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B.Pharm 8th Semester

BP803ET

PHARMA MARKETING MANAGEMENT

Marketing:

- Definition, general concepts and scope of marketing, distinction between marketing & selling. Marketing environment. Industry and competitive analysis. Analyzing consumer buying behaviour and industrial buying behaviour.

Pharmaceutical market:

- Quantitative and qualitative aspects; size and composition of the market; demographic descriptions and socio-psychological characteristics of the consumer; market segmentation & targeting. Consumer profile; Motivation and prescribing habits of the physician; patient's choice of physician and retail pharmacist. Analysing the Market; Role of market research.

UNIT — I DETAILED NOTES

As per PCI / AKTU Syllabus

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MARKETING & PHARMACEUTICAL MARKET

MARKETING — Definition, Concepts & Scope

Definition of Marketing

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products and services of value with others.

Definitions:

- **AMA (2017):** Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.
- **Philip Kotler:** Marketing is a human activity directed at satisfying needs and wants through exchange processes.
- **Peter Drucker:** The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.

Point: In pharmacy, marketing involves making medicines and health services available, affordable, and accessible to patients who need them.

General Concepts of Marketing

Core marketing concepts form the foundation of all marketing activities:

- **Needs:** Basic human requirements — e.g., a patient needs medicine to cure a disease.
- **Wants:** Needs shaped by culture and individual personality — e.g., a branded vs. generic drug.
- **Demands:** Wants backed by purchasing power — e.g., ability to afford a branded medicine.
- **Products:** Anything that can satisfy a need or want — drugs, OTC products, health services.
- **Value & Satisfaction:** Customer's perception of benefits received vs. cost paid.
- **Exchange:** Process of obtaining a desired product from someone by offering something in return.
- **Transaction:** Trade of values between parties — prescription fulfilled at pharmacy.
- **Market:** Set of actual and potential buyers of a product or service.
- **Marketing Mix (4Ps):** Product, Price, Place (Distribution), Promotion — the controllable variables of marketing.

Marketing Concept	Relevance in Pharmacy
Needs & Wants	Patient's therapeutic need vs. preference for a specific brand
Exchange	Prescription drug exchanged for money at retail pharmacy
Value	Efficacy + safety + affordability = perceived value of a drug
Market	Patients, physicians, hospitals, chemists form the pharma market

Marketing Concept	Relevance in Pharmacy
4Ps	Drug formulation, pricing, distribution channel, medical promotion

Scope of Marketing

Marketing operates across multiple domains:

- Goods Marketing: Physical products — tablets, capsules, injections, OTC products.
- Services Marketing: Pharmaceutical care, clinical pharmacy services, drug information.
- Place Marketing: Promoting pharmacy locations and health zones.
- Idea Marketing: Promoting health concepts like vaccination drives, generic medicine use.
- Person Marketing: Building the brand image of healthcare professionals.
- Event Marketing: Health camps, drug awareness campaigns, CME programs.
- Experience Marketing: Patient experience at hospitals and pharmacies.

Point: The scope of pharmaceutical marketing is unique — it targets physicians (prescribers), pharmacists (dispensers), and patients (end consumers) simultaneously.

Distinction Between Marketing & Selling

BASIS	MARKETING	SELLING
Definition	Identifying and satisfying customer needs profitably	Transferring ownership of a product to a buyer for money
Orientation	Customer-oriented (outside-in approach)	Product-oriented (inside-out approach)
Start Point	Starts with identifying market needs	Starts with the finished product
Focus	Long-term customer satisfaction and relationship	Short-term sales volume and profit
Scope	Broader — includes research, planning, promotion, distribution	Narrow — only concerned with sales activities
Approach	Pull strategy — attract customers	Push strategy — push products to customers
Goal	Customer satisfaction leading to profit	Profit through sales volume
Process	Market research → Product → Price → Place → Promotion → Sale	Production → Selling → Profit
Pharma Example	Identifying unmet therapeutic need and developing a drug for it	Medical representative convincing a doctor to prescribe a specific brand

Point: A common misconception is that marketing = selling. In reality, selling is just one component of the broader marketing process.

Marketing Environment


The marketing environment consists of all forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers.

Internal Environment (Microenvironment — Controllable)

- The Company: Departments — R&D, manufacturing, finance, HR, regulatory affairs.
- Suppliers: Raw material suppliers, API (Active Pharmaceutical Ingredient) manufacturers.
- Marketing Intermediaries: Distributors, stockists, clearing & forwarding agents, retail chemists.
- Customers: Physicians, hospitals, pharmacists, patients, institutions, government.
- Competitors: Other pharma companies offering similar therapeutic products.
- Public: Financial public, media public, regulatory bodies, local communities.

