

CHAPTER 1

Marketing Vision

THE CHANGE AGENT

Long ago, people happily lived under the rule of a king. The people of the kingdom were very happy as they had a very prosperous life with abundance of wealth and no misfortunes.

The king decided to go on a travel to visit places of historical importance and pilgrim centers at distant places. He decided to travel by foot to interact with his people and accompany them. People of distant places were so happy to have a conversation with their king and they were proud that their king was so kind with a good heart!

After several weeks, he returned to the palace. He was quite happy that he visited many pilgrim centers and could see his fellow people leading a propitious life. However, he had a regret.

He had intolerable pain in his feet as it was his first trip by foot to a longer distance. He complained to his ministers that the roads weren't comfortable and were very stony. He could not tolerate the pain as he walked all the way through the rough path.

He said he was very much worried about the people who used to walk along those roads as it would be painful for them too!

He made an order to cover the road of the whole country with leather so that people might feel comfortable, immediately.

The king thought that he had to change this for the betterment and happiness of the people.

His ministers were stunned to hear his order as it would destroy the lives of thousands of cows to get the sufficient quantity of leather and it would cost a huge amount of money also.

A wise man from the ministry came to the king and said that he had another idea.

6 Strategic Pharmaceutical Marketing

The king asked - what was his alternative idea. The minister told, 'Why do you want to kill the holy animal cow to cover the road with leather? Rather, you can just have a piece of leather cut in appropriate shape to cover your feet?'

The king was very much surprised by his suggestion and applauded the minister. He ordered for a pair of leather shoes for him and requested the countrymen to wear shoes.

THE ENLIGHTENED SAMURAI

Our era has been dubbed the "Age of Uncertainty," and uncertain it is. Nowadays it is well-nigh impossible to predict very much with accuracy. This only compounds the problems of a company president or manager, who already has more than enough to cope with. Still, this is nothing new. We have faced it before and we will face it again.

A person with strong motivation is actually challenged in our bewildering times, stimulated to use all his skills to overcome odds and come out stronger than before. But others are disturbed and confused by their inability to impose order on their world. This type of manager will never be able to lead his company to prosperity. A manager with longevity must be prepared to weather storms and face unruly situations, undaunted.

It used to be said that a samurai had to be ready to deal with seven foes lying in wait whenever he left his house. He was trained to be prepared to meet death at every corner, and it was this readiness that earned him admiration and respect.

The manager today needs to be even more prepared than the samurai. He must always be conscious of the possibility that his business or he, himself, could topple at any time, as if he were walking a very dangerous tightrope. This is not the time for a relaxed, nonchalant outlook on life or business. The serious manager must keep alert to dangers and his responsibilities even when he is enjoying himself at a party.

A president is charged with the guidance of each and every one of his employees. If he has ten thousand employees, his concern for them has ten thousand faces. Sleep does not come easily and his troubles weigh heavily. Yet the sleepless nights and concern are also what make his life

worthwhile. There has never been a company president who has had no worries. Worry and heavy responsibility are part and parcel of the job.

As the environment is consistently changing, pharmaceutical marketers on one hand have to be competent and ready to face any diverse or adverse situation, as society inclusive of business, is looking at pharmaceutical marketing with different perspectives. It's time that pharmaceutical marketers have to look at essentials of strategic pharmaceutical business and ponder over them even before developing strategic intent and direction for their marketing, selling and business.

THE NEW NORMAL WORLD

The world is changing, and is undergoing great shifts, moving towards the new normal. We live in a world where companies like Uber, Airbnb, and Amazon are among a growing number of global companies that did not exist a couple of decades ago, but have rapidly grown, and are thriving across diverse markets displacing some well entrenched players with their disruptive business models. These companies have achieved this by riding the **megatrend of digitization** in an increasingly connected world.

The other megatrend is **sustainability**. Nowadays, companies are realizing the need to develop sustainable business through innovation. Many companies are entrenching sustainability at the very heart of their operations, systems, and processes.

The rise of developing markets is the third megatrend that is shaping the world order. Emerging markets like India, and China along with other developing markets have led global growth in the past two decades and will continue to do so. For that matter, India is making an increasing business impact outside its boundaries across various industries.

Defining Moment

The above mentioned megatrends are disrupting the way the world operates, and is changing the paradigm of how business is conducted.

The interconnected world is witnessing **democratization of entrepreneurship, assertion of developing countries globally, and emergence of novel businesses.**

8 Strategic Pharmaceutical Marketing

With the aspirations of 1.3 billion people, India stands at a defining moment in its journey to take its rightful place in the world economic order, and also the rapid expansion of Indian businesses in international markets is incredible.

Globally Leveraged Locally Relevant

Consumers are having a high inclination towards their local cultures. Consumers are asking for the best of global offerings and products but at the same time are also very strongly re-experiencing their traditional customs and culture.

Businesses are in dire need to combine global capabilities, and R&D expertise with local consumer insights. Several global brands are discovering the need to adapt their products to suit local demands.

It has been observed that companies can either become mindlessly global or hopelessly local. To manage cross-country operations it is important to find the perfect balance between looking for international leverage with respect to innovation and technology along with having local relevance for meeting consumer needs and aspirations. In order to achieve this balance, it is essential to create the right organization and mindset.

Every Day Great Execution (EDGE)

Enterprises succeed globally when they rapidly convert strategy into action, and plans into P&L across each of the markets.

To meet the needs of the consumers, multinationals use the strength of their global capabilities, and scale and then combine this with the most effective 'route-to-market'. This requires a sharp focus on 'everyday execution' in every single market.

Global leverage often starts with local successes; this applies equally to best practices in executional excellence as well as in product development.

Diversity of Talent

Diversity of talent is the key to global organizations. To compete, and succeed in this dynamic world, companies need talent with international experience, and global mindset. It is important to identify, develop, and retain a diverse talent pool.

Research shows that a more inclusive workforce can boost financial performance, reputation, innovation, and employee motivation. It also companies to better anticipate, and meet the needs of their diverse consumers.

Purpose-Driven and Values-Led Leadership

The reputation, and trust that a company builds with the local communities is its biggest asset. Thus, robust internal systems and processes are very essential for organizations to run not just efficiently but anchored in a set of non-negotiables, and both are equally important.

The values of integrity, responsibility, respect, and pioneering are what motivate, and drive the employees in any global organization.

Therefore, a new kind of leadership that is purpose-driven, and values-led, a leadership that embraces the new mantra of going from 'good' to 'great', would help organizations succeed in this new normal world.

MANAGING THE NEW NORMAL WORLD

Prof. Peter Drucker rightly said long back that at the end organizations will have only two functions with other functions being outsourced. He spoke about '**Innovation**' and '**Marketing**'. New normal world requires a lot of innovation right from embracing all aspects and trends of the new normal world.

