

TRENDS IN OTC DRUG MARKETING STRATEGIES BY INDIAN PHARMACEUTICAL COMPANIES

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ABSTRACT

India is upcoming Pharmaceutical emerging market which shows tremendous growth in Pharmaceutical business. There are various therapeutic segments which are promoted by Pharma companies that facing lot of challenges to compete with each other for their market share out of which OTC marketing strategies are new diversification in business for national and international Pharmaceutical. To compete with each of another branded OTC product companies are enormously advertising and promoting their OTC product into the market. The present study emphasize on various marketing strategies use for OTC brand promotions by Pharmaceutical companies in reference to satisfying need and wants of customer.

KEYWORDS: OTC (Over-the-counter) Medicines, Marketing strategies, Product life cycle (PLC), Product promotion.

INTRODUCTION

This paper focused on different concepts of marketing strategies adopted by pharmaceutical industry to promote their OTC brands. Over the last decades, the Indian pharmaceutical industry has been facing multiple pressures arising from increasing R&D costs, the implementation of product patent regime, issues related to regulatory requirement, and the absence of a strong product pipeline. According to PWC, Indian pharma industry has been growing at a compounded annual growth rate (CAGR) of more than 15% over the last five years and to sustain this robust growth rate till 2020 the pharmaceutical companies will have to rethink to adopt a new business model to survive in healthcare sectors. In the competitive

business environment the pharma companies are keeping on changing their marketing strategies.

Marketing strategies: Marketing strategies combines all of its marketing goals into one comprehensive plan by which the organization delivers its value to the customers. These strategies contribute towards growth of OTC segment in consumer healthcare with great market expansion. However the pharma companies switching from prescription medicines to OTC product strategically requires new perspective of marketing OTC product in existing as well as untapped market.

Strategies for pharmaceutical market leaders: The organization market position and its competitor's strategies decided the competitive position along a spectrum from market leader to market niche's.

Market leader: Among the majority of Pharmaceutical companies there is one firm that is generally recognized to be the leader. It typically has the largest market share and, by virtue of its pricing, advertising intensity, distribution coverage, technological advance and rate of new product introductions, it determines the nature, pace and bases of competition. It is this dominance that typically provides the benchmark for other companies in the industry.

The market leadership is often associated with size which is more complex concept and should instead be seen in terms of an organization's ability to determine the nature and bases of competition within the market whereas 'thought leadership' is based not so much upon size, but upon innovation and different patterns of thinking.

Market challengers and follower: Each firm with a slightly smaller market share can adopt one of two stances. They may choose to adopt an aggressive stance and attack other firms, including the market leader, in an attempt to gain share and perhaps dominance (market challengers), or they may adopt a less aggressive stance in order to maintain the status quo (market followers).

Niche market: Almost every industry has a sequence of small firms that survive, and indeed often prosper, by choosing to specialize in parts of the market that are too limited in size and potential to be of real interest to larger firms. A case in point would be Ranbaxy consumer health care division would concentrate on OTC segments to build specialist market like in

case of Revital it has happened in this way that market nichers are able to build up specialist market knowledge and avoid expensive head-on fights with larger companies.

- Leaders: can expand the market, Protect the current share and Expand share.
- Challengers: Discount or cut prices, Cheap goods, Innovate products and .distribution, Improve services, Advertise heavily, Proliferate the range and Reduce costs.
- Nichers: Get smart.
- Followers – Segment carefully, Use R&D cleverly and Challenge conventional wisdoms.

Pharmaceutical marketing strategies for OTC products: Pharmaceutical industry are specially based on their novel research molecule and when these research molecule loses their market by patent expiry than these drug product switched out their prescription drug to OTC drug product by performing OTC drug marketing. To cover the potential market Pharma companies performed different strategies by creating hybrid models.

Divest strategy: This strategy involves cutting all promotional and research expenses once the brand faces direct competition from Revital and redirecting the savings towards brands that are still enjoying patent protection. This strategy leads to the lowest levels of brand building as the brand is not supported and price Competition as the price advantage is not challenged. The success of this strategy depends on the inertia of doctors, patients and the other Stakeholders. When their motivation to switch to the newly-available generic is low, either because of low financial incentives or strong attachment to the brand or to the value of brand equity for funding research and development, such a strategy can deliver high profitability, at least over the short term. One of the major drawbacks of this strategy is that it encourages generic makers to challenge drug patents more aggressively, knowing that the market will be all theirs as soon as they have received the green light.

Value for the money: Launching of new and improved flavors, packaging, or delivery systems in OTC product can lead to additional emotional or functional consumer benefits. The resulting differentiation enhances the awareness and image of the brand and hence increases its equity. Because these innovations typically do not extend patent life however, it is more difficult to pass the costs on to the consumer when facing generic competition and hence, this strategy's lead is one step ahead towards price competition. In addition, these improvements can be easily copied by generics and thus often have only a weak impact on sales, while reducing margins.

