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Trends of Marketing Strategies in Indian Pharma Market,

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Abstract

The pattern of growth and development in the last three and half decades in IPM was at a good pace aligning the change in policy for the sector by Government. “The Pharmaceutical Policy 2002 echoes the same sentiment and has shifted the focus of the policy from self-reliance in drugs manufacturing to the objective of enhancing global competitiveness. The objective of this paper is to study the Indian pharma market, its present marketing strategy, and proposal for future trends of marketing strategies. The authors also summarized the development in the Indian pharma market. The findings of the study concluded that it has been a long journey for IPM from a small industry to one of the fastest growing pharma industry of the world. The soft patent process adopted in 1970m is also one of the significant factors for its success, which enables the pace for the domestic sector to run with the international pharma industries and resulted into the development of low-cost drugs.

Keywords: Indian Pharma Market, Marketing Strategy, India, Trends, Pharma Sector.

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INTRODUCTION

The growth and development in the pharmaceutical market in the developing countries is mainly concentrated in few countries like China, India, Korea, the Czech Republic, Singapore, Brazil, and Argentina. Among these countries, China and India are the most successful PharmaMarkets as compared to the rest of developing countries (Chaturvedi, Chataway, Wield, & Keynes, 2007; Dubey, 2010).

INDIAN PHARMA MARKET

The Indian pharmaceutical market (IPM), is undergone a 360-degree change in terms of technological and manufacturing means. In 1950s IPM barely used very little technology in the development and manufacturing of drugs and vaccines, but nowadays IPM using the advanced and latest technology in the development of drug, medicines, and other pharma products. It achieved a significant scale and level of technological capability for manufacturing modern drugs indigenously and cost-efficiently to emerge as a major developing country competitor in the world market. This development enables IPM to fulfil 75% of the domestic bulk drug requirement (Chittoor, Ray, Aulakh, & Sarkar, 2008).

The evolution of the IPM can broadly be divided into 3-time phases –

1. Indian Independence (1947) to mid-Eighties.
2. Mid-eighties to 2005.
3. 2005 onwards.

Each phase had its unique characteristics and this further influenced the constitution of the IPM and the strategic approach of the participating companies. All the successful companies quickly understood and accepted the change, promptly re-aligned their strategic approach and efficiently implemented their fresh plans.

The above approach suggests that to remain successful & relevant, it is essential to have a flexible and adaptive approach with quick decision making and action. Looking into the unique capabilities & characteristics of the IPM, it has also been seen that those companies that have kept the Indian market dynamics in mind have had a more impactful and consistent success. Yet, we have seen a significant churning and turn around in the IPM over the years. This indicates that to remain successful there is a greater need for companies to evolve dynamic strategies after holistically evaluating the IPM on a continuous basis. Moreover, it is also essential to address multiple success factors to remain relevant in the future. Individual companies must do their respective SWOT analysis and then decide on the prioritized focus that they want to put on respective success drivers (Chaturvedi et al., 2007; Dubey, 2010).