One aspect of this is developing '**Design Thinking.**' Hasso Plattner, Institute of Design at Stanford has developed a framework of design thinking and evolved a paradigm of innovation.

This design thinking process starts with the empathize mode. This mode is the understanding of the people with the context of one's challenge and is the center-piece of the whole process. The problems encountered as a design thinker are rarely your own, they are in fact of a particular group of people, hence, it is important to gain empathy for what is important to them. To empathize, one needs to observe, engage, watch and listen. At the end, one needs to draw conclusions in order to see the bigger picture and grasp the takeaways.

10 Strategic Pharmaceutical Marketing

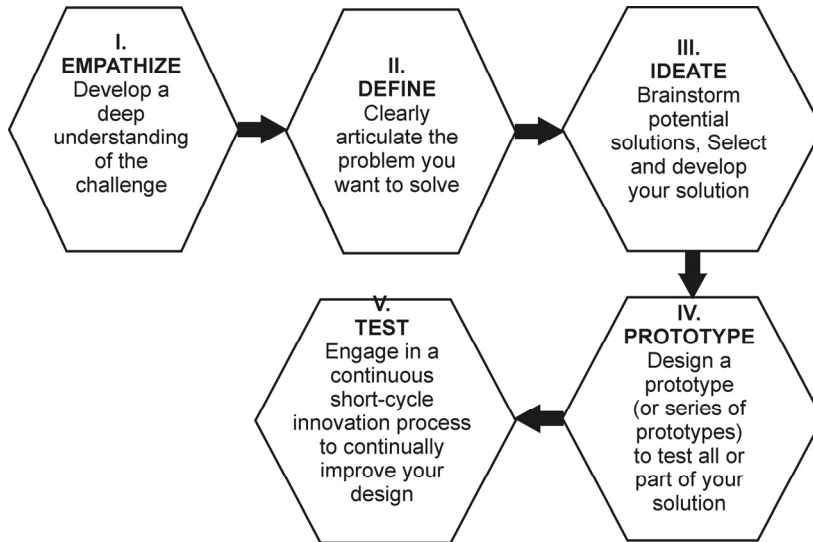


Figure 1.1 Design thinking process

Source: Hasso plattner, institute of design at stanford

Then comes the define mode. This mode is all about bringing clarity and focus to define the challenge taken up. It is essential because it results in one's point-of-view. The point-of-view then defines the correct challenge that needs to be addressed based on newer understandings. To define, one needs to provide focus to the framed problem, evaluate competing ideas, empower teams to take decisions independently and capture hearts and minds of people. At the end one determines the specific meaningful challenge that needs to be taken up.

Third in line is the ideate mode which simply put is idea generation. In this mode one generates solution concepts based on the understanding of the challenge as well as the people. One can ideate with thorough brainstorming, prototyping, body-storming, mind-mapping and sketching. Through ideation one generates all kinds of innovation potential for the determined challenge.

Next is the prototype mode which is the iterative generation of solutions bringing one closer to the final solution. It is important to prototype in order to problem-solve, communicate, test possibilities and manage the solution-building process. To prototype, one needs to start building with the user in mind. Prototyping will help you gain meaningful feedback for the final solution.

The final mode is the test mode. In this mode, one solicits feedback and also provides another opportunity to gain empathy for the people with the context of the design process. The test mode helps one to redefine and refine prototypes and solutions, learn more about the user and also helps to redefine and refine one's point-of-view. In order to follow the test mode it is essential to create experiences and user comparisons.

The process of design thinking is only a framework that can be adapted to one's personal style and type of work. Irrespective of what process is used, it is important to innovate that will ultimately permeate through one's own work.

PERSPECTIVES

Marketing and Its Eight Perspectives

Marketing is likely to take a shape of dynamics of business. These dynamics change as marketing evolves and takes shape and includes numerous perspectives.

1. Political Perspective

The political trends are important in any country. They have considerable impact on sales and marketing in stable countries as well. For instance, the United States of America usually expects higher emphasis on social programs and increased government spending when Democrats are in power in the White House. The same applies to liberal governments in the United Kingdom. India but has a focus on 'Make in India', 'Clean India', 'Healthy India' along with other initiatives. These initiative are thus, likely to affect business as well as sales and marketing.

The political trends that affect sales and marketing stances and communication include:

- Trend to align health solutions to political will
- Rising nationalism attitude in using health solutions
- Increase in political terrorism; revolutions
- Rise of socialism to perceive healthcare industry
- Decline of major powers; rise of emerging nations; shifting of power, birth of new powers

12 Strategic Pharmaceutical Marketing

- Rise in senior-citizen power
- Instability in places where economy consequences could be important
- Urbanization and creation of new markets

It is important for the marketer to study both domestic and foreign political happenings, reviewing selected published information to get a hang of the political trends and interpret information. It is important to give the voters an economical product that is easily available and affordable at the same time.

2. Economic Perspective

Economic trends that affect business include the following possibilities:

- Depression; worldwide economic collapse
- Increasing foreign ownership of US economy
- Increasing regulation and management of national economies
- Several developing nations become superpowers
- World food production: Famine relief versus holistic management
- Decline in real world growth; or stable growth
- Collapse of world monetary system
- Continuing high inflation
- Worldwide free trade

All companies, irrespective of their size, examine the economic environment in order to plan strategically for sales and marketing, funding and investments. This involves gathering relevant published information, analyzing the information and interpreting it for use in planning. In some organizations, the entire process of dealing with relevant economic information is manual and intuitive. But, many pharmaceutical organizations have put up complete pharmaceutical economics study groups.

Research shows that gathering relevant information (environment scanning) gives rise to several new or modified marketing practices like:

- New marketing targets to improve economy
- Initiating sales training to prepare for group selling
- Cost-effectiveness, cost-benefit studies to support promotional efforts

- New promotional materials emphasizing economic benefits
- Affordability of population
- Disposable income of population
- Consumption and demand need
- Demographic analysis

3. Social Perspective

An important factor of any business environment is the values people behold. Changes in values in the recent years have given rise to massive regulations, deep criticisms, new demands and challenges of the very foundation on which the business rests.

Information pertaining to social trends can be obtained from any published source. The impact of social trends on sales and marketing practices can be analyzed internally or with the help of external consultants. Additionally books as well as analyzing news reports help study the impact.

Sometimes some products face favorable stories, detailing the wonders of the drug, while sometimes some products face unfavorable stories that point out to adverse reactions wherein the company personnel have difficulty in tackling negative publicity.

The key lies in whether the company officials are aware in advance about the story revolving around their product. If the answer is yes, then the company needs to provide as much information as possible. Even if the story around the product is negative, there will at least be access to correct information, leading to fairer coverage.

Research shows that more popular the drug, better the chance for something sensational being aired or printed. More people taking the drug, higher the chances of adverse reactions and unfavorable stories.

