

**UNIT-I**

**PART-1**

**MARKETING**

**Contents to be covered in this topic**

**Introduction**

**General concepts and scope of marketing**

**Distinction between marketing & selling**

**Marketing environment**

**Industry and competitive analysis**

**Analyzing consumer buying behavior**

**Industrial buying behavior**

## ❖ INTRODUCTION

- "The science and art of exploring, **creating and delivering value to satisfy the needs of a target market at a profit.** Marketing identifies unfulfilled needs and desires.
- It defines measures and quantifies the size of the **identified market and the profit potential.** It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services."

## ➤ SCOPE OF MARKETING:

- Marketing comes in a wide range of flavours based on audience, media platform and business in today's evolving and dynamic market place. Therefore, marketers define what they do differently. Before we go on to study of what pharmaceutical marketing is all about, it is important to understand the definition of marketing.
- According to the **American Marketing Association (AMA)** Board of Directors, 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**".
- The role of marketing is to influence or direct activities from the manufacturer to the patient:

- ✓ At the **right place**
- ✓ For the **right price**
- ✓ At the **right time**
- ✓ The **right products**
- ✓ In the **right quantity**





- Marketing is a broad concept. In simple words, it means the process through which the **goods and services move from the producer to the ultimate user of the products**. Philip Kotler, the father of Marketing says, "Marketing is a social process by which a need is created, offered and exchanged via products.
- **Example:** Marketing starts much before and continues even after the product is sold. When a customer buys a car, the after sale services comes under marketing

### ➤ IMPORTANCE OF MARKETING

- Every company is busy in making a product or service which is useful in fulfilling a need or requirement of a person which is the basis of marketing concept.



- However, with many companies involved in giving similar products or services, people are unaware of all the options available to them.
- This is where marketing plays an important role in business and helps to improve the market share for a company. **Marketing helps businesses reach out to new customers, understand their needs better and advertise products for the customers to buy by advertising.** Marketing helps in creating brand awareness of any business which has some value to offer to its customers.

### ➤ COMPONENTS OF MARKETING

- Marketing is a big domain in business covering important aspects of a business related to the product, service, customer, recognition, brand awareness, etc. Some of the most important components of marketing are:





1. **Marketing research:** Understanding the business and customers by studying the market, industry, demographics, etc. which is a part of marketing research.
2. **Advertising:** Using mediums of marketing communication like; TV, print, online. **OOH**, etc. by promoting brand through advertisements and sponsorships is essential component of marketing.
3. **Pricing:** Marketing helps to understand the optimum price of a product which, a company should keep for maximum sales and high margins.
4. **Customer support:** Providing service to customers in terms of after sales service, customer relationship management, etc. come under customer support in marketing
5. **Media Planning:** Utilizing the correct marketing channel for brand promotion is studied by understanding different types, costs and effectiveness of media.
6. **Public Relations:** Marketing helps companies spread a positive word about the products and services through news channels, newspapers, magazines, etc. and help to build strong PR relations.
7. **Sales:** Marketing and sales go hand in hand in ensuring that a company's business is prosperous as both are interdependent.
8. **Brand promotion:** Brand building exercises are done by effective marketing strategies, which help to build a loyal customer base for a business.





## SELLING

- Selling is first and foremost a transaction between the seller and the prospective buyer or buyers (the target market) where money (or something considered to have monetary value) is exchanged for goods or services. So, the best way to define selling is to focus on the sales skills that are necessary to make that transaction happen.

- Defining selling as the art of closing the deal encapsulates selling's essence.

### ➤ **DISTINCTION BETWEEN MARKETING AND SELLING**

- **Selling** is an action which converts the product into cash, but marketing is the process of meeting and satisfying the customer needs.

- **Marketing:**

- Marketing consists of all those activities that are associated with product planning, pricing, promoting and distributing the product or service.

**Example:** When a customer buys a car, the after sale services comes under marketing. Selling means providing the customer with the good he/she needs in exchange of a price.

### ➤ **Selling:**

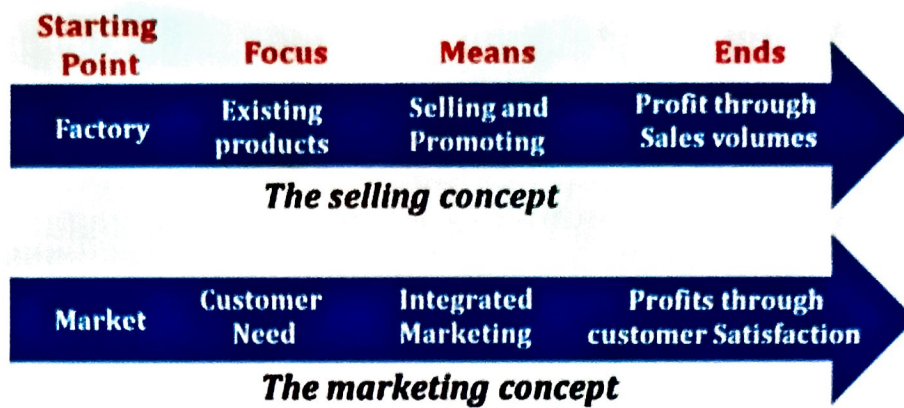
- Selling is a narrower concept. **Selling means providing the customer with the good he/she needs in exchange of a price.** It is usually between two parties. Selling is more like an agreement wherein the buyer receives the product in exchange for money.

