracted an impressive level of FDI worth US$ 1,882.76 million during April 2000 to March 2011. Industrial licenses are not required in India for most of the drugs and pharmaceutical products. Manufacturers are free to produce any drug duly approved by the Drug Control Authority.

This patent regime has led to the investment from many pharmaceutical multinationals in India. Now they are looking at India not only for its traditional strengths in contract manufacturing but also as a highly attractive location for research and development (R&D), particularly in the conduct of clinical trials and other services. Indian and foreign companies are continuing with patented drug launches in India and between 2005 and 2010, the Indian Patent Office has granted 3,498 product patents, as per a KPMG report.

2.6 THE COMPETITION

Indian pharma sales have traditionally been dominated by the **acute segments**. This has a seasonal flavor to it as living in a tropical country. Indians are at the mercy of changing seasons. Monsoon brings along with it viral infections, cough cold, TB and water borne diseases. The monsoon months—June to September are typically the strongest seasonally for the acute segment because of water-borne diseases while sales for the anti-infective segment are typically lower in winter months. In fact, January—March are known as 'healthy' months. Remarks a Sun Pharma spokesperson, "Over 75 percent of the Indian market is accounted for by acute therapy products, and this has not changed in the recent past."

However there has been a perceptible increase in the revenues from the **chronic ailments segment**. As prevalence of chronic diseases increases, therapies for cardiovascular diseases and diabetes are expected to have the highest growth rates. According to ORG-IMS, in 2007, the chronic segment outperformed the acute segment with growth of 21 percent as against 11 percent. In January 2008, the chronic segment continued to grow strongly at 18 percent. The increased prevalence of diseases caused by mosquito bites such as malaria, dengue and chickenguniya added to demand in 2006. This was reflected in the high growth rates in the pain and analgesic segments. The acute segment accounted for 72 percent of sales in India in January 2008.The level of competition on day to day basis is very high in Acute

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segment however the degree of competition in not as much as high in Chronic therapy area. As doctor has to prescribe drug for a long time in chronic cases and patient is suppose to consume it without any change of brand. While in acute cases doctor is changing brands on day to day basis. In acute area however there is a large competition from local and propaganda companies.

3. Pharmaceutical Company Business Strategies

The days when the Indian pharmaceutical industry was synonymous with cheap generic drug production are passing. While generics continue to play a major part in the industry's success, many companies have started down the long road of drug discovery, novel product development and pharma services.

With high-quality research, low-cost manufacturing facilities and educated personnel, the Indian pharmaceutical industry presents both a competitive threat and partnering opportunities.

As a significant international industry India is the world's fourth largest producer of pharmaceuticals by volume, accounting for around 8.5% of global production. In value terms, production accounts for around 1.7% of the world total. The Indian pharmaceutical industry directly employs around 600,000 people and is highly fragmented. While there are around 280 large R&D based pharmaceutical companies in India, including multinationals, government-owned and private companies, there are also around 6000 smaller licensed generics manufacturers, and although in reality only around 3500 companies are involved in pharmaceutical production. Most small firms do not have their own production facilities, but operate using the spare capacity of other drug manufacturers.

A New Approach-

The advent of pharmaceutical product patent recognition in January 2005 changed the ground rules for Indian companies. In the run up to the new post-patent era and since, the Indian industry has been evolving. R&D departments are moving away from reverse-engineering in favour of developing novel drug delivery systems and discovery research. It is anticipated that the experience of selling generics in the international market will hold Indian companies in good stead for selling their own branded products to these markets in the future.

Focus on current and future markets

The dynamics of the domestic Indian market have always encouraged Indian industry to pursue overseas lines of business. Expansion comes at a cost and some companies have had to restructure. In June 2009, Wockhardt divested its German business, Esparma and more recently, in March 2010, Orchid sold its generic injectable formulations business to Hospira but came out of the deal with a long term supply agreement for its APIs.

INDIA

India remains an important market for the vast majority of Indian companies. The indigenous industry supplies around 70% of the country's pharmaceuticals. The proportion of revenue derived from India depends largely on the strategy of the individual company and its penetration into overseas markets. For example, while Zydus Cadila aims to grow rapidly overseas, India remains its most important market, accounting for 55.8% of revenue in fiscal 2008/09. India is also Cipla's key market, generating almost half of the company's revenue in 2008/09, although this percentage has been declining in recent years as the company has increasingly targeted overseas markets. Other companies, such as Dr. Reddy's, are less reliant on the Indian market; in 2008/09, India contributed just 17% of the company's global revenue.