Another interesting phenomenon with consumers is that negative publicity about a particular drug may bring favourable attention to it. Consumers who may have never heard about the drug may go ask their doctors because they may think this may be the one that finally works for them. Also, experts state that the consumers of today's times are sophisticated; they may have sympathy for the writer, but know that anybody can have an adverse reaction to anything.

14 Strategic Pharmaceutical Marketing

Social view of voters may influence the healthcare policies as well as drug pricing issues. The product needs to be of societal benefit and the companies need to do something for the society at a minimal cost. The society expects benefits like clinical outcomes, good quality and safety.

4. Technological Perspective

It is because of the technological advances in therapy that the pharmaceutical industry is thriving. But it is necessary to bear in mind that changes and advances in technology outside the industry often have significant impact on pharmaceutical marketing practices. For instance, the invention and success of cable television made it possible to utilize a new sales/ educational tool by bringing pharmaceutical programs into the physicians' office or home.

Pharmaceutical industry is clearly technology based and thus, it is necessary to attempt future planning. This planning thus, needs scanning of the environment as well as attempts to identify incipient technological developments.

It is necessary to emphasize that this technological environment is much broader than that within the drug industry itself. For instance, consider rapid growth and even greater potential of laser technology in non-invasive surgery.

The marketing planner must mount a systematic technology scanning program to identify both potential problems and opportunities.

This perspective is very useful as many advances in R&D, drug development, drug delivery and also in quality assurance. The areas of pharmaceutical are changing drastically with specificity and reaching the time to market any product. Business speed is also dependent on technological advances.

The industry regards technological perspective as a space that requires high investment but something that will in turn increase speed and accuracy. The political perspective expects the technological intervention to be transparent in every transaction.

5. Regulatory Perspective

Regulatory perspective applies to every aspect of the marketing mix. It is thus, important to thoroughly understand these

regulations as well as comply to them. As a result, the marketer needs to develop and implement creative programs to achieve the marketing objectives. Generally marketers most commonly react to legislation, regulation and edicts. It is however more economical to stay updated with the regulatory environment rather than falling into a legal soup.

Especially in pharma and healthcare there are many regulatory boundaries and they are essential as industry is dealing with 'life' of citizens. The regulatory perspective expects the investments to be low for low price of the product.

6. Ecological Perspective

The ecological perspective says that the imbalance of microbiome in the human body gives rise to diseases. Thus, maintaining the ecological balance is a challenge in itself as it gives rise to diseases which then require new products in the market.

7. Trade Perspective

The challenge here is the All India Organisation of Chemists and Druggists (AIOCD) which needs to grant permissions to every company for launching new products in the market. Also, the challenge is the chemists not wanting to stock more products due to high investment which then requires the company to book orders.

8. Unionization Perspective

Unionization of field force and unionization of manufacturers both is a challenge in the marketing environment as perspectives of the union as well as the trade is different today.

PERCEPTIONS

Perception of Pharmaceutical Marketing

To perceive and understand what is happening in pharmaceutical marketing, we need to ask a simple question: how do doctors decide what product to prescribe? This is a surprisingly complex issue, and to understand this we need to think about the four main players wielding pressure: the patient; the funder (which in the UK means the National health Services (NHS)); the doctor; and the pharmaceutical company.

16 Strategic Pharmaceutical Marketing

For patients, things are relatively simple: you want a doctor to prescribe the best treatment for your medical issue. Or rather, you want the treatment that has been shown, overall, in fair tests, to be better than all the others. You will probably expect your doctor to decide the treatment and trust him along with hoping that there are systems in place to ensure that the treatment proceeds systematically and properly, because getting involved in every single decision yourself would consume a lot of time.

Our next players are the funders, and for them, the answer is also relatively simple; they want the same thing as the patient, unless it is expensive. For common drugs, and common decisions, they might have a pre-determined 'pathway' that dictates to General Practitioners (more commonly than to hospital doctors) which drug is to be used, but besides those simple rules for simple situations, they rely on doctors' judgments.

Now we come to our central player in the individual treatment decision: the doctors. They need good-quality and correct information, but they need it, significantly, under their noses. The challenge facing the modern world is not lack of information, after all, but information overload, and even more precisely, what Clay Shirky calls 'filter failure'. Initially, say in the 1950s, medicine was driven almost entirely by anecdote and eminence, in fact, it's only in the past couple of decades that we have gathered good-quality evidence at all, in large amounts, and for all the failures in our current and existing systems, we suddenly now have an over-whelming amount of data. The exciting future, for evidence-based medicine, is an information architecture that can get the right evidence to the right doctor at the right time.

Does this happen? The simple answer is no. Although there are many automated systems for disseminating knowledge, for the most part we continue to rely on systems that have evolved over centuries, like the long, meandering essays in academic journals that are still used to report the results of clinical trials. Often, if you ask a doctor whether they know if one particular treatment is best for a particular medical condition, they'll tell they know it is the best, their answer might scare you.

To be honest, doctors cannot read every scientific article that is relevant to their work. There are tens of thousands of academic journals

and millions of academic medical papers in existence, with more produced every single day.

So, doctors frankly will not be going through every clinical trial, about every treatment relevant to their field, meticulously checking each one for the methodological tricks described, diligently keeping their knowledge perfectly current. They will take quick judgments on the basis of their key opinion leaders and on their own clinical experience and these shortcuts can be explored and exploited, with side effects sometimes.

Now let us understand a doctor's prescribing decision from the perspective of a pharmaceutical company. The company wants the doctor to prescribe your product, and it will put in its best efforts to make that happen. The reality is, the company wants sales. So the company publishes and advertises its new treatment in medical journals, stating the benefits but softening the risks and tilting away from unappealing comparisons. Additionally, the company will send out medical representatives to meet doctors individually, and detail the merits of the treatment.

But the company needs to go beyond this. Doctors require ongoing education: they practice for years after leaving medical school, and medicine changes unrecognizably continuously. This education is expensive, and the state is unwilling to pay, so it is the pharmaceutical companies that pay for talks, tutorials, teaching materials, conference sessions, and whole conferences, featuring experts who they know prefer their drug.

Adverts to Patients

The final decision of prescribing a drug lies with the doctors. But in reality the decision of choosing a particular treatment is made between the patient and doctor. This is entirely how a pharmaceutical company would want things to be; but it does not make patients another level to be leaned on, by an industry keen to increase sales.

Celebrity Endorsement

In the 1952 Hollywood movie 'Singin' in the Rain, Debbie Reynolds plays Kathy Selden, a talented singer who hides behind a curtain and covertly provides the sweet singing voice for an on-stage starlet who merely mimes the words. In an interview, Debbie Reynolds suddenly starts

explaining that “Overactive bladder affects you because it defects you... effective treatment is available.’ The interview didn’t mention that she was working for Pharmacia, a company promoting a new treatment for overactive bladder. Accu Check for detecting active blood glucose levels endorsed by cricketer Wasim Akram is an example of celebrity endorsement wherein Wasim Akram being a diabetic himself promotes the portable and easy to use active blood glucose meter.