External Environment (Macroenvironment — Uncontrollable)

- **Demographic Environment:** Population size, growth rate, age structure, gender ratio, urbanisation — affects demand for specific drugs (e.g., geriatric medicines for ageing populations).
- **Economic Environment:** Income levels, purchasing power, economic policies — affordable pricing strategies in low-income markets.
- **Natural Environment:** Raw material availability, environmental regulations — impacts API sourcing and manufacturing.
- **Technological Environment:** New drug delivery systems, digitisation, telemedicine, e-pharmacy platforms.
- **Political & Legal Environment:** Drugs & Cosmetics Act, Drug Price Control Orders (DPCO), patent laws, import/export regulations.
- **Socio-Cultural Environment:** Health beliefs, religion-based taboos, attitude towards allopathy vs. ayurveda — influences drug acceptance.

 **Point:** PESTLE Analysis (Political, Economic, Social, Technological, Legal, Environmental) is a standard framework used to analyse the pharmaceutical marketing environment.

Industry and Competitive Analysis

Porter's Five Forces Model (Industry Analysis)

Michael Porter's Five Forces model helps assess the competitive intensity and profitability of the pharmaceutical industry:

- **Threat of New Entrants:** High capital requirements, R&D costs, regulatory approvals (FDA/CDSCO), and patent protection reduce new entrant threats.
- **Bargaining Power of Buyers:** Hospitals and government health schemes can negotiate bulk discounts; individual patients have low bargaining power.
- **Bargaining Power of Suppliers:** API manufacturers and chemical suppliers can exert power; multiple suppliers reduce this risk.

- **Threat of Substitutes:** Generic drugs, biosimilars, herbal/ayurvedic alternatives substitute branded pharmaceuticals.
- **Competitive Rivalry:** Intense — large number of pharma companies, patent expiry leading to generic entry, price competition.

SWOT Analysis for Pharmaceutical Companies

SWOT Factor	Pharmaceutical Context
Strengths (S)	Strong R&D pipeline, established brand, regulatory compliance, distribution network
Weaknesses (W)	High cost of innovation, patent expiry, regulatory failures, product recalls
Opportunities (O)	Emerging markets (India, Africa), biologics & biosimilars, digital health, geriatric care
Threats (T)	Generic competition, stringent regulations, price controls (DPCO), patent cliffs

Competitive Analysis Frameworks

- **Competitor Identification:** Direct competitors (same therapeutic category) & indirect competitors (alternative therapies).
- **Market Share Analysis:** Evaluating share of prescriptions and sales volume in a therapeutic segment.
- **Competitive Intelligence:** Gathering data on competitor products, pricing, promotional strategies.
- **Benchmarking:** Comparing performance metrics with industry leaders.

Analyzing Consumer Buying Behaviour

Definition

Consumer buying behaviour refers to the decision-making process and physical activity that individuals engage in when evaluating, purchasing, using, or disposing of goods and services that satisfy their needs and wants.

Types of Buying Behaviour

- **Complex Buying Behaviour:** High involvement, significant brand differences — e.g., choosing an expensive branded drug.
- **Dissonance-Reducing Behaviour:** High involvement but few perceived differences — e.g., choosing among similar antibiotics.
- **Habitual Buying Behaviour:** Low involvement, few brand differences — e.g., purchasing a common OTC analgesic.
- **Variety-Seeking Behaviour:** Low involvement, significant brand differences — e.g., switching vitamin brands.

Factors Influencing Consumer Buying Behaviour

A) Cultural Factors:

- Culture: Basic determinant of a person's wants — health beliefs and practices.
- Subculture: Nationality, religion — e.g., vegetarian capsules for certain communities.
- Social Class: Affects ability to afford branded vs. generic drugs.

B) Social Factors:

- Reference Groups: Friends, family who recommend a doctor or medicine.
- Family: Family members' illness experience influences drug choice.
- Roles and Status: A family breadwinner may prioritise health spending.

C) Personal Factors:

- Age & Life Cycle: Different drugs for paediatric, adult, geriatric patients.
- Occupation: A farmer's health needs differ from an office worker's.
- Economic Situation: Income determines branded vs. generic preference.
- Lifestyle: Health-conscious consumers seek nutraceuticals, wellness products.
- Personality: Risk-averse patients prefer well-known established brands.