### ➤ **Sales**

- Sales and marketing must direct their efforts at the same prospects and be completely aligned on decisions and pricing. Together, sales and marketing need to create comprehensive buyer person as to better target their ideal customer, increase acquisition, and create targeted advertises and pictures that are symbiotic.







## ➤ Distinction between marketing and selling

S.N.	Marketing	Selling
1	A Comprehensive Term in terms of Meaning.	A Narrow Term in terms of Meaning.
2	Profits through Customer Satisfaction.	Profits through Sales Volume.
3	Focused on Customer needs.	Focused on Seller needs.
4	Begins before Production.	Begins after Production.
5	Long term Prospective.	Short-term Prospective.
6	Customer first then Product.	Product first then Customer.
7	Continues after Sale.	Comes to an end with Sale.
8	Philosophy of Business.	Routine day to day Physical Process.
8	Let the seller be aware.	Let the Buyer be aware.
10	Integrated Approach.	Fragmented approach.

## INDUSTRY AND COMPETITIVE ANALYSIS

- Industry and competitive analysis is a part of any strategy development in firms and other organizations. Moreover, managers use **ICA** to allocate resources, reach strategic goals such as market share or profitability and help their firms to improve their position within the industry.
- A competitive analysis is a strategy where we need to identify major competitors and research products, sales and marketing strategies. By doing this, we can create solid business strategies that improve upon your competitors.



## ❖ COMPETITIVE ANALYSIS

- **Identifying company's** competitors and evaluating their strategies to determine the strengths and weaknesses relative to those of company's own product or service. A competitive analysis is a critical part of company's marketing plan. The purpose of the competitive analysis is to determine the strengths and weaknesses the competitors within market, strategies that will provide company with a distinct advantage, the barriers that can be developed in order to prevent competition from entering into market, and any weaknesses that can be exploited.

### **Competitive analysis should include:**

- Identifying company's competitors.**
- Obtaining information about company's competitors** - Brand awareness - the percentages of target market that are aware of company's competitors.
- Evaluating their strategies** - Determine their strengths and weaknesses relative to company's brands.

### **Analysis of Competitive Environment**

- ✓ Market shares of key competitors.
- ✓ Sales trends of key competitors.
- ✓ Description of key competitors and their market positioning.
- ✓ Size of key competitors in units.
- ✓ Strengths and weaknesses of key competitors compared to company's organization's goods or services.

### **Strategies of Competitive Analysis**

- ✓ Reorienting the model of care.
- ✓ Coordinating services.
- ✓ Engaging and empowering people.
- ✓ Strengthening governance and accountability.

## Understanding Porter's Five Strategies

1. **Competitive Rivalry:** This looks at the number and strength of company's competitors.
  2. **Supplier Power:** This is determined by how easy it is for company's suppliers to increase their prices.
  3. **Buyer Power.**
  4. **Threat of Substitution.**
  5. **Threat of New Entry.**
- A competitive analysis report outlines the **strengths and weaknesses** of your competitors pared to those of your own business. Typically, a competitive analysis report will contain: **A description of your business's target market.**
  - Details about the features of your product compared to your **competitors' products.**
  - The following steps represent a **high level benchmarking process to assess competitive advantage:**
    1. Identify **Key Performance Indicators.** Decide what measurements are critical to company's competitive advantage.
    2. **Measure The Competition.** Identify the current leading measurements for the target area.
    3. **Identify Gaps.**
    4. **Strategic Planning.**

## CHARACTERISTICS OF CONSUMER

- **Consumer behaviour is the study of individuals,** groups, or organizations and the processes they use to select, services, experiences and the impacts that these processes have on the consumer and society.



- **Consumers from similar background**, occupation and income levels may show a different lifestyle pattern. **An individual buying behaviour is influenced by motivation, perception, learning, beliefs and attitude.**
- These factors affect consumer at a psychological level and determine her overall buying behaviour.
- **Characteristics of consumer behaviour is a process where**, consumer decide what to buy, when to buy, how to buy, where to buy and how it comprises of both mental and physical activities of much to buy. **Consumer behaviour is very complex and dynamic which keeps on changing constantly.**
- Studying consumer behaviour would allow you to answer several questions, such as:
  - ✓ How consumers feel about alternatives to their preferred brands?
  - ✓ How consumers **choose between the alternatives?**
  - ✓ How consumers **behave while shopping?**
  - ✓ How consumer **behaviour is swayed by their surrounding environment?**
  - ✓ How marketing campaigns can be improved to more effectively influence customer behaviour?
- In order to understand this concept better, let's take a look at the factors that affect consumer behaviour:
- **Psychological:** This is considered to be the most important factor that affects consumer behaviour. Traits like; perception, motivation, personality, beliefs and attitude are important to decide why a consumer would buy a product.