More than Molecules

The concept that depression is caused by low serotonin levels in the brain is now deeply embedded in popular legends, and people with no neuroscience experience at all will regularly include phrases about it into ordinary discussions of their mood, just to keep their serotonin levels up. Numerous people also ‘know’ that this is how anti-depressant drugs work: depression is caused by low serotonin, so you basically require drugs which raise the serotonin levels in your brain, like SSRI anti-depressants, which are ‘selective serotonin reuptake inhibitors’. But this theory is wrong. The ‘serotonin hypothesis’ for depression, was always rickety, and the evidence now is incredibly opposing. There is a drug called tianeptine – it is a selective serotonin reuptake enhancer, not an inhibitor, that should reduce serotonin levels – and yet research shows that it is also a pretty effective treatment for depression.

But in popular culture the depression-serotonin theory is proven and absolute, because it has been marketed so efficiently. In drug advertisements and educational material you can see it recycled, simply and plainly, because it makes absolute sense: depression is caused by too little serotonin, therefore our pill, which raises serotonin levels, will fix it. This simple concept is attractive, even though it has little backing in academia, perhaps because it speaks to us of controllable, external, molecular pressures.

Medicalization

Social processes, where the pharmaceutical companies expand the boundaries of diagnosis to increase their market and see the idea that a complex social or personal problem is a molecular disease, in order to sell their own molecules, in pills, to fix it is what sums up the term medicalization. Sometimes it falls apart; because despite the marketing playoffs, these tablets might well do some good.

Patient Groups

Patient groups perform an important and commendable part: they bring patients together, spread information and support, and can help to lobby on behalf of people with the condition they represent.

Many patient groups are funded by the pharmaceutical industry. Basically a patient group requires money and resources to lobby and to support its members and can benefit from specialist knowledge and business know how. A pharmaceutical company offers this and then it has its own requirements: it wants to spread friendly messages for its brand, in a regulatory environment that prevents direct advertising to patients. It also wants to be seen as generous and socially responsible, like any other company.

Doctors and Their Diagnosis

Sometimes you feel that are doctors becoming interpreters of pathology tests and re-engineering the results of all tests inclusive of MRI, etc. to treat the patient and search for right diagnosis. Do they diagnose and then ask patients for tests or do they ask the patients for tests based on the symptoms and then diagnose? Which comes first?

What Can One Do?

It is important to re-shift or ban drug advertisements that do not intend to serve and inform the general public. If a company really wishes to provide authentic information to the patients then they could probably pay to a central and independent repository that can give grants to the people with good track record of providing evidence-based information to the general public. The general public, patients and the media should be cautious about selling novel medical conditions if they are also into selling the cure. It is essential for drug companies running disease-awareness campaigns to declare that it has plans of developing or marketing a product to treat it. Finally it is also equally important that all the educational materials have the same declarations.

PRE-REQUISITES

Understanding the Industry Structure

The pharmaceutical industry is changing as a result of changes in the environment. These changes are in terms of rivalry, potential new entrants, suppliers, buyers as well as substitutes of products.

The industry existing today can be analyzed by many approaches. One way to do the same is by adapting Michael E. Porter's 'Five-Factor' model. This model provides a suitable and convenient framework for the discussion of several pharmaceutical industry aspects and characteristics.

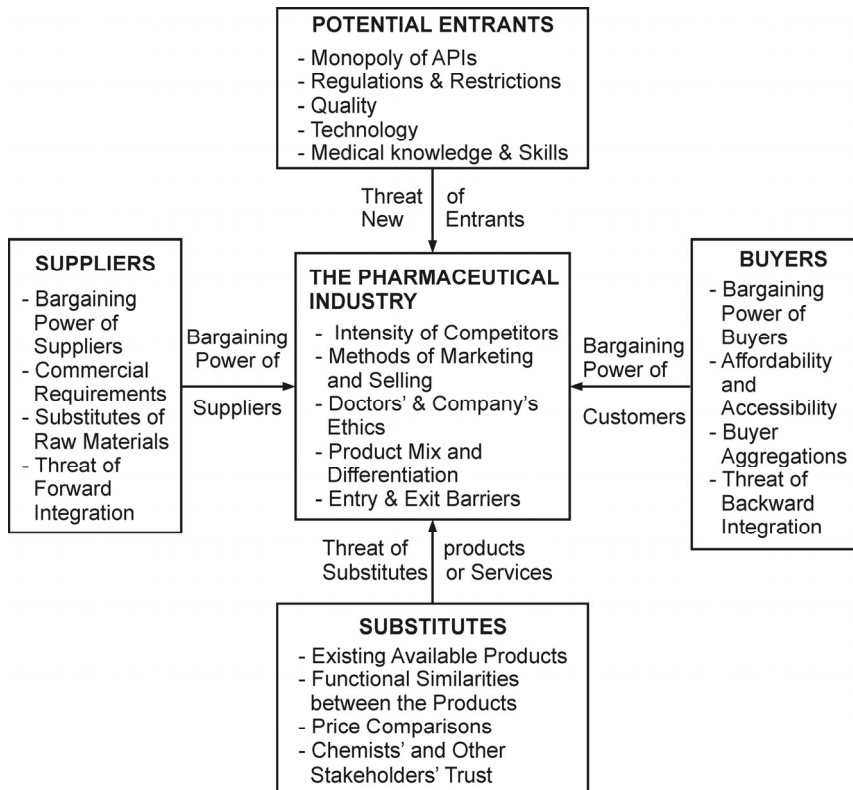


Figure 1.2 Five-factor model for the pharmaceutical industry

Source: Adapted from Michael E. Porter's Five-factor model

As depicted in the model, the degree of rivalry among different organizations in the industry is a function of the intensity of competitors, methods of marketing and selling, ethics related to the doctors and company, product mix and its differentiation, entry barriers and exit barriers. Among these, the intensity of competitors is the most influential.

Competition is enhanced by the threat of entry into the industry which is again restricted by a number of entry barriers. The barriers that restrict this entry are monopoly of APIs, regulations and restrictions

imposed by the Government bodies, quality of the products in the product mix, technological involvement along with medical knowledge and skills.

Bargaining power of buyers is the ability to compel the industry to reduce costs or increase certain features, thus commanding profits. Buyers acquire power when they have better affordability and accessibility along with awareness. Additionally, buyer aggregations with threat of backward integration add to the power of the buyer.

Bargaining power of suppliers is the extent to which suppliers of raw materials have the ability to compel the industry to accept high prices or reduced services, thus affecting profits. The factors affecting the power of the supplier include commercial requirements, substitutes of raw materials and threat to forward integration.