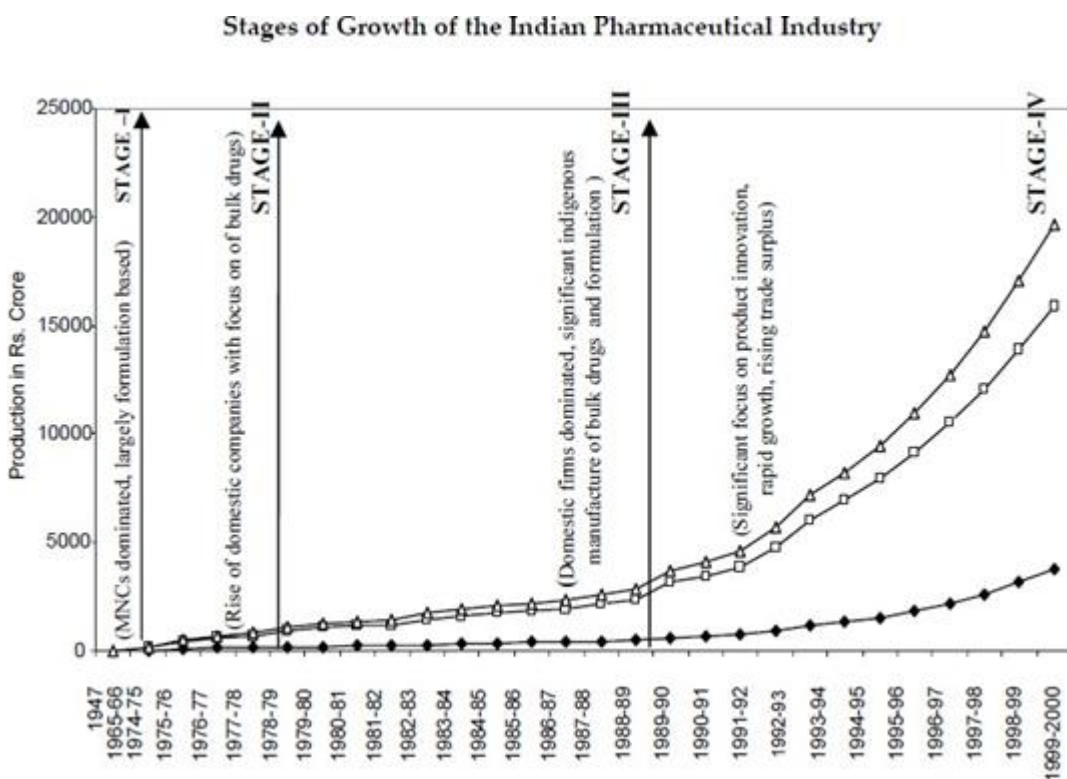


Fig. 1 Stages of growth in IPM

The pattern of growth and development in the last three and half decades in IPM was at a good pace aligning the change in policy for the sector by Government. “The Pharmaceutical Policy 2002 echoes the same sentiment and has shifted the focus of the policy from self-reliance in drugs manufacturing to the objective of enhancing global competitiveness. The pharmaceutical production in India began in 1910s when private initiatives established Bengal Chemical and Pharmaceutical Works in Calcutta and Alembic Chemicals in Baroda and setting up of pharmaceutical research institutes for tropical diseases like King Institute of Preventive Medicine, Chennai (in Tamil Nadu), Central Drug Research Institute, Kasauli (in Himachal Pradesh), Pastures Institute, Coonoor (in Tamil Nadu), etc. through British initiatives. The nascent industry, however, received setbacks in the post-World War II period as a result of new therapeutic developments in the Western countries that triggered natural elimination of the older drugs from market usage by newer drugs like sulpha, antibiotics, vitamins, hormones, antihistamine, tranquilizers, psychopharmacological substances, etc” (Dubey, 2010).

Marketing Strategy

In the last three decades the world is experiencing a switch in the economic activities and business models from the western European and North American countries to Asian countries and developing countries (Bruton et al., 2013; Bortoluzzi et al., 2014); and this shift in economic activities boost the entry and importance of emerging market countries like China, India, Brazil and others over the international developed economies. The countries having low income but

have experienced the high rate of growth in the recent years comes under the umbrella of emerging economies (Bruton et al., 2013; Wright et al., 2005).



Fig. 2 8'P Marketing strategy approach

The majority of the firms are largely concentrated in Asia, Latin America, Africa, the Middle East, China and transition economies of former the Soviet Union and South-Eastern Europe (Hoskisson et al., 2000). These emerging economies using low income as their potential by utilizing the same amount of resources on a discounted or cheaper price as compared to developed economies. These economies also using this approach as their market penetration strategy. It is a different view of the rapid economic outputs from firms in these markets (Authors, 2015).

One of the unique features of emerging markets is the presence of a high level of uncertainty and threats of very survival due to a certain number of issues and challenges (Bruton et al., 2013). These markets face difficulties for arranging money for the expansion of business, and poor infrastructure facilities available for the finished goods and products. Market-oriented principles are yet to take root in such markets as many are still in transition after several years of running centrally-planned economies (Manolova et al., 2008). The firms operating in such emerging markets face several other issues such as conflict with their developed host country governments and similar nature of emerging market firms' marketing (and financial) transparency (The Financial Times, 2012; Wall Street Journal, 2006).