- **Personal:** These are characteristics that are applicable to individuals and may not relate to other people in a group. These factors can include; age, occupation, financial situation and lifestyle.
- **Social:** Social characteristics play an important role in consumer behaviour and it can include; family, communities and social interaction. These factors are difficult to assess while preparing marketing plans.
- **Geographical:** The location of consumers also plays a role in how they purchase products. For example, a person living in warmer weather would be less likely to purchase winter clothing compared to someone living in temperate climates.

#### ➤ **PROCESS TO CARRY CUSTOMER BEHAVIOUR ANALYSIS**

1. Segment your audience.
2. Identify the key benefit for each group.
3. Allocate quantitative data.
4. Compare your quantitative and qualitative data.
5. Apply your analysis to a campaign.

#### **Analyzing Industrial Buying Behaviour**

- **Industrial buying behaviour** can be defined as: "The decision-making process by which formal organizations establish the need for purchase products and services and identify, evaluate and choose among alternative brands and suppliers".
- **Industrial buying behaviour** is the pattern of actions by a company involved in manufacturing, processing and other heavy industry. Many of these companies are required to make regular purchases as a means of supplying their businesses.



- Consumers go through five stages in taking the decision to Purchase any Goods or Services:
  1. Problem Recognition,
  2. Information Search,
  3. Evaluation of Alternatives,
  4. Purchase Decision,
  5. Post-Purchase Evaluation.
- It is the journey or buying process that consumers go through to become aware of, evaluate and purchase a new product or service, and it consists of three stages that make up the inbound marketing framework: awareness, consideration, and decision.
- **Difference between Consumer Buying Behaviour and industrial Buying Behaviour**
- While consumer marketing deals with product market, industrial marketing deals with factor markets, or highly specialized products and services for selecting consumers.

### **Organizational Buying Behaviour:**

- **Professional purchasing:** Professional buyers with education and experience who know their tasks and responsibilities.
- **Derived demand:** Developments in industrial markets are often related to changes in the end-user markets upstream in the value chain.
- **Inelastic, fluctuating demand:** Due to the derived demand, price elasticity in industrial markets is frequently lower than in consumer markets.
- **Geographical concentration:** Many industrial markets are geographical concentrated (e.g. Silicon Valley).

# PHARMACEUTICAL MARKETING

- Pharmaceutical marketing is a **dynamic field which has gained greater complexity in recent years**. Pharmaceutical marketing like marketing in other industries is a social process manifested on the market. Rather than in an isolated vacuum, organizations operate in a complex dynamic environment.
- If a **pharmaceutical company wants to achieve market success, it needs to invest strongly into marketing and sales activities**. Thus, by no surprise, we may conclude that, marketing and sales activities are one of the most important operative and even more strategic priorities of the world pharmaceutical industry.
- **The biggest, inventive world pharmaceutical companies invest, on an average, approximately 16% of their sales into R&D and even more, about 26% or more into marketing and sales activities.**

## ➤ UNIQUE ASPECTS OF PHARMACEUTICAL MARKETING:

- Influence of non-purchasers on the purchasing habits of the consumer.
- **Veto/authorization power of physicians** - Consumers needs an authorized document to purchase a prescription drug.
- Importance of the disease in identifying and classifying markets.
- Professional licensing required stocking and selling pharmaceutical products.
- Records of every transaction are kept that are specific to:
  - **Patient**
  - **Physician**
  - **Product**
- **Organizations efforts** are aimed at using business opportunities and averting (or neutralizing) dangers.



- A substantial number of top organizations including all pharmaceutical organizations are engaged in continuous efforts to influence a large number of factors from their environment so as to channel their movement with their own interests.
- Within any pharmaceutical organization, **marketing bears the greatest responsibility for making insights into the environment and responding to challenges they face.**
- A substantial part of sources dealing with the basics or principles of marketing is devoted to the analytic definition of environmental forces making a direct or indirect impact on business operations.

### ➤ **ENVIRONMENTAL AND SCOPE OF PHARMACEUTICAL MARKETING/MARKETING ENVIRONMENT**

- While marketers are actively pursuing a strategy of optimizing the market mix for specific marketing segments, **one should bear in mind that many of the forces that influence marketing strategies are out of the marketer's control.**
- These forces constitute marketing environment and affect the success or failure of a marketing strategy. **Marketers therefore, should develop a clear insight into the market complex which includes:**

#### ➤ **POLITICAL ENVIRONMENT**

Not politics, but political environment has a significant influence on the business of an organization. The political environment depends upon:

1. **The political system:** Nature of political systems, ideological forces, political and centres of power.
2. **The political structure:** Its goal and stability.
3. **Political processes like;** operation of the party system, elections, funding of elections, legislation cost economic, industrial promotion and regulations.