Substitute products are another form of competition. These products affect the potential of the industry because of factors like existing available products, functional similarities between the products, price comparisons, chemist and other stakeholders' trust along with the services offered.

Steps in Marketing through Marketing Models

1. The 4 Phase Transaction Model- Conceptual Model

There are many definitions for marketing but the most practical definition is the fact that marketing by nature is transaction with the market. But the question is that how do we identify this transaction with respect to right doctor and right product. This transaction can be identified by market research, medical and clinical knowledge, clinical experience, new diagnosis, new and existing patients along with analyzing database with profiles. The next step is the stimulation of transaction which can be achieved by support to the medical servicemen and stakeholders through product portfolios, concepts, policies, ethics, pricing, media and competition. Facilitating and encashment of the transaction through patients, pharmacies, stockists, distributors, Carrying and Forwarding Agents (C&Fs), entrepreneurs and academicians come next. Sustaining the value of the transaction is the final part of the transaction which ensures the acquisition of a lifetime buyer of the product.

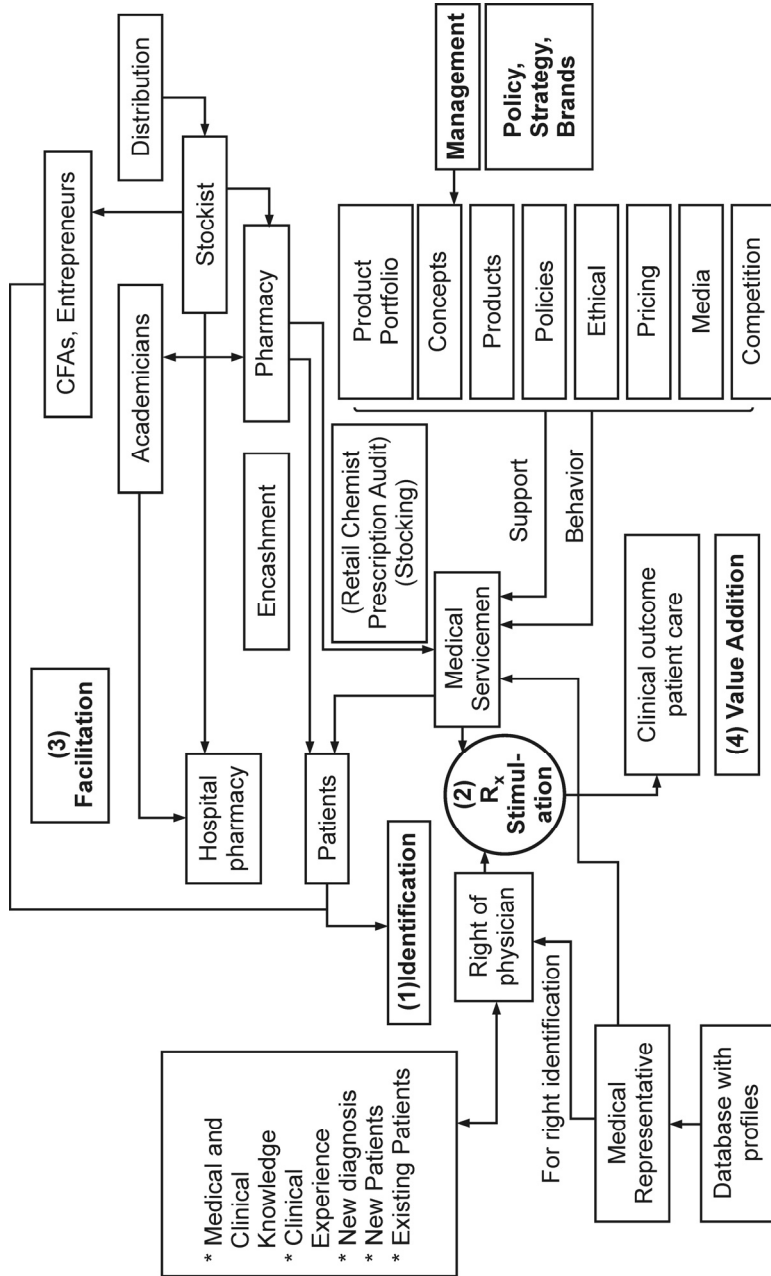


Figure 1.3 The 4 phase transaction model-conceptual Model

Source: Interlink knowledge cell

2. Medical Marketing Model

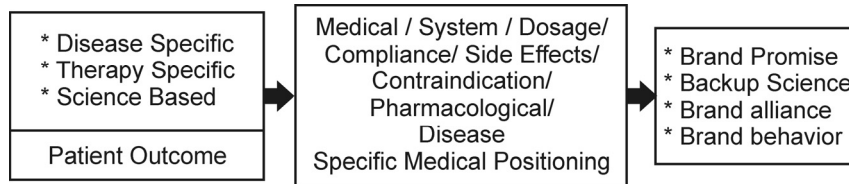


Figure 1.4 Medical marketing model

Source: Interlink knowledge cell

The state today is that most of the drugs are generics and positioning of these generics is difficult. But if you have a medical marketing model then you can look at this positioning through medical positioning first. This medical positioning can be disease specific, therapy specific, science based along with patient outcomes. This is also dependent on what has to be communicated, is it the dosage, the side effects, the compliance or the contraindications. It is important to know what the physician is prescribing and thereby create a lot of differentiation for the product. From this differentiation and medical position brand promise can be created along with some backup science. If necessary in this era of generics, brand alliances can also be considered. Brand behavior is also an aspect that can be looked at by studying post-marketing surveillance and promotional studies through this medical marketing model.

3. Market Projection Model

Marketing projection is dependent on many aspects and these aspects include epidemiological analysis, new diseases, detected and undetected diseases, patient pool and potential. It is important to consider dropouts from a particular study of research of a product while forecasting.