Fig. 3 sophisticated marketing strategy

These issues and challenges forced emerging markets to adopt a different marketing strategy to compete with their counterpart in more developing countries. An implication is that international marketing theory needs recalibrating to account for emerging market conditions that may shape the nature, boundary conditions, antecedents, and outcomes of international marketing strategy best practices in emerging market firms (Athreye, Kapur, & Firms, 2009; Authors, 2012, 2017; Bauman, Mcfadden, & Jablonski, 2018; Bhangale, 2013; Pelsmacker, Tilburg, & Holthof, 2018).

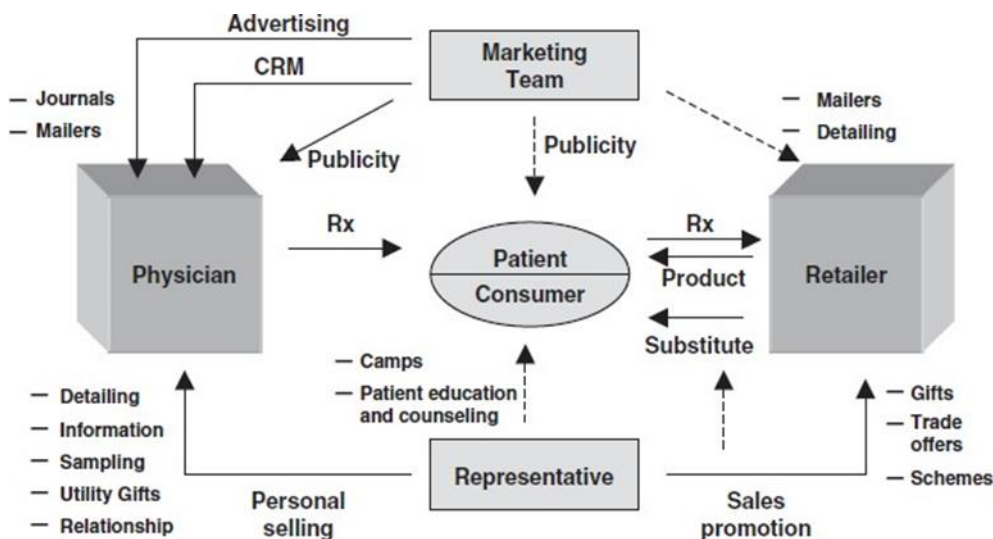


Fig. 4 pharma oriented marketing strategy

Trends of marketing strategies in IPM

Competitive advantages of the IPM is dependent upon the technological advances and technology-driven strategies adoption at the sector level by the firms. The Internationalization strategy that tends to continuous improvement and complements the technological strength of IPM is significant for the

firms to sustain and enhancing their position among the global competitors. The firms also go for Internationalization in the form of strategic collaborations with global pharmaceutical companies from developed countries for research, contract manufacturing, and marketing (Administra-, Alliances, & President, 2007; Bergström, 2011; Bhangale, 2013; Bin, Rezk, El-metwally, Laika, & Ali, 2015; Birnbaum & Shaw, 2016; Brindley et al., 2011; Dubey, 2010; Forster, Stegmaier, Spycher, & Seeger, 2014; Gupta, 2013; Haagen, Zahler, Zimmermann, & Al-najami, 2015; Khan, 2012; Nordisk, 2018; Paper, 2015; Paranjape- Voditel & Deshpande, 2013; Sariola, Ravindran, Kumar, & Jeffery, 2015; Science & Pacific, 2018; Sharma & Mustansar, 2018; Srail, Badman, Krumme, Futran, & Johnston, 2015; Tannoury & Attieh, 2017; Thakur & Ramacha, 2012; Zambad & Londhe, 2014b).

