A COMPARATIVE STUDY OF MARKETING STRATEGIES OF SELECTED PHARMACEUTICAL COMPANIES

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ABSTRACT

This study was undertaken with the objectives of studying the concept of marketing strategy of pharmaceutical companies, understanding the differences in marketing strategy of pharmaceutical companies, investigating impact of marketing strategies on sales of pharmaceutical companies, analyzing the impact of marketing strategy and Branding of Pharmaceutical companies on consumer Perception, and, evaluating challenges and opportunities for pharmaceutical companies. Pharmaceutical companies with a turnover more than Rs.100 crores were chosen for the study. Primary data was collected from two sources: groups of experts comprising of Doctors, Chemists and Medical Representatives and from consumers. The sample size in either case was 400. Two major conclusions emerge in relation to the marketing strategies of the pharmaceutical companies. One is that there was a high level of agreement on an overall basis to the different elements of the marketing strategies of the pharmaceutical companies. Second important conclusion that emerged was that the marketing strategies have a sizable correlation with demographic variables of the companies like type, market and status. There are ample opportunities for the pharmaceutical companies to be capitalized on. At the same time challenges like increased competition, price war with foreign companies, etc. are also to be addressed.

Keywords: Marketing strategy, Pharmaceutical Companies, Opportunities and Challenges

1. Introduction

1.1 Background and Introduction

India is the biggest supplier of generic drugs globally. Indian drug sector supplies over half of worldwide demand for different antibodies, 40% of generic interest in the US and 25% of all medication in the UK.

India enjoys a significant situation in the worldwide drugs sector. The nation additionally has an enormous pool of researchers and architects with a possibility to guide the business ahead to more noteworthy statures. As of now, over 80% of the antiretroviral drugs utilized globally to battle AIDS (Acquired Immune Deficiency Syndrome) are provided by Indian drug firms.

1.2 Research Objectives

Following were the objectives set for the research:

1. To study concept of marketing strategy of Pharmaceutical companies,
2. To understand the differences in marketing strategy of Pharmaceutical companies,
3. To investigate impact of marketing strategies on sales of Pharmaceutical companies,
4. To analyses the impact of marketing strategy and Branding of Pharmaceutical companies on consumer Perception, and,
5. To evaluate challenges and opportunities for Pharmaceutical companies.

1.3 Significance of study

If there is one sector that has come into lot of focus in the year 2020, it has been the pharmacy sector, thanks to the Corona pandemic. The pandemic while posed a serious threat to the common men and the economy as a whole it simultaneously presented a range of marketing opportunities for the pharmaceutical companies. When such opportunities are on offer, are the pharmaceutical companies ready to capitalize them? What kind of strategic responses are available from these companies? Does their branding effectiveness come into play? Such questions have become important from marketing strategy perspective. At the same time, it is also important to study the opportunities and challenges that can come-up in the near future for the pharmaceutical companies in implementing their strategies.

This study makes a comprehensive assessment of all these aspects factoring the impact on sales performance and consumer perception as the outcome variables. The marketing stakeholders of pharmaceutical companies include not only the ultimate consumers (patients) but experts like Doctors, Chemists and Medical Representatives. This study envelopes all these groups under one umbrella and investigates different facets of the marketing strategies of the pharmaceutical companies.

These contributions are expected to benefit both academicians and marketing professionals.

2. Review of Literature
2.1 Review of the Literature

2.1.1 Marketing strategies in general

1) Lin et.al (2020) stated that the purpose of this paper was to empirically investigate how Chinese private manufacturers make strategic branding decisions. The researchers develop a conceptual framework to examine the branding decisions embraced by Chinese manufacturers. Interview data were exposed to qualitative thematic analysis & quantitative categorical principal component analysis. Data disclose a branding schema that illustrates 4 types of B2B brander: awareness competencies branders, achievement competencies branders, novice competencies branders, and no-competencies branders. The schema portrays the trajectory of the progressive evolution of B2B branders.

2) Jain et.al (2020) stated that the concept of green manufacturing has gained cognizance among manufacturers because of regulations imposed by the government and rising environmental consciousness of customers. Recognizing the fact that green manufacturing can yield long-term economic & environmental gains with huge endeavors channelized toward green marketing, firms are rehashing their marketing strategies.

2.1.2 Marketing strategies of pharmaceutical companies

1) Pensap et.al (2020) stated that marketing strategies have got much attention in the recent 2 decades both in domestic and international market. The growth and achievement of business firms are legitimately related to the marketing strategies. However, a range of factors are accessible having their influence on the overall marketing planning and strategies characterized by the pharmaceutical industry.