INTERNATIONAL DEVELOPMENT

The attractive opportunities offered by the loss of patent protection on several major products in the coming period, and resolution of the biosimilar regulatory issue in the US, has to be offset against price reduction pressures driven by the ongoing economic downturn and aggressive competition for the business that is on offer.

USA: The largest generic market and the most sought after target for Indian companies involved in the generic business, is the US. As more companies gained the expertise to file for FDA approval, the number of ANDAs approved increased dramatically. In 2005, the number increased to 52 and subsequently increased year-on-year, to reach 132 in 2008. In 2009, the total number of ANDA approvals was 125. In the first quarter of 2010, a further 20 were approved.

UK: Over 80% of prescriptions in the mature UK market are written generically. The UK has always been a focus for Indian companies with 9 companies running 11 manufacturing sites. Between January 2009 and January 2010, Indian companies had more than 260 marketing authorizations approved by the UK's Medicines and Healthcare Regulatory Agency (MHRA) for a wide range of products. During this period, Ranbaxy received 55 approvals; Dr. Reddy's received 54; Aurobindo received 39; and, Lupin received 25.

Europe: Beyond the UK and Germany, significant European markets have been slow to adopt a vigorous generics drugs policy. However, pressure on governments to cut costs in the face of burgeoning drugs bills and economic recession, are seeing countries such as France, Italy and Spain exploring the increased use of generics. A number of Indian companies are either monitoring them from the sidelines or have already identified growth potential; Ranbaxy, for example is established in France, Germany, Italy and Spain.

Brazil: Brazil is perhaps the most notable emerging generic market in recent years. According to the Brazilian generic industry association, Pró-Genéricos, prices of generic medicines have to be at least 35% cheaper than prices of original medicines but, in practice, they are up to 50% cheaper. In 2009, generic medicines represented 19.4% of the pharmacy sector by volume, increasing 19.0% over the previous year to 330.0 million units. In value terms, pharmacy sales of generic medicines increased by 24.0% to R$4.5 billion (US$2.2 billion). Indian companies have been present in the Brazilian market for several years. In 2008, Indian

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pharmaceutical exports to Brazil were valued at around US$166 million per year and made up a significant part of all trade between India and Latin America.

Australia: Due to low prices of branded products, Australia is not yet a major market for generics. A number of leading drugs are due to lose patent protection, but price competition tends to be muted for off-patent drugs. The government is, however, currently looking at ways to boost generic consumption in an effort to rein in the overall drugs bill. The market is beginning to attract Indian companies, a number of which have gained approval from the Therapeutic Goods Administration for their manufacturing facilities and a range of products.

Indian pharmaceutical companies are no strangers to competition. The Indian market is highly competitive with more than 300 organized players and branded promotional costs associated with every product, yet the industry is able to offer low-priced products and remain profitable in India. However, whether the Indian industry will be able to maintain the pace of expansion across the world is questionable in the current economic climate.

The Indian Pharma Industry - looking beyond generics

The Indian pharmaceutical industry has a long history of reverse-engineering and its ability to produce and distribute globally generic copies of pharmaceutical products is well proven. Post TRIPs, the R&D focus of Indian companies has shifted towards novel drug delivery systems or discovery research. But the global launch of innovative new products is still some way off, so what are the options for companies going forward? In-licensing and custom manufacturing are alternative strategies to generics building upon its strengths in chemical synthesis and process engineering, the availability of highly-skilled labor and a low-cost manufacturing base, some companies have elected to pursue alternative business strategies.

Piramal Healthcare has always partnered global innovator companies and, in addition to an extensive Indian generic business, is a global player in custom manufacturing and have a number of early stage development candidates. In May 2010, it was announced that **Abbott** had agreed to pay a total of US$3.7 billion for the domestic drug business, leaving **Piramal** to concentrate on its research, formulation and customer manufacturing businesses.

Another company with a diverse portfolio of services is Jubilant **Organosys**. The company's main focus is its Pharmaceuticals and Life Sciences Products and Services business, which has grown significantly over the past few years. Jubilant is active in APIs, proprietary products, contract manufacturing of liquid and lyophilized sterile injectables, ointments, creams and liquids, radiopharmaceuticals, drug discovery services, medicinal chemistry services, clinical research services, generic dosage forms and healthcare.