4. Political philosophy, government's role in business, its policies and interventions in economic and business development.

### **Economic Environment**

- The national and international economic environments affect the entire business. **The two principle ways in which the economic environment affects the business are:**
  1. Its overall condition affects the growth of the market.
  2. The financial conditions in the economy which affect the ability to raise finance to fuel the projects and growth plans.
- We cannot alter the economic environment but we can make responsible judgment about its most likely future directions and can take decisions that are congruent and consistent with those assumptions. **The areas to monitor the economic environment are mentioned below.**
  - ✓ Annual growth rate of the product.
  - ✓ Annual growth in personal disposable income.
  - ✓ Short-term and long-term interest rates.
  - ✓ Inflation rates.
  - ✓ Price/earnings ratio, the industry average.
  - ✓ Average annual growth rate of the industry.
  - ✓ Stock exchange behaviour index.

### **➤ THE LEGAL AND REGULATORY ENVIRONMENT**

- The regulatory environment consists of forces related to planning, promotion and regulation of economic activities by the government that leave an impact on the business of an organization.

### **Some of the important factors are:**

- a. **Constitutional framework**, directive principles, fundamental rights and division of legislative powers between the Centre and the States.



- b. Policies related to **distribution, pricing and their control.**
- c. Policies related to **export and import.**
- d. Others policies related to **public sectors, small scale industries, sick industries; development of backward areas, control of environment pollution and consumer protection.**

• The current legal and regulatory environment of the industry in India is a result of several statutes enacted in a period of more than 100 years.

**These statutes can be categorized into:**

- **Competitor related factors:** The types of competitions, entry and exit of major competitors, nature of competitors and relative strategic position of major competitors.
- **Products related factors:** Different types of products, modifications of existing products, growth rate of products; profitability from the products.

#### ❖ SUPPLIERS ENVIRONMENT

- The supplies environment depends upon the business philosophy and environment of an organization. The important factors are:
  - i. **Cost**, availability and existence of source and means for supply of plants and machinery, spare parts and after-sales service.
  - ii. **Infrastructural** support and ease of availability of different factors of production, bargaining power of suppliers and existence of substitutes.
  - iii. **Cost**, availability and conformity in supply of raw materials.
  - iv. **Cost** and availability of finance for implementation of plans and projects.
  - v. **Cost**, reliability and availability of energy used in production.





## ❖ TECHNOLOGICAL ENVIRONMENT

- The technological environment is related to knowledge applied and the materials and machines used in the production of goods and services that impact the business of organization.
- 1) **Sources of technology like;** company sources, external sources and foreign services; cost of technology acquisition, collaboration and in transfer of technology.
- 2) **Technology development,** stages of development, change and rate of change of technology, and research and development.
- 3) **Impact of technology on human beings,** the man-machine system and the environmental effects of technology.
- 4) **Communication and infrastructure technology** and the technology in management.
- The rate of product obsolescence is very high in the pharmaceutical industry for as much it is a technology driven industry. Technological advancement is not restricted to a new drug discovery alone; it can be a process improvement resulting in maximum yields, minimum costs and the products' storage system; or new production methods of delivering the drug at the site of action and making it more cost effective and acceptable.

## ➤ Ecological Environment

- **Ecology too affects the business environment:** factors related to industrial waste, pollution and its control that impact the business of organizations. Some of the important factors are:
- Processes and procedures used for manufacturing which could be harmful for environment and cost for changing the practices.





- Supplier's processes and procedures which could be harmful to the environment is vendor rating. If the suppliers are forced to change the practice, it will affect the prices and availability.
- Packaging may cause environmental problems.
- Employees may be exposed to health hazards, safety standards and the like.

### ➤ **Competitive Environment**

All the **external environments, the competitive environment impacts immediately**. Apart from customers, it is the competitors' strategy and its implementation which determine your market share. Factors to be considered are:

- |                      |                                  |
|----------------------|----------------------------------|
| ✓ Company history    | ✓ Financial history              |
| ✓ Plant location     | ✓ Major products of competitors  |
| ✓ Investment history | ✓ Product quality of competitors |

# UNIT-I

# PART-2

## THE PHARMACEUTICAL MARKET

### Contents to be covered in this topic

Introduction

Quantitative and qualitative aspect

Size and composition of the mar

Demographic descriptions and socio-psychological characteristics of the consumer

Market segmentation & targeting

Consumer profile

Patients' choice of physician and retail pharmacist

Analyzing the Market

Role of market research



## THE PHARMACEUTICAL MARKET

**Definition:** The American Marketing Association has defined the term '**market**' in the following ways.

1. The aggregates of forces or conditions within which, buyers and sellers make decisions those **result in transfer of goods and services.**
  2. The **aggregate demand of the potential buyers for the commodity**
  3. The **place or area in which buyers and sellers function.**
  4. To perform **business activities that directs the flow of goods and services** from producer to consumer or user.
- The **pharmaceutical market** is an indirect market wherein a **purchaser/consumer does not buy of his own volition but on the advice of his/her physician.** A further peculiarity of the pharmaceutical market is the rate of incidence of the disease, e.g. ulcer is common in males while cancer is more frequent in females.
  - **The most important factor is the socio-economic factor:** middle class, low middle class or poor class who cannot afford expensive products will switch over to **alternative remedial system: Ayurvedic, Unani, Homeopathy** and the like. Thus, incidence of disease and affordability are paramount factors in quantifying the market potential for a prescribed product.