D) Psychological Factors:

- Motivation: Maslow's hierarchy — physiological need for health drives drug purchase.
- Perception: How a patient perceives drug efficacy through packaging, branding.
- Learning: Past experiences with a drug influence future buying decisions.
- Beliefs & Attitudes: Trust in a pharma brand affects purchase decisions.

Consumer Decision-Making Process (5 Steps)

- **Step 1 — Problem Recognition:** Patient recognises a health problem (symptom awareness).
- **Step 2 — Information Search:** Seeks information from physician, pharmacist, internet, friends.
- **Step 3 — Evaluation of Alternatives:** Compares branded vs. generic; efficacy, cost, side effects.
- **Step 4 — Purchase Decision:** Buys the drug (OTC) or gets it prescribed.
- **Step 5 — Post-Purchase Behaviour:** Evaluates therapeutic outcome; adherence or switching.

Industrial Buying Behaviour

Definition

Industrial buying behaviour (also called organisational buying behaviour) refers to the decision-making process by which formal organisations establish the need for purchased products and services, identify, evaluate, and choose among alternative brands and suppliers.

Industrial Buyers in Pharma

- Hospitals & Nursing Homes: Purchase drugs in bulk for patient care.
- Government Health Departments: State/Central government procurement (e.g., TNMSC, KMSCL).
- Institutional Buyers: Medical colleges, defence, railways.
- Retail Chains: Large pharmacy chains buying directly from manufacturers.
- Wholesalers & Distributors: C&F agents, super-stockists, sub-stockists.

Characteristics of Industrial Buying

Characteristic	Description
Fewer, Larger Buyers	Hospital tenders involve fewer but large-volume purchases
Derived Demand	Demand for drugs derived from patient demand
Inelastic Demand	Price changes do not significantly affect demand for essential drugs
Fluctuating Demand	Seasonal variation — demand for cold medicines peaks in winter
Professional Purchasing	Purchase committees, drug formulary committees involved
Multiple Buying Influences	Medical superintendent, pharmacist, finance officer all influence

Buying Roles (Buying Centre)

- **Initiator:** Person who first suggests buying — junior doctor or nurse.
- **User:** Physician who administers or prescribes the product.
- **Influencer:** Pharmacist, KOL (Key Opinion Leader) who influences the choice.
- **Decider:** Medical superintendent or drug committee who decides the purchase.
- **Buyer:** Purchase officer who negotiates and executes the contract.
- **Gatekeeper:** Secretary or admin staff who controls information flow.

Pharmaceutical Market — Quantitative & Qualitative Aspects

Indian Pharmaceutical Market — Overview

India is the world's largest provider of generic drugs globally and ranks 3rd in pharmaceutical production by volume and 14th by value.

Quantitative Aspect	Qualitative Aspect
Market size (~USD 50 billion in 2024)	Quality of healthcare infrastructure
Number of pharma companies (>3,000)	Therapeutic category composition
Volume of prescriptions generated	Physician prescribing quality and rationality
Number of retail outlets (~9 lakh)	Patient compliance and adherence rates
Export value (~USD 25 billion)	Drug safety and pharmacovigilance culture
Number of approved formulations	Generic vs. branded preference patterns

Size & Composition of the Pharmaceutical Market

A) By Therapeutic Segment:

- Anti-infectives (antibiotics, antifungals) — largest segment in volume.
- Cardiovascular drugs — growing rapidly with rising lifestyle disease burden.
- Gastrointestinal drugs — high OTC penetration.
- CNS drugs — antidepressants, antiepileptics showing rapid growth.
- Respiratory drugs — high seasonal demand variation.
- Anti-diabetic drugs — one of the fastest growing segments.
- Vitamins, minerals, nutraceuticals — significant OTC category.

B) By Product Type:

- Branded generics: Major share of Indian market.
- True generics: Promoted under INN (International Non-proprietary Name).
- Innovator/branded drugs: Premium segment, patent-protected.
- OTC products: Self-medication segment.
- Biologics & biosimilars: Rapidly growing high-value segment.

Demographic Descriptions of the Market

- **Population:** India's 1.4+ billion population creates a massive base market.
- **Age Distribution:** Young population (median age ~28) — high demand for paediatric, reproductive health drugs; ageing population driving geriatric medicine demand.
- **Urban vs. Rural:** ~65% rural population — challenges in drug distribution; rural health schemes (Jan Aushadhi) addressing this.
- **Gender:** Women's health segment (contraceptives, gynaecological drugs) is significant and growing.
- **Literacy:** Higher literacy correlates with better healthcare seeking and self-medication patterns.
- **Income Levels:** Rising middle class drives demand for branded and specialty drugs.