2) Crick et.al (2020) stated that although competition (simultaneous cooperation and competition) should emphatically influence company performance, it is hazy how implementation of these business-to-business marketing strategies can occur during large-scale emergencies.

2.1.3 Impact of marketing strategy on sales performance of pharmaceutical companies

1) Kumar et al. (2020) stated that marketing strategies stimulate the firm to unearth areas that are being disturbed by several factors. This is embraced to decide the target market in order to accomplish prosperity in the organization. An effective marketing strategy would possibly help in captivating new customers as well as sustaining for the longer-term.

2) Arrawatia (2019) stated that in India, pharmaceutical industry developing quickly in all segments, henceforth it is needed to analyse the marketing and sales perceptions.

2.1.4 Impact of marketing strategy and branding of pharmaceutical companies on consumer perception

1) Tajuddin et al. (2020) stated that Malaysia is ranked 6th in the Asia Pacific region for obesity and diabetes and it is positioned the first amongst the Southeast Asian countries. Obesity and diabetes can cause severe non-communicable diseases such as hypertension and heart disease.

2) Suganya (2019) stated that the pharmaceutical industry is trending in business decisions to exhibit financial

impact, impact on the behavior of consumers, governments, and businesses. This effect is beyond geographies and industries.

2.1.5 Challenges and opportunities for pharmaceutical companies.

1) Bhatnagar et al. (2020) stated that freeze drying is the most broadly employed technique for drying of pharmaceuticals and signifies the gold standard to which other drying technologies are compared. This chapter gives an outline of the evolution and advances in pharmaceutical freeze drying, with an accentuation on the drying of biologics. It surveys the approaches (best practices) for the stabilization, tools for process monitoring & control, methods for characterization of the physical network and the active compounds in the dried state, and the present challenges and future opportunities in freeze drying.

2) Procopio et al. (2020) stated that this section covers the source material properties general established in polymers to 3D printing technologies and applications to drug delivery. A few published examples are utilized to highlight the advantages of certain technologies alongside the disadvantages of others.

2.2 Research gap

Most of the studies have a generalized approach towards studying the marketing strategies of organizations in general and also for the pharmaceutical companies. Comparative analytical studies based on company specific characteristics are not found much. If a pharmaceutical company is dealing in main product line while other is research and development oriented, does this factor affect the marketing strategy? This question has not been answered by researchers. And if the strategies are different what are its implications on sales, consumer perception etc. have not been studied.

3. Research Design
3.1 Research Approach
3.1.1 Approach

Empirical approach was adopted for the study. Both primary and secondary data were planned for the use.

Primary data was planned for collection through questionnaire from sample of 400 special set of respondents comprising of Doctors, Chemists and Medical Representatives. Another set of 400 customers were surveyed for assessing their perception.

3.1.2 Research Variables

Independent Variables
Pharmaceutical Companies, Marketing Strategy, Branding

Dependent Variables
Marketing Strategy, Sales Performance, Consumer Perception

Additional Variables - Challenges and Opportunities
Secondary Data resource used were agency research, publications by individuals, research publication by institutions, annual reports etc.

3.2 Outline of Scheme for Testing of Hypotheses

- Two sets of questionnaires were designed to collect primary data in order to test the hypothesis as stated earlier.
- One was administered to a special group of three – Doctors, Chemists and MRs. Second was administered to customers.
- In line with the hypothesis the questionnaire for the special group was divided into four main parts –

  i. Identification of Marketing Strategy,
  ii. Branding Effectiveness
  iii. Sales Performance
  iv. Opportunities and Challenges

- The questionnaire for customer had only one main section that of the perception.
- The structure of the questionnaire was kept simple by framing questions /statements/ factors as questions.
- Responses were measured on 5-point Likert scales such as Agree/Disagree, Effective/Ineffective, High/Low, etc.
- Codes were used to quantify the responses
- The hypotheses were tested as under:

Table 1: Scheme for testing of hypotheses

Sr. No.	Null Hypothesis (Ho)	Alternate Hypothesis (Ha)	Method of testing Hypo
1	There is no significant difference between pharmaceutical marketing strategies of selected pharmaceutical companies	There is a significant difference between pharmaceutical marketing strategies of selected pharmaceutical companies	Correlate the three company descriptive variables – Market, Type and Status with average of marketing strategy responses for all 400 respondents from the special group and find if the association is significant or not
2	There is no significant impact of marketing strategies on sales of selected pharmaceutical companies.	There is a significant impact of marketing strategies on sales of selected pharmaceutical companies.	Correlate average responses of marketing strategies and sales performance for all 400 respondents from the special group and find if the association is significant or not
3	There is no significant impact of marketing strategy and branding of select pharmaceutical companies on consumer perception.	There is a significant impact of marketing strategy and branding of select pharmaceutical companies on consumer perception.	Plot a multiple regression equation with consumer perception as the dependent variable and marketing strategy and branding effectiveness as the independent variables.
4	There are no significant challenges and opportunities for selected pharmaceutical companies	There are significant challenges and opportunities for selected pharmaceutical companies	Compare the average ranking with hypothesized mean ranking of 3 which is the mid-point of the scale and see if the difference is significant from the mid-point.