### Size and Composition of Market

**1. The Consumer:** The population which is changing and growing rapidly, the use of statistics seem almost pointless, because the data becomes immediately obsolete.

- The demographic data that may be necessary for any evaluation of the consumer market for prescription drug must include: the gender, age and income of population.

- **Gender:** From the manufacturers' point of view, gender is an important demographic characteristic.
- **Age:** The data related to the age structure is vital to all the industry as a whole.
- **Income:** Apart from this, income is another factor which is equally important.

**2. The Physician:** The sale of a prescription drug is not based on any choice of the consumers but on the discretion of the physician. So, physicians also constitute a market for prescription drugs. Some factors which affect consumer purchase patterns also affect the prescribing habits of the physician.

- **Physician specialty:** The number of physicians in a given Speciality is important for budgeting of advertising expenditures. Pharma advertisers frequently omit physicians over 65 years of age as they are assumed to be less active than younger.

**3. Academic Market:** The teachers, the medical school instructors influence the prescribing habits of their students, so they are important for marketing activities.

#### **4. Other Doctors and Healthcare**

##### **Personnel:**

- Osteopathic physicians
- Dentists
- Pediatricians



**5. The Fifth Dimension:** Timing is the fifth dimension. All those lucky winners in various therapeutic categories use those products that have been introduced at the right time.



## Demographic Descriptions:

- Demography is the study of population, structure and processes. Demographic variables are most widely employed in market segmentation.

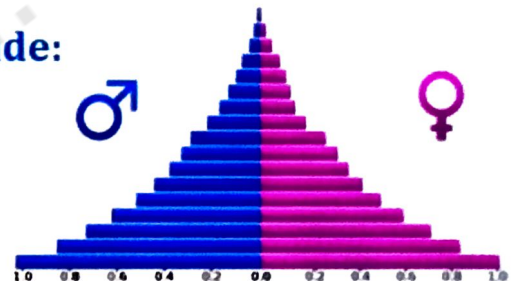
### **The food industry relies heavily on demographic variables.**

- The number and geographic distribution of a population is an important demographic variable considered by marketers in their marketing strategy.
- People constitute the market and determine the demand for any given product or service.

- **Actual size of population is the main variable, determining the size of demand.** For instance, the demand for baby food and baby clothes depends upon the statistics of marriage, birth and death rate. When birth rate declines, the market for baby products also declines.

- **Other important aspects of population include:**

- ✓ Age and sex distribution
- ✓ Family size
- ✓ Geographical distribution of population



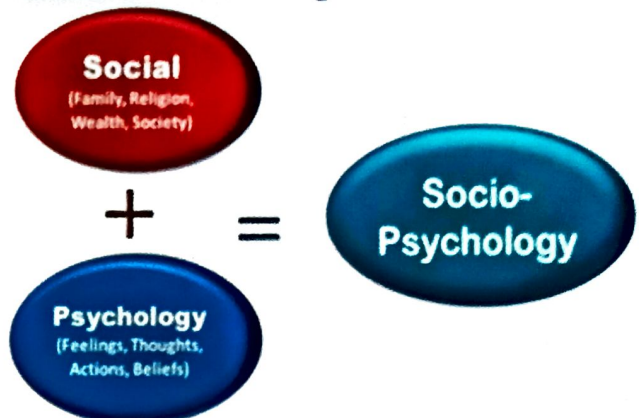
- **Family Life concept is the useful device to distinguish the efforts of age on consumption pattern.** The Family size and income indicate household purchasing patterns. Large size family spends more on necessities than small families.
- **Small families can maintain higher learning standards** as they have more discretionary purchasing power which can be spent on comforts and business and pharmaceutical products as soon as required.
- **The physical or geographical distribution of population indicates potential markets regionally,** Urban and suburban population is even increasing while rural population is reducing with the growth of industrialization. At present, we have 75 per cent rural population and the rural market offer tremendous opportunities to Indian markets.