The business strategies of IPM has been changed and they experience new issues and challenges from the overseas market as well as from local competitors. This enables them to go under significant changes, adoption of new technologies, and investment in research and development funds to sustain in the market. This poses new opportunities to IPM for example: use of FDI to have more leverage and to avoid the crunch of funds, tie-ups with the global big players for providing cheaper job work and in return the exchange of technology, and others (Bhangale, 2013; Dubey, 2010; Gupta, 2013; Haagen et al., 2015; Paranjape-Voditel & Deshpande, 2013; Sariola et al., 2015; Science & Pacific, 2018; Sharma & Mustansar, 2018; Tannoury & Attieh, 2017; Thakur & Ramacha, 2012). The most recent strategies used in IPM and the future scope is explained below:

Table 1 research and strategies in IPM

| Present strategies | Future strategies |
|---|--|
| <i>(A) Research</i> | |
| Develop early-stage drug discovery/research capability. | Establish a state of the art research parks to enhance research focus and commitment. |
| Focus on core therapeutic areas of cardiovascular, pain management, anti-diabetic, anti-cancer and anti-infectives in research and identify leads in these areas. | License-out molecules to bigger firms (MNCs) to reduce time, risk and cost to market. |
| Greater innovation in generics; new products and processes. | Exploit contract research and clinical trials opportunities (making use of Schedule Y booster) |
| Initiate research on natural and herbal products as an alternative to allopathic drugs. | Exploit alternative medicinal systems and traditional knowledge like Ayurveda, |
| Seek attractive and alternative options for new drug discovery and development. | Homoeopathy, Unani and Siddha as a potent source for new drug development. |
| Enhance R&D investments. | Focus on niche, technology-intensive drugs. |
| <i>(B) Market</i> | |

| | |
|--|---|
| Focus on high growth lifestyle segments such as cardiovascular neuropsychiatry, anti- diabetics and anti-infectives. | Adopt a multidimensional business model. |
| Focus on regulated export markets. | Buy other companies and brands–Acquire ‘Critical Masses. |
| Strengthen marketing and distribution networks across the globe. | Jointly market (co-marketing) drugs with competitors. |
| Look afresh at sales and distribution network such as expansions and or revamping sales (contract sales) force etc | Diversify into new geographies (regulated, semi-regulated and unregulated). |
| Invest in people, skill and project development. | Augment resources to exploit futuristic opportunities like Contract Research, Contract Manufacturing, Clinical Research and Custom Synthesis facilities (labs and hospitals). |
| Establish world-class development capabilities and GMP certified manufacturing facilities. | Global thinking but local operations. Hire local talent and create local facilities. |
| <i>(C) Patents</i> | |
| Strengthen Product Registration Capabilities for multiple product registrations in multiple markets (different countries). | Make and market patented drugs in India after getting licences from foreign companies. |
| Focus on first to file, Para IV filings, ANDAs, DMFs And NDAs. | Develop own molecules, patent and then market. |

(Administra- et al., 2007; Bin et al., 2015; Christensen & Karlsson, 2018; Dubey, 2010; Fishburn, 2013; Gartland & Gartland, 2018; Haleem, Salem, Fatahallah, & Abdelfattah, 2015; Hernandez, Thiel, Mantel-teeuwisse, Raaijmakers, & Pieters, 2014; Paper, 2015; Reichman & Simpson, 2016; Sariola et al., 2015; Sharma & Mustansar, 2018; Thakur & Ramacha, 2012; Zambad & Londhe, 2014a)

DISCUSSION AND CONCLUSION

It has been a long journey for IPM from a small industry to one of the fastest growing pharma industry of the world. The soft patent process adopted in 1970m is also one of the significant factors for its success, which enable the pace for domestic sector to run with the international pharma industries and resulted into the development of low-cost drugs. The technological growth in IPM also been contributed by the growth and development in other different sectors such as construction, steel, computer science, and others (Administra- et al., 2007; Bergström, 2011; Bin et al., 2015; Birnbaum & Shaw, 2016; Forster et al., 2014; Haleem et al., 2015; Hernandez et al., 2014; Mason, 2009; Mason et al., 2012; Ng et al., 2017; Paper, 2015; PwC, 2012; Sharma & Mustansar, 2018; Srail et al., 2015; Thakur & Ramacha, 2012; Xia & Gautam, 2015; Zambad & Londhe, 2014b).

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