Socio-Psychological Characteristics of the Consumer

- Health beliefs: Faith in traditional medicine (Ayurveda, Unani) alongside allopathy.
- Brand loyalty: High in urban areas; price-sensitive in rural/semi-urban areas.
- Fear and anxiety: Drives irrational antibiotic self-medication.
- Doctor-patient trust: High physician influence on drug choice in India.
- Media influence: TV, social media promoting OTC wellness products.
- Stigma: Mental health drugs, contraceptives — social taboos affect purchase.
- Patient empowerment: Growing trend of informed patients researching drugs online.

Market Segmentation & Targeting

Definition of Market Segmentation

Market segmentation is the process of dividing a heterogeneous market into distinct subsets (segments) of consumers who have common needs, characteristics, or behaviours, and who might require separate products or marketing mixes.

Bases for Segmenting the Pharmaceutical Market

Segmentation Basis	Examples in Pharma
Geographic	Urban vs. rural market, north vs. south India, export markets
Demographic	Paediatric, adult, geriatric; male/female; income level
Therapeutic/Clinical	Anti-diabetics, cardiovascular, anti-infectives, CNS
Psychographic	Health-conscious, brand-loyal, price-sensitive consumers
Behavioural	Frequency of doctor visits, OTC vs. prescription users, brand switchers
Prescriber-Based	General practitioners vs. specialists; high vs. low prescribers
Channel-Based	Hospital segment, retail segment, e-pharmacy, institution

Requirements for Effective Segmentation (MASDA)

- **Measurable:** Size and purchasing power of the segment can be measured.
- **Accessible:** Segment can be effectively reached via marketing channels.
- **Substantial:** Segment is large enough to be worth pursuing.
- **Differentiable:** Segments are distinct and respond differently to marketing mix.
- **Actionable:** Effective programmes can be formulated to attract the segment.

Market Targeting Strategies

- **Undifferentiated (Mass) Marketing:** One marketing mix for entire market — e.g., ORS sachets for all dehydration patients.
- **Differentiated Marketing:** Separate marketing mixes for each segment — e.g., Cipla's products for paediatric, adult, and geriatric patients with different formulations.
- **Concentrated (Niche) Marketing:** Focus on one or few segments — e.g., a company focusing only on orphan drugs for rare diseases.
- **Micromarketing:** Tailored programmes for specific localities or individuals — e.g., personalised medicine approaches.

Consumer Profile

Consumer Profile in Pharmaceutical Marketing

A consumer profile is a detailed description of the ideal customer based on demographic, psychographic, behavioural, and geographic characteristics. In pharma, consumer profiling is complex as it involves multiple stakeholders.

Motivation and Prescribing Habits of the Physician

The physician is the most critical consumer in pharmaceutical marketing as their prescription directly determines drug demand.

Factors Motivating Physician Prescribing Decisions:

- Clinical efficacy and safety profile of the drug.
- Patient affordability and insurance coverage.
- Pharmaceutical company's medical representative visits and detailing.
- Key Opinion Leaders (KOLs) and peer influence.
- CME (Continuing Medical Education) programs sponsored by pharma companies.
- Published clinical trial data and evidence-based guidelines.
- Drug samples provided by medical representatives.
- Hospital formulary inclusions.
- Habit and previous prescribing experience.
- Promotional literature, product monographs.

Prescribing Habits Classification:

- **High Prescribers:** Physicians with large patient load — primary targets for MRs.
- **Brand-Loyal Prescribers:** Stick to specific brands irrespective of promotion.
- **Brand Switchers:** Easily influenced by promotions and new drug launches.
- **Evidence-Based Prescribers:** Follow clinical guidelines strictly; respond to scientific data.
- **Generic Prescribers:** Prefer INN-based prescribing — targeted by generic manufacturers.

Patient's Choice of Physician

Factors influencing a patient's selection of physician:

- Reputation and qualification of the doctor.
- Recommendation from family, friends, or colleagues.
- Proximity to clinic/hospital.
- Consultation fee and affordability.
- Empathy, communication skills, and time given.
- Waiting time and appointment availability.
- Specialisation relevant to the illness.
- Digital presence, online reviews, and ratings.

Patient's Choice of Retail Pharmacist

Factors influencing patient's selection of retail pharmacy:

- Proximity to home or doctor's clinic.
- Availability of all prescribed drugs (complete range).