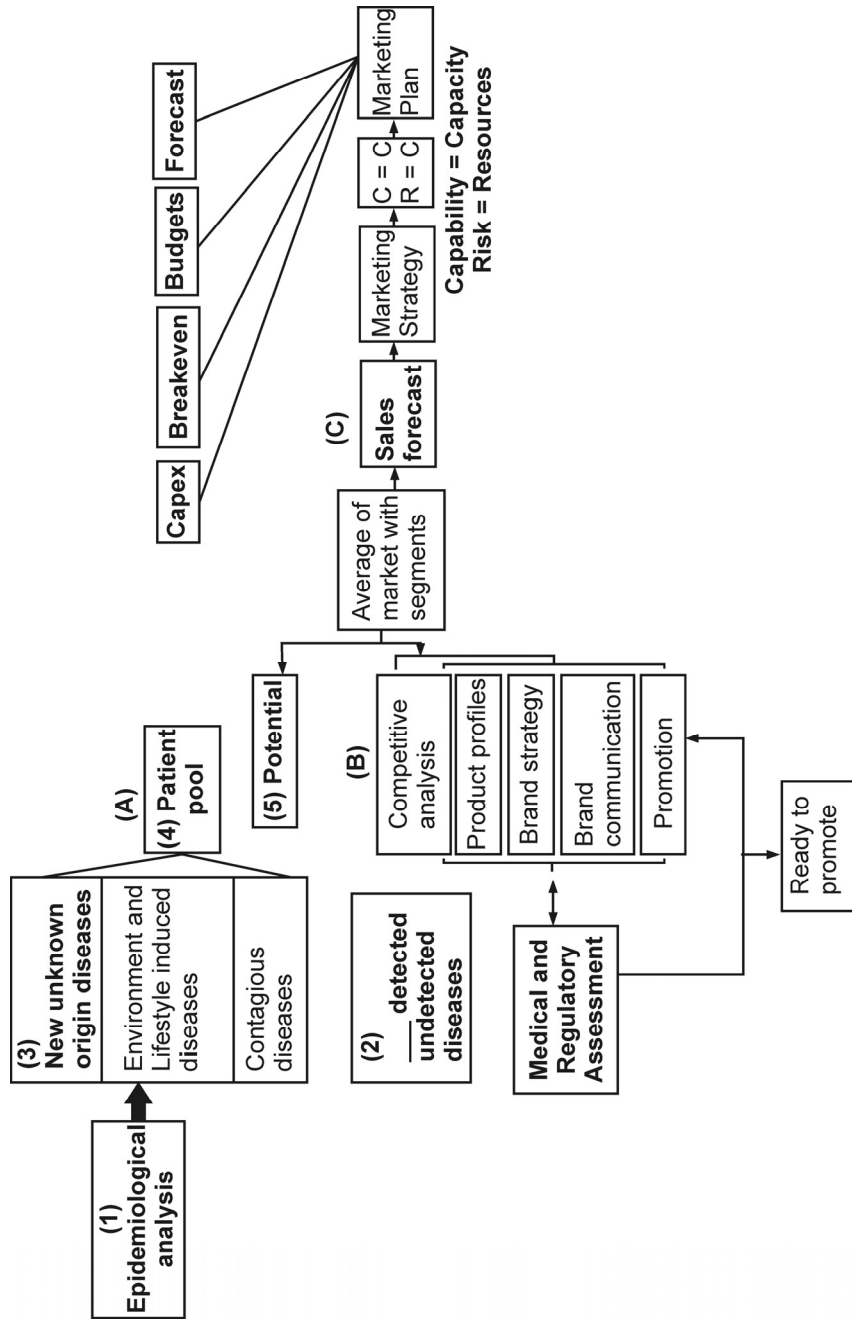


Figure 1.5 Market projection model

Source: Interlink knowledge cell

4. Commercial Model

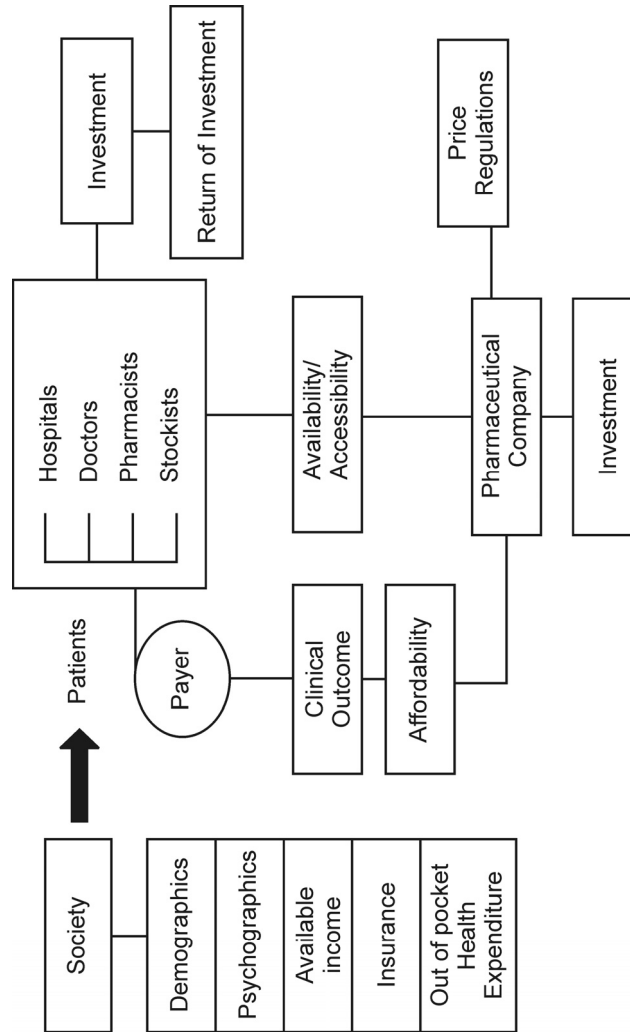


Figure 1.6 Commercial model

Source: Interlink knowledge cell

The commercial model depends on the society. Higher segments of the society do not face the issues of affordability that is there is no price resistance. So it is important to look at the society where the company wishes to operate and to position the product in accordance. It is also important to look at who is the prescriber of the product and his/ her attachments to hospitals, stockists,

26 Strategic Pharmaceutical Marketing

pharmacists and doctors. So the first commerce of the commercial model takes place at the prescriber level, second commerce at the level of other stakeholders attached to the prescriber, third commerce at the level of availability and accessibility and fourth at the level of investment which then leads to return on investment thus, contributing to profitability.

PROCESSES

The Basics of Strategy and Marketing

Basics of Strategy

In a competitive environment and business variables, the company needs to look at their strengths and engage relevant opportunities to develop a strategy and intent.

Contents are dependent on risk taking ability of the company and the fact that it has brand assets always help double the strategic advantage.

Basics of Marketing

The basics of marketing include understanding the organization's mission and the role marketing plays in fulfilling that mission, setting marketing objectives, gathering, analyzing, and interpreting information about the organization's situation, including its strengths and weaknesses as well as opportunities and threats in the environment, developing a marketing strategy by deciding exactly which wants and whose wants the organization will try to satisfy (target market strategy) and by developing appropriate marketing activities (the marketing mix) to satisfy the desires of selected target markets, implementing the marketing strategy, designing performance measures and periodically evaluating marketing efforts, and making changes if needed.

These activities and their relationships form the foundation on which marketing has been based and thus, has evolved.

New Rules of Marketing

The pharmaceutical industry is experiencing a wave of changes that are prompting the rewriting of the rules of marketing.