## ➤ Socio-psychological Characteristics of the Consumer

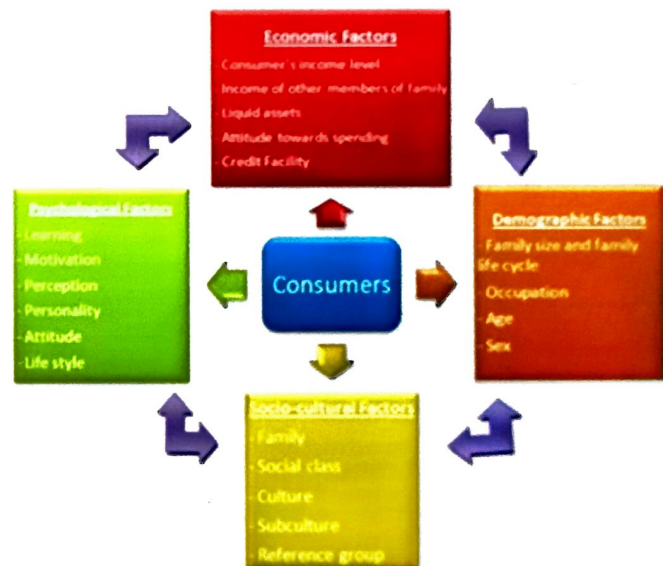
- Here, the buying behaviour of the consumer gets influenced by the external or internal personal influences. **External or internal personal influences on buyer's behaviour are :**

- Family
- Reference group
- Social class



### ➤ Family

- Most consumers belong to a family group. The family can exert considerable influence in shaping the pattern of consumption and indicating the decision-making roles.
- **Personal values, attitudes and buying habits have been shaped by family influences.** The members of the family play different roles: influence decisions, purchases and uses in the buying process. Markets are interested in the following questions relating to family purchases.
- Who influences buying?
- Who does buy product for the family?
- Who takes the buying decision?
- Who uses the product?
- Marketing policies regarding product, promotion and channels of distribution are influenced by the family which makes actual purchases.

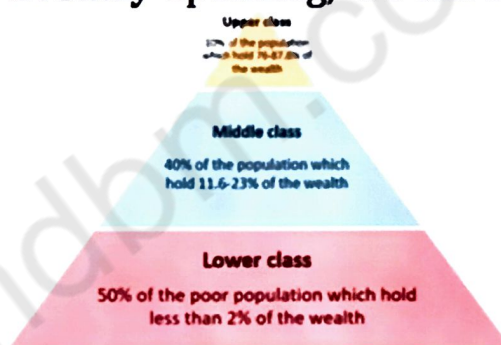


- **Reference Group:** Buyer's behaviour is influenced by the small groups to which the buyer belongs. Reference groups are the social, economic or professional groups and a buyer evaluates his/ her opinions and beliefs.



- The **buyer can get advice and guidance in his or her own thoughts and actions from such small groups**. Reference group is useful for self evolution and attitude formulation.
- The **group leader also acts as an opinion leader regarding certain products**. A person may have several reference groups for various subjects. Opinion leaders are trend setters for marketing management. **Monitoring effort may be directed to provide such opinion leaders**.
- **Social Class**: Sociology points out the relationship between social class and consumption patterns. **Consumer's buying behaviour is determined by the social class to which they belong or to which they aspire rather than by their income alone**. Broadly speaking, we have three different distinct social classes:

- Upper class
- Middle class
- Lower class



## ➤ Psychological Characteristics of Consumer Behaviour

- Motivation
- Perception
- Learning
- Attitudes
- Personality



- **Motivation**: It is a mental phenomenon. It is affected by perceptions, attitudes and personality traits and by outside influence such as; culture and marketing efforts. A human being is motivated by needs and wants. Our needs may be physiological, social and psychological. We have hierarchy of needs.

- **Perception:** Perception is the sensing of external stimulus to the individual organism the act or process of comprehending the world in which the **individual exists**. Perception is the neurophysiological process, including; memory, whereby a person becomes aware of and interprets the external stimulus.
- **Learning:** It is defined as all the changes in behaviour that result from previous experience and behaviour in war situations. It refers to a change in the behaviour which occurs as a result of practice.
- **Attitudes:** Social psychologists define attitudes as an emotionalized inclination to respond positively or negatively to an object or class of objects. Attitudes affect both perception and behaviour. In general, an attitude is a state of mind or feeling.
- **Personality:** It is a **complex psychological concept**. Its primary features are role of the concept of self and level of consciousness. The self concept refers to how a person sees himself and how he expects others to see him.