3.3 Population and sample selection

www.pharmatips.in (2020) has listed 503 Pharmaceutical companies in Maharashtra. Taking these 500 plus companies into consideration it was easily estimated that the population for both the groups – special group and customers would be a large population (>20,000).

Sample Size – 400 each (as per standard Krejcie and Morgan table size for large population is 377 at 95% confidence level; same rounded off to 400).

3.4 Data collection method
3.4.1 Overall data collection scheme

The data collection method envisaged collection of both primary and secondary data. The primary data was to be collected from 400 respondents each from the special group comprising of Doctors, Chemists and MRs and also from 400 customers. Secondary data was to be collected through journals, articles, internet and other sources.

3.4.2 Primary data collection scheme:
Primary data was collected from respondents through a questionnaire comprising of different sections.

3.4.3 Test of reliability

Cronbach's Alpha and other tests were applied on various parts of the questionnaire using "Siegle Reliability Calculator" an excel program showed that all the Cronbach Alpha's were above 0.70 (the standard), and hence the questionnaires were considered as reliable.

4. Data Analysis and Interpretation

The following table summarizes key parameters and the overall interpretation:

Table 2: Summary of data analyses of responses &overall interpretation

Sr. No.	Data Analysis	Outcome	Interpretation
1	Impact of demographic factors on pharmaceutical marketing strategies	R^2 = 2.3%, p-value = 0.026	As the R^2 is significant as indicated by the p-value, reject the null hypothesis that there is no impact of demographic factors on pharmaceutical marketing strategies
2	Impact of marketing strategies on sales performance	R^2 = 23%, p-value <0.0001	As the R^2 is significant as indicated by the p-value, reject the null that there is no impact of marketing strategies on sales performance
3	Impact of marketing strategy and branding of selected pharmaceutical companies on consumer perception	R^2 = 90%, p-value <0.0001	If the association is significant reject the null that there is no impact of marketing strategy and branding of select pharmaceutical companies on consumer perception
4	Challenges and opportunities for select pharmaceutical companies	Average ranking levels to the challenges = 4.16, and opportunities = 4.17	As the average ranking when compared with hypothesized mean ranking of 3 which is the mid-point of the scale, shows a significant difference reject the null that there are no significant challenges and opportunities for selected pharmaceutical companies

5. Findings, Conclusions and Suggestions for Further Research

5.1 Research Findings

a. Findings related to profile

i) The distribution of Category of respondent was 203 of Doctor group; 16 for Chemist group; and 181 for MR group.

ii) The division of Type of Company was 256 of Mainstream group; 23 for Research & Development group; and 121 for Generic group.

iii) The distribution of Market was 191 of Domestic group; 209 for Domestic and Exports group; and 0 for Only Exports group.

iv) The spread of respondents Status of company was 189 of Indian group; and 211 for MNC group.

v) The distribution of Average Turnover was 11 of <Rs.100 crores group; 199 for Rs.100-Rs.500 crores group; and 190 for >Rs.500 crores group.

vi) The division of Existence of company was 13 of <10 years group; 194 for 10-20 years group; and 193 for >20 years group.

vii) The spread of Work experience of respondent was 138 of 5 years group; 112 for 5-10 years group; and 150 for >10 years group.

b.   Inferential and finer data analysis

i) The three demographic factors, namely, type, market, status showed an association of R^2 = 2.3%, with a p-value = 0.026, on pharmaceutical marketing strategies, and was found to be statistically significant.

ii) Impact of marketing strategies on sales performance showed a R^2 value of 23%, with a p-value <0.0001 and was found to be statistically significant.

iii) Impact of marketing strategy and branding of select pharmaceutical industries on consumer perception showed a R^2 value of 90%, with a p-value <0.0001 and was found to be statistically significant.

iv) On a scale of 5, while the five opportunities fetched an average rating of agreement at 4.17, the five challenges fetched an average rating of agreement at 4.16 and both these were found to be statistically significant.

v) None of the two additional demographic variables, namely, turnover of the company and number of years of existence of the company, showed significant association with the marketing strategies of the pharmaceutical companies.