Some sales and marketing practices in the pharmaceutical industry are unethical; some research is misused. There is no industry in the world that is snow-white or that is devoid of any problems or issues. There are issues in the food industry, around obesity, in the tobacco industry and in the financial services industry with the global economic crisis. If the problems in the industry are emphasized, and controls are pushed for, then the companies will become more risk-averse, which will then result in less innovation.

Rather than tightening the reins, it is important that companies intensify their marketing efforts while adhering to best ethics-based industry practices that need to be done with awareness of the fundamental changes currently underway within the industry.

New Stakeholders

Launching a new product to any kind of pharmaceutical market comes with its challenges especially with the shifting center of gravity within the industry. The industry is now focused on inputs from a diverse set of stakeholders including regulators, insurance companies, hospital administrators, managed care organizations, nurses, social media, and of course, patients besides individual prescribers.

With the medical representatives having many years of experience dealing with prescribers, have deep insights about the perceptions, preferences and behavior of these prescribers, and thus, know a lot less about the other stakeholders. As a result, getting 'under the skin' of the other relevant stakeholders is a sales and marketing task whose importance is second to none. Adding to this is the fact that newly empowered decision-makers have differing, and conflicting needs and wants. Therefore, it becomes extremely important for any company to position its product that satisfies all the stakeholders. This then becomes a delicate, and new job for pharmaceutical sales and marketing.

But getting these insights right outweigh the challenges faced. For instance, Eli Lilly's erectile dysfunction drug Cialis initially faced long odds in its bid to take on market pioneer Viagra. Dose for dose, Cialis far outlasted Viagra, with a 36-hour window of effectiveness compared to Viagra's 4-hour one, but physicians considered this a meager advantage. However, the Cialis team, by getting 'under the skin' of its target audience, hit upon a compelling sales point: Having 36 hours to play with allowed couples to have a less pressured, more romantic

experience. Contrasting Viagra's positioning as a male performance enhancer, Lilly marketed Cialis as the "couple's weekend pill" helping them to restore intimacy, and reduce stress within their relationships. The creative positioning paid off handsomely: In 2011, sales of Cialis overtook Viagra.

Global Challenges

The rise of developing markets threatens to compound the challenges that face the pharmaceutical companies. The stakeholders may be very different, and the prevalence of diseases might not be the same. Also, the healthcare infrastructure might often not be very sophisticated along with these markets being rather volatile, and difficult to predict. It is not a sure bet, but one has to invest.

In order to achieve a strong foothold in any market in today's times, companies need to commit to building a heavily localized approach that is substantiated by global reputation. Otherwise, the companies risk going the Procter & Gamble way, which sold off its pharmaceutical business in 2009. P&G could not last long in the pharmaceutical industry because of the mere fact that people weren't sure they could trust a soap, and diaper producer with their health.

Speciality and Niche Markets

The focus of the industry is witnessing a shift from primary care towards speciality, and niche markets. There has been a substantial rise in speciality products. Instead of being marketed to a huge patient population, new pharmaceutical products will most likely follow the footsteps of Novartis' Afinitor, which began as a treatment for kidney cancer but slowly became adopted as a treatment for certain kinds of lung, breast, and brain tumors as well.

The most game-changing trend in the industry is that of personalized healthcare (PHC), an approach that focuses on matching medicines to specific target groups. The shift of approach towards PHC is also necessitated by the increased importance of payers as industry stakeholders. As the speciality drugs are expensive, and targeted towards only a small segment of patients, regulators, and payers are setting the threshold for reimbursement higher, and higher.

Companies are already looking at adapting their marketing strategies in an attempt to claim their niche, but this can backfire if there is no brand recognition. AstraZeneca's Brazilian Iressa, a niche lung cancer drug, lost out to Tarceva, a similar product from oncology giant Roche/Genentech, despite AstraZeneca financing expensive eligibility tests. When the time came for the actual prescription, providing free biopsies to test for the biomarker didn't generate enough goodwill to persuade Brazil's stakeholders to choose AstraZeneca over the better-known brand.

The sales and marketing investments of major pharmaceutical companies has produced outstanding contributions to many critical fields. New stakeholders and new markets hold opportunities for companies to put their best foot forward and succeed at the same time in this rapidly changing world.

Hence, the new rules of marketing look as follows:

1. Patients not the drug or prescription are in focus.
2. Create innovative medical-marketing positioning and communication.
3. Ethics are in the center as we deal with human life.
4. Consider the health care infrastructure and push strategic initiatives to all stakeholders.
5. Use all media inclusive of focused medium of MR (Medical Detailing).
6. Corporate image is equally essential to acquire 'credibility' and develop it.
7. Looking at regulations as facilitators and hindrances to think and proceed.
8. Looking at ROI always in making financial investments.
9. Working towards developing a brand.

PHILOSOPHY AND PRACTICES

1. Philosophy of Marketing

Ethics in Business

Being a business of health and human beings involved in it, ethical dimension of marketing needs to be a major fulcrum of philosophy of pharmaceutical marketing. At the end, it is a business behavior of sales and marketing teams get exposed the moment they deviate from norms of ethics.

30 Strategic Pharmaceutical Marketing

Ethics per say, is just decision and thereby action defeating to a situation which a decision maker takes at that moment. It's that moment which is crucial to be on ethics path or deviate from it for immediate gains or competitive edge.

However, it's important to understand that pharmaceutical sales and marketing is not the same as in any other industry selling and marketing, as at the end we are processing health and outcome of health through our products, services, concepts, communications have to keep that safety, efficacy and health solution in focus.

Being a very crucial element of life and creating a thin line difference between health and the patient taking medicines who is not healthy, will get on priority for all policy makers and regulatory, as this is an issue of the population and the country. More important parameters like morbidity and mortality when it comes to human beings have direct impact on how new drugs are invented or devised and how do we as a country, through sales and marketing, address the issue of mortality and morbidity in pharmaceuticals.

As a result, is not only ethics at R&D, product development, quality, quality delivery but also at sales and marketing and final transaction between physicians and pharmaceutical industry needs philosophy of ethical marketing and selling.

Creating New Markets and New Wave in Patient Centric Satisfaction

Most of the industries have consumers and customers. Even in pharmaceuticals, we have customers as prescribers, insurance companies, other Institutions where supplies are given to arm forces and other services. We also have consumers who are patients or pre-emptive patients. As pharmaceuticals, propagative products, concepts, services and infrastructure for patient healthcare, it's equally important that organization and industry should be attuned towards patient centric healing and satisfaction.

As expressed at many places in this book, we need to be ready to address diversity and adversity and we also need lot of innovation to win over in changing environment.

It's not only important for pharmaceutical sales and marketing to focus on taking the competitors market share or share from growth of the markets, it's going to be consistently important that we improve our competency of sales and marketing teams as well as develop strategies to create new markets for ourselves. It's not Blue Ocean Strategy but it's definitely a new wave strategy for pharmaceutical marketing. The day is not far off where existing pharmaceutical marketing unless it is architectural on basic principles of pharmaceutical marketing, ethics in business behavior and new wave of marketing is crystalized to gather momentum in creating new markets.