## ➤ **QUANTITATIVE AND QUALITATIVE ASPECTS: SIZE OF MARKET OR MARKET DIMENSIONS**

- For visualizing or sketching out a profile of the market, it should be viewed from all possible dimensions.
- **The size of the geographical market:**
  - ✓ State-wise or district-wise
  - ✓ Contribution of each state to all country market
  - ✓ Rate of change
  - ✓ Information in terms of volume, value and number of prescription generated





## ➤ THE SIZE OF THE MARKET BY THERAPEUTIC GROUP:

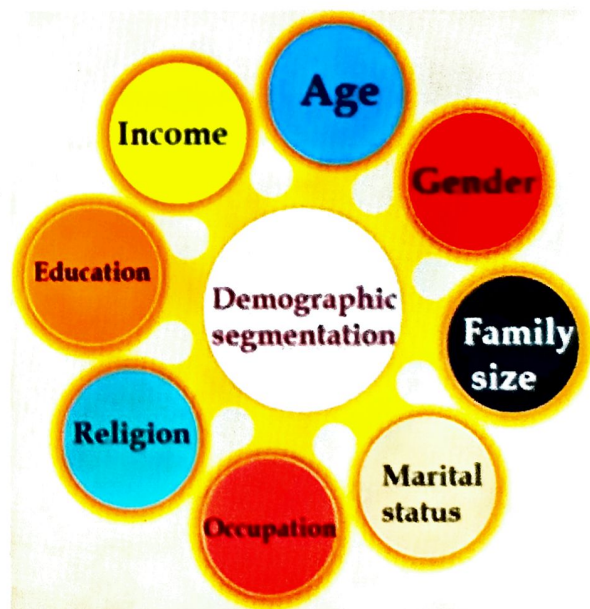
- Therapeutic group wise contribution to the total pharmaceutical market by volume, value and number of prescription in each therapeutic category.
- Region wise contribution for each therapeutic group. The rate of change.

## ➤ THE SIZE OF THE MARKET BY DEMOGRAPHICS OF BOTH

- **The consumers:** Number of patients treated with demographic description.
- **The customers:** Doctors by age group, gender, location, type of practice, Speciality etc.
- **The size of the prescription market:** The size of the prescription market depends upon the number of prescriptions issued by the doctor.
- **The size of the competition:** The number of competitors operating in each segment, and the medical benefits offered by major competitors.
- **The size of the market by volume:** The dealer network means the number of outlets where the prescribed products would be available.
- **The size of the institutional market:**

The volume of purchases made by a hospital according to the number of patients it caters. Large scale purchases of medicines are made through:

- ✓ Annual tenders, periodical rate controls
- ✓ Key people involved in the buying decisions
- ✓ Criteria for selection





# PATIENTS' CHOICE OF PHYSICIAN AND RETAIL PHARMACIST (CONSUMER PROFILE)

## Motivation and Prescribing Habits of Physician

### Prescription:

- The art of compounding defines the prescription as: "An order written by the physician, dentist, veterinarian or any licensed practitioner directing the pharmacist to compound and dispense or supply medication for a period and usually accompanied by directions for its administration or use".

DOD form 1289  
1 MAY 71  
DOD PRESCRIPTION  
FOR: John A. Doe, M.D., D.O.  
MEDICAL HISTORY: U.S.S. Never forgotten (DOD 178) DATE: 23 Jun 79  
B Prescriptions  
Description: In Naladonna  
Amphylad good  
Quantity: 75 cc. ft. solution  
Sig: 3ml. i.i. q.d.  
EXPIRES: 30 days  
FILLED BY: [Signature]  
SIGNATURE NAME AND DEGREE: [Signature]

- **The most familiar form of a prescription is that it serves as:**
- ✓ Prescription is really a decision of the physician for choosing between different alternatives. If the decision is to prescribe, what therapy to prescribe, what drug, which brand and the like. The decision may be rational or irrational. A rational buyer makes his purchase in a logical manner with clear-cut objectives.
- ✓ A means of communication between the physician, patient and pharmacist.
- ✓ Legal authorization for **dispensing a prescribed drug**.
- ✓ Therapeutic record source.
- ✓ A method of **therapy**. Physicians in medical college hospitals seek more drug information than their counterparts in smaller hospitals.
- ✓ Advertising and promotion by pharmaceutical companies is an important source of information on new drugs.
- ✓ A means of **clinical trial**.
- ✓ Most of the drugs a physician prescribes are habitual.
- ✓ Patients and society expect of the physician that the claims made in the package inserts are not exaggerated in the case of ethical drugs.



- ✓ The **attendance at hospital staff meetings** seems to influence the adoption of new drug positively.
- ✓ Use of **clinical, hospital and community pharmacists** for various types of drug information.
- ✓ Use of physician desk reference for drug information.
- ✓ Formularies probably have a significant effect on prescribing.
- ✓ Control and regulatory measures may have a positive effect on prescribing.

#### ➤ **PRESCRIBING BEHAVIOURAL STUDIES**

- Regular and continuous study of the prescribing behaviour of physicians is essential for the pharmaceutical marketers to formulate gainful strategies. Due to **competition between pharmaceutical companies**, the prescribing behaviour of doctors undergoes frequent and rapid changes.
- There is a **market relationship** between the personal preference for the company and the preference for a given drug for both mild and severe conditions.
- Preference for a given company may predispose to **'trying out'** a new product, but will not necessarily influence use over a prolonged period after the introduction of the drugs.
- The preference for a given company will predispose the **physician not only towards trying the product**, but also toward preferring it.