Invest in generics: Pharmaceutical companies try to capture both ends of the market by introducing their own generic. This will reduce the profitability of generic makers and may discourage them from entering the category. The pharmaceutical companies have also realized that producing and marketing generics requires different skills to their traditional business and that it is difficult to be a strong player in both business models. Finally it is inevitable that the competition from generics will erode the profitability of the original brand.

Research molecule strategy: As pharmaceutical companies are science research based industry they can innovate by launching new forms and dosages or by demonstrating effectiveness for new indications. These researches help pharmaceuticals companies to provide better services for doctors and better communication on the illness and on the brand through higher promotion by the sales force. Although this strategy involves more time, money and resource utilization but it also create brand value for the organization that produce molecule after research and regulatory approval.

Promotional strategies for OTC drug marketing: OTC drugs are promoted directly to consumers as well as physicians and other healthcare professionals and range from analgesics such as paracetamol to anti-histamines. What is categorized as OTC varies from country to country and is dependent on the local legislative framework – usually a national medicines regulatory authority. The various standards are maintain for advertising OTC drug product which are

1. Advertising must be truthful and non-deceptive; not likely to mislead consumers acting reasonably under the circumstances.
2. Advertisers must have evidence to back up their claims.
3. Advertisements cannot be unfair. The sales force should have good knowledge of product and good rapport with doctors as well as with retailers.

The successful positioning of OTC product can be done when Pharma company follow both regulatory as well as ethical promotional strategies. Beside this sales force follow PUSH strategies by ensuring product availability by convincing retailers, chemist and doctors with full product knowledge and offers.

Push and pull strategies in OTC drug promotion: The “push” strategy makes use by pharmaceutical company’s sales force and trade promotions to create consumer demand for a product. This strategy is followed by OTC promotions by manufacturer to wholesalers, the wholesalers promote it to retailers, and, finally, retailers promote the drug to patients. In practice, companies may promote their products to pre-wholesalers, wholesalers or pharmacies together or focus on one of them.

A pull strategy is based around the manufacturer promoting their product amongst the target market to create demand. Consumers pull the product through the distribution channel forcing the wholesaler and retailer to stock it, hence the name pull strategy.

Sales promotion: This strategy commonly used to obtain an increase in sales short term. Could involve using money off coupons or special offers. OTC Marketing companies are seen more involved in sale promotion in the new formats of modern trade.

Personal selling: The process where businesses use people (the "sales force") to sell the product after meeting face-to-face with the customer. The concepts of direct selling in OTC marketing can be done very effectively as seen in many FMCG products.

Direct to consumer advertisements: The consumer-directed advertising has one principal purpose “to alert consumers to the availability of products for conditions suitable for self-medication” For changing consumer behavior pharmaceutical companies are performing direct to consumer advertisement for these companies invested 20% of total marketing budget. Under the regulatory laws claims in advertisements, including over-the-counter (OTC) medicine advertisements, must be truthful and cannot be misleading or unfair.

Overall, consumer-directed nonprescription medicines advertising can achieve a number of purposes. It can

- increase awareness among patients and consumers about their condition and about the availability of suitable medicines for self treatment;
- alert consumers to new products and new indications and reinforces other forms of communication about a product and brand;
- develop brand recognition to provide the consumer with confidence in the brand and the company;
- facilitate product search and helps consumer make informed selections

—stimulate competition in the areas of product quality, product improvement and product development;

— help bring market forces into play, creating competitive product prices; — reinforce good medicines use (“always read the label ;” “if symptoms persist, consult a healthcare professional”).

Implementing various marketing strategies throughout PLC of OTC products

The Pharmaceutical companies employed different promotional strategies throughout the product life cycle to ensure the healthy and successful launching of product into the market.

Introduction: When an OTC product is new the Company’s objective will be to influence the target audience of its entry. Television, radio, magazine, coupons etc may be use to push the product through the introduction stage of the lifecycle.

Growth: As the OTC product becomes accepted by the target market the Company’s at this stage of the lifecycle the Company’s works on the strategy of further increasing brand awareness to encourage loyalty.

Maturity: At this stage with increased competition the Company’s take persuasive tactics to encourage the consumers to purchase their OTC product over their rivals. Any differential advantage will be clearly communicated to the target audience to inform of their benefit over their competitors.

Decline: As the OTC product reaches the decline stage the Company’s will use the strategy of minding people of the OTC product to slow the inevitable.

CONCLUSION

The study revealed that successful promotion of the OTC product by Pharma companies can be performed when product meets the quality, safety and efficacy parameter under the regulatory requirements which can create brand picture in the mind of consumers.

The objective behind OTC advertisement is to alert the public to their condition and the availability of personal treatments. Since advertising of consumer products is limited by the amount of information that can be conveyed, its role resides simply in attracting attention and raising awareness. Other communication channels such as product labels and leaflets are more important for presenting larger amounts of detailed information. Advertising of

nonprescription medicines has a number of positive benefits for public health in general, the marketplace, and the individual patient.

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