5.2 Conclusion

i) Two major conclusions emerge in relation to the marketing strategies of the

pharmaceutical companies. One is that there was a high level of agreement on an overall basis to the different elements of the marketing strategies of the pharmaceutical companies. Factors like The company has a significant market development strategy, The company has a significant market penetration strategy, The company has tapped options like outsourcing for revenue generation, The company caters to niche segments of the market, The company has positioned itself as a cost leader, The company offers significant differentiation in its products, The company has a visible brand management strategy, The company has a customer engagement strategy in place, The company has a clear customer acquisition strategy and The company has a clear customer retention strategy, were largely agreed to by the respondents. Second important conclusion that emerged was that the marketing strategies have a sizable correlation with demographic variables of the companies like type, market and status. For instance, if the company is a MNC it has a better marketing strategy as compared to an Indian company. Similarly, if the company is catering to both domestic and export markets, then it has a better marketing strategy as compared to the one that has only domestic sales.

ii) Presence of a comprehensive marketing strategy clearly has a positive impact on the major outcome variable, that is, sales performance. Performance parameters like Growth in overall revenue, Growth in unit price realization (UPR), Increase in overall market share, Increase in product-wise market share, Increased sales from new business, Increase in repeat orders, Increase in market penetration (local), Increase in market penetration (exports), Improvement in gross margins and Improvement in net margins were all rated on a high in respect of the companies where the strategies presence was found to be higher and vice versa.

iii) Marketing strategy along with branding by the pharmaceutical companies has a clear impact on the customer perception. The branding elements assessed were : Brand identity (the way people recognize the brand), Brand image (the idea of the brand that people develop in their minds), Brand positioning (the way a product is placed in the market), Brand personality (certain emotional or personal qualities that we associate with a particular brand), Brand equity (the value of a brand), Brand experience (combination of everything that a customer goes through while purchasing and using that brand), Brand differentiation (how a brand stands out in the crowd), Brand communication (the message it delivers through various sources), Brand gap (the difference between what a brand promises to deliver in its communications and what it actually does) and Brand extension (going beyond ones origins and exploring newer fields). Wherever the branding effort was effective along with a good overall marketing strategy, the customer perception was found to be positive. On the other hand customer perception on factors like, Feelings on overall quality of companies products, Emotions attached with product brands, Views on reasonableness of prices of products, Feelings towards the overall company image, Views about business ethics observed by the company, Feelings towards companies marketing efforts, Emotions attached with companies advertisements, Feelings about companies market reputation, Views about companies market leadership and Feelings about companies growth prospects were rated on the negative wherever the marketing strategy was weak and the branding was ineffective.

iv) There are ample opportunities for the pharmaceutical companies to be capitalized on. These include: Expansion in domestic market, Expansion in export market, High potential for Research and Development, Increase in market share, Possibility of backward integration. At the same time challenges like Increased competition, Price war with foreign companies, Issues with patenting of products, Complex domestic regulatory compliances and Complex overseas regulatory compliances are also to be addressed.

On an overall basis it can be concluded that marketing strategies for pharmaceutical companies are not only specialized in nature, they are also super-specialized on the basis of the type of the company, the market in which it operates and the status of the company. This in turn, has impact on sales performance and intangible factors like customer perception.

Contribution to the existing body of knowledge.

The study demonstrates that within a general marketing strategy organization like the pharmaceutical companies can have niche strategies to adopt based on certain factors. Differences in the type of the company, its market, and its status, are some of the factors on the basis of which we find a difference in the marketing strategy. For instance, if the company is a MNC it has a better marketing strategy as compared to an Indian company. Similarly, if the company is catering to both domestic and export markets, then it has a better marketing strategy as compared to the one that has only domestic sales. The study adds empirical evidence showing relationship between performance and strategy implementation. Wherever the strategies implementation is visible a high performance is also seen and where the strategy is not visible,

performance suffers. The research also adds empirical evidence showing that wherever the branding effort was effective along with a good overall marketing strategy, the customer perception was found to be positive. It also provides valuable insights by identifying opportunities and challenges for the pharmaceutical companies.

5.3 Suggestions

i) A rapid adoption to Marketing 4.0 should be shown by the pharmaceutical companies, especially those from the domestic market and those promoted in India.

ii) Digital marketing is the new marketing. Pharmaceutical companies should leverage digital technology in making marketing more efficient and effective.

iii) The recent pandemic of Corona has shown that marketing strategies lack marketing intelligence – timely inputs on the opportunities that might be available. Almost a year has gone by when the vaccine was developed. This indicates that the market sensors need to be improved.

iv) Indian companies need to be more professional in their marketing endeavors to catch-up with their counterparts who are operating as MNCs.

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