Biosimilars:

The resolution of the regulatory issues surrounding biosimilars in the USA has removed at least one obstacle to the development of these products. As one of the leading producers of generic drugs, it is logical that Indian companies would see biosimilars as a natural follow-on business. Recent milestones in the development of biosimilars include:

- **Biocon** signed a collaborative agreement with Mylan in June 2009 on the development, manufacturing, supply and commercialization of multiple, high-value generic biologic compounds for the global marketplace. The collaboration combines Biocon's scientific and biologics manufacturing with Mylan's global commercial footprint.
- In March 2010**, Ranbaxy** and the **San Diego**, California-based **Pfenex** announced that they had entered into an agreement under which Ranbaxy will develop an undisclosed biosimilar therapeutic produced in the Pfenex Expression Technology platform, a pseudomonas-based recombinant protein technology.
- In February 2009, **Wockhardt** announced that it had launched **Glaritus**, a recombinant long-acting human insulin analogue, in India. The company commented that it was the first company in the world, after the innovator, to launch this particular type of insulin, which works slowly for over 24 hours.
- The pharmaceutical industry covers a huge range of products and is active just about everywhere in the world. It is a heavily research-based industry that relies on new products and applications for continued growth. There are several business strategies that have enabled the pharmaceutical industry to flourish

Patents:

If a specific pharmaceutical company is the only one that is able to sell a drug to the public, the potential for huge profits is obviously increased. This is the premise behind the patent process for pharmaceutical drugs. Patents push the research and development process to keep striving for new and innovative medications

- **Core Model:**

The core model business strategy involves marketing large numbers of drugs from the acute therapy area to large, diversified markets. The success of this strategy is that it is not dependent on selling a small number of drugs. An acute condition appears suddenly and worsens fast, like a heart attack

- **Super Core Model:**

The super core model is when a pharmaceutical company will search out and distribute a small number of drugs in the chronic therapy area for prolonged and substantial sales. A chronic condition is one that will develop and worsen over an extended period of time, like many cancers.

The bases of marketing strategies can be best described in these two models in both

Acute and chronic segments:

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1-Super Core Model:

It involves the search for, and distribution of a small number of drugs from **Chronic Therapy Area** that achieve substantial global sales. The success of this model depends on achieving large returns from a small number of drugs in order to pay for the high cost of the drug discovery and development process for a large number of patients. Total revenues are highly dependent on sales from a small number of drugs. This model incorporates highly specialized approach in the entire manner. Initially the competition seems more at entry level but since growth is stable and more in this area, every company is striving very hard to enter in this area. The major strategy in this model involves right focus to highly specialized customer by well trained team.

2- **Core Model:**

Is a model in which a larger number of drugs from Acute Therapy Area are marketed to big diversified markets. The advantage of this model is that its success is not dependant on sales of a small number of drugs. Here presenting a large number of products and taking the advantage of opportunity cost is one of the important strategies. Other strategy includes daily reminders to cross the perceptual filter and get the brand name in to the sub-conscious state of mind .

3- Marketing approaches of Super Core Model

This approach deals with the hard core selling. For example in the same geographical location there are six sales executives for just one company, or different sales force or medical representative for the same drug in different settings of the environment. Finally if company goes for hard selling strategy, the hard work and aggressiveness of representatives will also increase. Therefore, they intend to have more frequent visits to clinic and encourage doctors to prescribe drugs.

In this method medical representatives interact with doctors, and most of the sales executives are coming for a visit on a regular basis as this is the restriction put by doctors of meeting only once in a month that to on a fix time only, Using that opportunity usefulness of their products and push and pressurizing clinicians towards the use of their drugs. It means that basically, there are at least three representatives every day in busy clinic asking for a small meeting to support their product.

Medical representative is backbone of pharma industry. A pharmaceutical company selects the medical representatives and assigns works to them. The representatives visit the clinic and meet doctors, noncore customer and stockiest as per company norms. Sales team or direct field teams try to influence prescription pattern of doctors in favour of their brands.

Industry stockists send stocks to authorized stockiest as per the requirement. Retail requirement depends on weekly or monthly basis from authorized stockiest as per demand. Patients visit medical shop for buying medicines prescribed by a doctor and advertised in the media. In India for any pharmaceutical company, doctor is direct customer and patient is end customer. But for doctor customer is more important so he prescribed reputed companies medicine. In this supply chain model ultimately end-user (customer) is benefited out of this.