- Pharmacist's counselling ability and helpfulness.
- Competitive pricing and discounts.
- Credit availability and home delivery services.
- Cleanliness, ambience, and professional setup.
- Availability of OTC products and health accessories.
- Trust built over long-term patient-pharmacist relationship.

 **Point:** The retail pharmacist acts as the last-mile healthcare professional. Pharmaceutical companies train pharmacists through programs to increase brand advocacy at the retail counter.

Analysing the Market — Role of Market Research

Market Analysis

Market analysis is the systematic process of evaluating the market to understand its dynamics, growth potential, competition, and consumer needs. Key components include:

- **Demand Analysis:** Estimating current and future drug demand based on disease prevalence, demographics, and prescribing patterns.
- **Supply Analysis:** Assessing existing manufacturers, product availability, and supply chain efficiency.
- **Market Share Analysis:** IMS Health data (now IQVIA) tracking brand-wise and company-wise prescription shares.
- **Price Analysis:** Monitoring drug pricing trends, DPCO impact, competitor pricing.
- **Distribution Analysis:** Evaluating reach and effectiveness of distribution channels.

Market Research — Definition & Importance

Market research is the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing an organisation.

Importance in Pharmaceutical Marketing:

- Identifies unmet therapeutic needs and disease areas.
- Assesses physician prescribing patterns and preferences.
- Evaluates effectiveness of promotional campaigns.
- Guides new product development and product lifecycle management.
- Determines optimal pricing strategy.
- Identifies market segmentation opportunities.
- Monitors competitor activities and market share trends.

Market Research Process (Step-by-Step)

- **Step 1 — Define Problem & Objectives:** e.g., 'Why is our antihypertensive brand losing market share in western India?'
- **Step 2 — Develop Research Plan:** Determine data sources, research approaches, instruments, sampling plan, contact methods.


- **Step 3 — Collect Information:** Primary data (surveys, interviews, focus groups) and secondary data (IQVIA reports, government health data).
- **Step 4 — Analyse Information:** Statistical analysis — regression, factor analysis, conjoint analysis.
- **Step 5 — Present Findings:** Research report with actionable recommendations for marketing strategy.
- **Step 6 — Make Decision:** Marketing team implements strategy based on research findings.

Types of Market Research Data

Data Type	Sources	Examples in Pharma
Primary Data	Collected fresh for specific purpose	Physician surveys, patient interviews, focus groups with pharmacists
Secondary Data	Already collected for other purposes	IQVIA data, WHO reports, government health statistics, journal articles
Qualitative Data	Exploratory, non-numerical insights	Focus groups on drug packaging; in-depth interviews with KOLs
Quantitative Data	Numerical, statistically analysable	Prescription audits, sales data, market share percentages

Market Research Tools in Pharma

- **IQVIA (formerly IMS Health):** Global pharma market intelligence — tracking prescriptions, sales by molecule/brand/doctor.
- **AWACS (All India Wholesale Audit):** Tracks secondary sales from wholesalers to retailers across India.
- **Rx Survey:** Prescription tracking studies — identifying top prescribers per specialty.
- **Focus Group Discussions (FGD):** Qualitative insights from physicians or patients on drug perception.
- **Clinical Audits:** Reviewing prescription data for quality and pattern analysis.
- **Mystery Shopping:** Assessing pharmacist detailing and drug recommendation behaviour.
- **Social Listening:** Monitoring patient discussions on digital platforms.

 **Point:** IQVIA data is the pharmaceutical industry's gold standard for market research. Medical representatives use IQVIA prescription data to identify high-prescribing doctors and track competitor market share in their territory.

EXPECTED EXAM QUESTIONS — UNIT I

Long Answer Questions (10 marks):

- Define marketing. Explain the general concepts and scope of marketing with special reference to pharmaceutical marketing.
- Distinguish between marketing and selling. Explain the factors affecting consumer buying behaviour in detail.
- Write a detailed note on the pharmaceutical market in India — quantitative and qualitative aspects.
- Explain market segmentation and targeting strategies in pharmaceutical marketing with examples.
- What is market research? Describe its process and tools used in the pharmaceutical industry.

Short Answer Questions (5 marks):

- Write a short note on Porter's Five Forces model applied to the pharma industry.
- Explain the buying centre concept in industrial buying behaviour.
- What are the factors influencing physician prescribing habits?
- Differentiate between primary and secondary market research data.
- Explain PESTLE analysis in the context of pharmaceutical marketing environment.

 **Point:** Tip for Exam: Always link theoretical marketing concepts to pharmaceutical examples — examiners appreciate application of concepts to the pharma context.

—Best Of Luck For Your Exam —

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