Blue Ocean Strategy was developed by W. Chan Kim and Renée Mauborgne. They observed that companies tend to engage in head-to-head competition in search of sustained profitable growth. Yet in today's overcrowded industries competing head-on results in nothing but a bloody red ocean of rivals fighting over a shrinking profit pool. Lasting success increasingly comes, not from battling competitors, but from creating blue oceans of untapped new market spaces ripe for growth.

Blue Ocean Strategy challenges everything you thought you knew about strategic success and provides a systematic approach to making the competition irrelevant.

Selling a Core of Pharmaceutical Marketing

All said and done, whatever we say in literature at least in pharmaceuticals sales and marketing core fabric of sales and selling plays a vital role in creating new transactions and demand for pharmaceutical products. Marketing is definitely cementing itself and penetrating to the center of core which is selling. Unless it is been done meticulously, in an articulate way, sales and marketing in pharmaceuticals would remain two different layers and also bring lot of non-alignment of these two functions. This non-alignment would result in no demand creation and hence strategic impact of marketing will not be visible through selling in the market.

Purpose of pharmaceutical selling is very mobile, as through selling intervention, pharmaceutical companies are providing alternative way in improving quality of life of patients, if they comply with the dosages, indications, contra-indications and prescribers manage other effects to provide that quality to patients.

32 Strategic Pharmaceutical Marketing

Objectives of pharmaceutical selling is a process and it's not one time decision but it's a continuous exposure and intervention of pharmaceuticals, medical salesmen with the physicians. In this process of building relationship with the knowledgeable customer like physicians, pharmaceutical medical salesmen must possess skilled and competency to discuss and debate science and also commerce. This is possible only when this pharmaceutical medical salesmen creates trust with physicians. Hence, objective of pharmaceutical selling is creating trust not only with physicians but also with patients, patients families and other stakeholders like pharmacists, stockiest etc.

Besides this trust and increasing quality of patient's life pharmaceutical medical salesmen has overall responsibility, as he is frequently visiting physicians and pharmacists to create value for his own existence in a very competitively dense marketing.

2. Transaction Practice

As core of pharmaceutical marketing is sales and selling, this transaction should not only provide one time prescription generation and also encashment on the same but as the value is generated during the transaction, this mode of transaction should make this sales and process of selling as rain making. No longer will it be a one-time sale but also it will continuously rain.

Lifestyle diseases and other disorders as well as chronic diseases, have a tendency to consume medicines for a long time and that is exactly an important aspect of creating a new process of rain making than only selling as a one-time sale.

Besides selling and rain making definition of product, is also not the same, as it was few years before. Today, any product is also expanded with its packaging, servicing guarantee, warranty, indications, contra-indications and as more regulations are in the offing, the same product would be defined in a different way. This might create fear of uses or limitation in uses or right way to ensure that there is compliance.

As product definition is enlarged, its scope, pharmaceutical sales and marketing should also understand that it's no longer just one ingredient packaged in a capsule or any other galenical form.

3. Safety Practice

In order not to lose focus on sales and marketing, it's imperative that basics of pharmaceutical and marketing like sales drill, segmentation, positioning, targeting has to be in its place otherwise, the same core of pharmaceutical marketing, as it is shifted to selling would go beyond the boundaries of sales and marketing and cross the border of social, political, economic, technological essence of marketing where the controls will be different, measures will be different and rewards will be different. So it is important to stick to basics of marketing, available utilities, barriers of promotions and also to the extent which not only reaches physicians and pharmacists but also to patients not by compelling him to consumer medicines but by making him aware that to keep him healthy he or she needs lot of efforts of compliance and duration of the treatment.

In fact, in the era of generics, products are looking similar from perception point of view except pricing difference. It's important now that pharmaceutical sales and marketers find out how do I differentiate some generics with the help of medical sensibility, meta-analysis and also understanding customer and consumer insights to provide differentiation.

4. Execution Practice

As core of pharmaceutical sales and marketing is shifted to sales, obviously execution becomes the essence of sales. No longer sales management is an issue of relationship with field staff but it is vehemently clear with sales and marketing is devoid of analytics and data management. Number of observations have been studied and also observed that behaviors change on the basis of critical incidences and data points are captured properly through analytics. These analytics become imperative for sales force execution and also efficiency.

5. Business Practice

Not in the beginning and not even at the end, we consider that it's the NGO – a non-profitable or a charitable trust but it is definitely a business, may not be a business like other materials, but it's a business of healing, business to provide health solutions and hence it is requirement of earning decent margin or profit, depending on the

34 Strategic Pharmaceutical Marketing

tax structure of the country, as this enterprise who is motivated to serve patients, need to survive and remain healthy to provide healthy solutions.

LEARNINGS

With the pharmaceutical marketing environment changing consistently, the pharmaceutical marketers have to be competent and ready to face the diverse and adverse situations.

The world today is moving towards a new normal world by riding the megatrends of digitization, sustainability and rise of the developing markets.

There is a defining moment in the paradigm of how business is conducted with consumers being inclined towards globally leveraged, locally relevant products. To succeed globally, the enterprises need to have:

- Every Day Great Execution (EDGE)
- Diversity of Talent
- Purpose-Driven and Values-Led-Leadership

To manage the new normal world it is important to innovate and one aspect of this is 'Design Thinking', a framework for shifting the paradigm of innovation.

As marketing evolves and takes shape it is important to take in account various marketing perspectives like:

- Political Perspective
- Economic perspective
- Social Perspective
- Technological Perspective
- Regulatory Perspective
- Ecological Perspective
- Trade Perspective
- Unionization Perspective

It is also important to take into consideration the perceptions of marketing to perceive and understand what is happening in the pharmaceutical marketing environment.

The pre-requisite is to understand the pharmaceutical industry structure as it is undergoing significant changes in terms of:

- Rivalry
- Potential New Entrants
- Suppliers
- Buyers
- Substitutes of Products

Marketing in the pharmaceutical industry can be pursued by following the marketing models like:

- The 4 Phase Transaction Model-Conceptual Model
- Medical Marketing Model
- Market Projection Model
- Commercial Model

In a competitive environment and business variables, the company needs to look at their strengths and engage relevant opportunities to develop strategy and intent by following the basics of marketing.

With the pharmaceutical industry experiencing a wave of changes it is imperative for the marketers to follow new rules of marketing keeping in mind new stakeholders, global challenges and specialty and niche markets.

Finally, it is also important to follow the practices of marketing with respect to:

- Philosophy of Marketing
- Transaction Practice
- Safety Practice
- Execution Practice
- Business Practice