To sell these products companies require more skilled field force to develop good marketing with their direct customer. Moreover Sales representative should have good product knowledge about their products over other products and convince direct customers and pull the demand for their products. This can be explained with the help of pull system given below

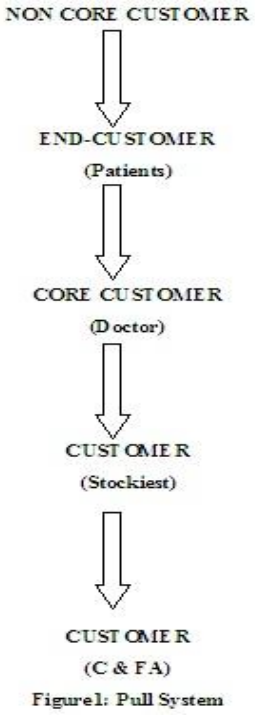

Figure1: Pull System

4.2.1 Marketing approaches of Core Model

In present situation companies are focusing more and more on the availability of products.

For marketing of these products companies require more field force to remind their products on daily basis to their direct customers. The field force should have good knowledge about product schemes and offers. Also field force is required to have a good relation with retailers. Field force also required to ensure good availability of their products to convince doctors and PUSH their products.

It has been observed that sometimes there are more than twenty representatives in a day those are meeting with their customers and requesting for same type of products.

CORE CUSTOMER

As per the requirement Retail chemists buy medicines on daily or weekly basis from authorized stockiest as per demand. Patients visit chemists for buying medicines either prescribed by a doctor or advertised in the media. Here patient is end customer and doctor is direct customer for any pharmaceutical company. But for doctor, customer (patient) is more important so he wants an effective supply chain management from prescribed company. And for pharmaceutical companies their customer that is doctor is more important that's why they emphasize more on supply chain management. Ultimately end customer is benefited out of this.

For marketing of these types of products companies require more and more skilled field force to develop good rapport with their direct customer (doctors). Moreover field force should have good product knowledge and USP of their products over other so as to convince doctors and **PULL** the demand for their products i.e. from Doctor to Retailer to Stockist to CFA to company. Following is the detail of pull system

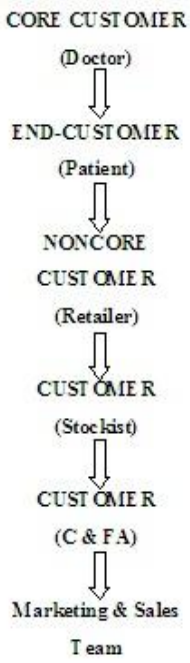

Figure 2: Pull System Working In Chronic Therapy Segment

In this system, doctors are the core customers and the major thrust is given to build and retain these customers because they are pulling the demand for products hence companies also give main emphasis in building and retaining these customers. All efforts are being put for generating **secondary sales i.e.** from stockist to retailer. Ensuring of auto demand with limited availability and maximum liquidation of the products is the main characteristic of this approach.

For retaining and developing customers, the companies normally provide gifts like sponsorship for various conferences like RSSDI, FOGSI, APICON, UPCON etc. For example Dabur having PASS (Professional Academic and Scientific Services) activities for promoting its chronic therapy range. Also it is interesting to note that since this is a pull system demand is being pulled in to the market so generally representatives calculate product orders i.e. **primary sales** from their stockist on the basis of following formula: Normally there are absolutely no chances of dumping of goods at stockiest and retailer level is yet reported also payment recovery of companies is also very good.

3.2 Marketing approaches of Core Model

In present scenario companies are focusing more and more on the availability of products so as to enjoy good image in their customer's (doctors) chamber. Many companies such as **Glaxo, Pfizer, Dabur, FDC, Aventies, and Cipla** etc. are known for their availability of Products. For marketing of these types of products companies require more and more field force to remind their products on daily basis to their direct customers (doctor). Moreover field force should have good knowledge of product schemes and offers. Also field force is required to have a good rapport with retailers. Field force also required to ensure good availability of their products to convince doctors and **PUSH** their products i.e. from Stockist to Retailer and retailers to Doctor. It has been observed that sometimes there are more than fifteen or sixteen representatives in a day, meeting with their customer and requesting for same type of products. There can be various ways through which a business organization can achieve success in the market, but all these ways can be comprised into as above, then it can be rightly said that it revolves specifically around three parties or more; the triangular linkages or the relationship between these three parties (company, customers and competitors) determine the success and failure of business organization. The basis of success in any competitive context can be, at the most, elemental level commercial success; and commercial success can be derived either from a cost advantage or a value advantage or ideally from a combination of both. In other words, the organization with Competitive Advantage tends to be the cost leader in the industry or a seller of most differentiated products amongst all the players. Supply Chain Managers can provide considerable value to their companies by understanding the customers' delivery requirements. A very powerful tool for understanding these requirements is account segmentation. A company can use account segmentation to identify market segments which is well positioned to serve and then organize its product range and even SKU's and service in a superior way. The doctors are, in general, are, trying to hide from sales representatives, since there are too many and they are too pushy and there is too little time, and the representatives probably have noticed that the reluctant doctors have always less time for short meetings and less interest and tend to reduce the time of the visit.

The relationship between clinicians and representatives has always been good and pharmaceutical companies have provided, and still provide, the major economical support for customers' which is continuous medical education. Something needs to be done to find solution to this problem that takes into account the needs of both pharmaceutical companies and their representatives on one side and physicians on the other, for a better professional interaction.

In this system, doctors and retailers are the core customers and the major thrust is given to build and retain these customers. Here retailers are also core customer as most of the times they are substituting the products based on their own discretion. For retaining and developing customers, the companies normally provide utility gifts to remind the products on daily basis.

Also it is interesting to note that since this is push system and products are being pushed in the market so generally representatives place product orders from their stockiest on the basis of SKUs sold and schemes. In this pumping the goods in the market are ensuring more and more primary sales i.e. from CFA to Stockiest and stockiest to retailers. Normally the chances of dumping of goods at stockiest and retailer level are reported, which makes recovery of payments by companies difficult.

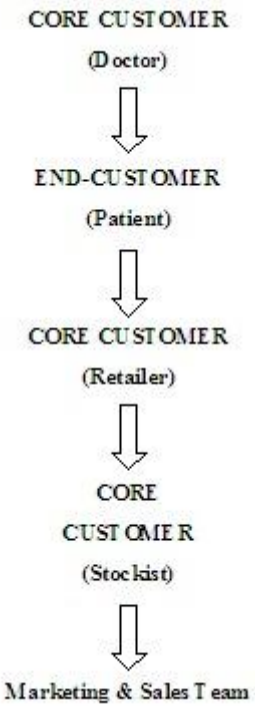

Figure 3: Push System Working In Acute Therapy Segment

Here the role of supply chain managers can be to provide considerable value to their companies by understanding the customers' delivery requirements. A very powerful tool for understanding these requirements is account segmentation. A company can use account segmentation to identify market segments Such as Acute & Chronic therapy markets, which is well positioned to serve and then organize its product range and even SKU's and service in a superior way.

Companies are fighting (for customers) like never before and if anything is certain then it is further intensification of this war, and because of this companies are increasingly looking at Logistics, as a weapon to gain Competitive Advantage and it is true that Logistics has the potential to do so, and corporate cases associated with them are given Low.

CONCLUSIONS

Through various ways a business organization can achieve success in the market, but all those ways can be comprised into as above, we can rightly say that it revolves specifically around three parties or more, The relationship between these three parties (company, customers and competitors) determine the success and failure of business organization. From medium to long run, the domestic pharmaceutical market will be largely driven by the increasing prevalence of chronic segment. The domestic pharma industry is principally being driven by the chronic segment which has grown by 18.1% this year. Against the backdrop up- take of acute segments has been slow and has grown by 10.3% only. The basis of success in any competitive context can be, at elementary level commercial success; and commercial success can be derived from either a cost advantage or a value advantage or ideally from a combination of both. In other words, the companies with Competitive Advantage tends to be the cost leader in the industry or a seller of most differentiated products will become the market leader amongst all the players. At last the role of supply chain is very important in both the phases (in acute as well as in chronic).The successes of any pharmaceutical industry; when a company changes its focus from "Acute" to "Chronic" therapy market depend on competitiveness of supply chain. Supply Chain Management can provide considerable value to their companies by understanding the customers' delivery requirements. A powerful tool for understanding these requirements is account segmentation. A company can use account segmentation to identify market segments Such as Acute & Chronic therapy market. which is well positioned to serve and then organize its product range and even SKU's? The company must tailor its supply chain offerings to meet the needs of each of the market segment it caters. For example, Dabur India launched its products which were G.P. (Acute Therapy) oriented, later it enter in to specialist oriented (Chronic Therapy) products market.

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