## ➤ **Patient Compliance:**

- Patient compliance is crucial to successful therapy. There are several factors affecting patient compliance. A patient cannot comply unless he takes the important first step of having the prescription filled.
- Patient income-cost of therapy is occasionally a factor. Relatively high cost for drugs would determine compliance in one or more of the following ways:
  - ✓ Failure to have **prescription filled**.
  - ✓ Failure to obtain **needed refills**.
  - ✓ Failure to take the medication as **frequently as prescribed**.
  - ✓ Premature discontinuation of medication to **'save some part for a future episode of illness**.

## • **Patient Motivation:**

- Motivation can be defined as the mental process, or instinct to obey the doctor's instructions.
- Consumer motivation may help to determine:
  - The self medication- prescription mixture for that individual.
  - The ultimate future of drug distribution.
  - Social and legal pressure on present and future marketing system.

➤ **Consumer Motivation:** Psychological studies indicate the human activities, including human behaviour which is directed toward satisfaction of certain basic needs. When basic needs are fulfilled, he is then free to take care of the next priority:

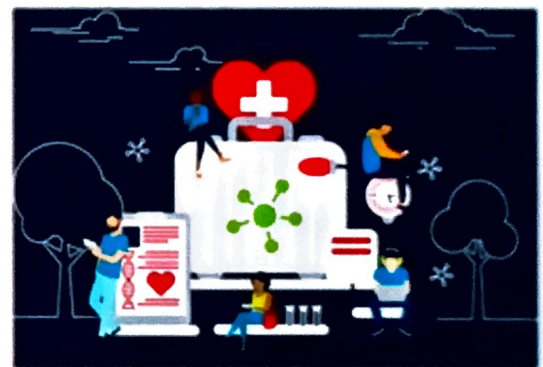
1. **The safety needs:** These needs are for economic and social security rather than in needs for physical safety.
2. **The desire to know and understand:** This need leads us to the process of searching for meaning in the things around us.



3. **The psychological needs:** This group include; hunger, thirst, sleep, etc. these are most basic needs and until they are satisfied other needs are of no importance.
4. **The belongingness and love needs:** The need for affectionate relations with individuals and recognition in society.
5. **The esteem needs:** People need self-esteem, a high evaluation of self and the esteem of others in the society. Fulfilment of these needs provides a feeling of self-confidence and usefulness to the world.
6. **The need for self actualization:** This is the desire to achieve to the maximum one's capabilities.
7. **The aesthetic needs:** This is the need for beauty.

### ➤ **Consumer Decision Making in Health Matters**

- A series of decisions about which an individual makes by an altered state of well being, is given below:
  - ✓ Extent of interference with normal activities.
  - ✓ Impression management.
  - ✓ Interpersonal influence.
  - ✓ The clarity of symptoms.
  - ✓ Assumption about prognosis.
  - ✓ Other life crises of the symptomatic person.
  - ✓ The tolerance threshold of the symptomatic person.
  - ✓ Assumption about treatability.
  - ✓ The familiarity and seriousness of the symptoms
  - ✓ Assumption about cause.



## ANALYSING THE MARKET

- **Market Segmentation** Markets usually fall into natural segments which contain customers, **who exhibit the same broad characteristics**. These segments separate markets and can be often of considerable sizes. The marketer is conscious of this fact and finely tunes his product offering specifically to each of these segments effectively. Market segmentation therefore, **is the measure whereby a company seeks to gain a differential advantage over its competitors**.
- **Market segmentation** is defined as the process of dividing a potential market into distinct subjects of consumers with common characteristics and selecting one or more segment to target with a distinct market mix based on the characteristics.
- **Criteria for a Viable Segment**
- **Measurability:-** The segment must be measurable or definable in i.e. growing or declining (by counting members of the segment) to know potential.
- **Accessibility:-** The segment must be reachable with the communication package in a cost-effective manner.
- **Desirability:-** The segment must be large enough to service profitability. The total consumption of the segment must be sufficient to cover the cost and to return an adequate profit.
- **Homogeneity:-** There should be a proper match or fit between the need profile of the members of the segment and the satisfaction qualities or attributes of the products.
- **Vulnerability:-** The market should not be exclusively vulnerable to competition.



## ➤ Ways of Market Segmentation

- There are four ways of market segmentation.
- **By Demographic Process:** Like: age, gender, education, stage in family cycle and socio-economic backgrounds.
- **By Usage Rate:** Usage rate segmentation enables to design specific communication packages aimed at 'heavy users', 'medium users', 'light users' and 'non-users'.
- **By perceived Products Benefits:** It is vital because the benefits people seek in a product are not always available and many stress only one or two major benefits they perceive as most important.
- **By Life Style or Psychographic Characteristics:** It serves to hold the key for the motive behind the purchase or nature.

### **Life Style:**

- Habits, activities, interests and opinions: these provide a reasonable chance of reaching out than cost effectiveness.
- **Limitations:**
  - ✓ It is a powerful tool but not useful for all.
  - ✓ It depends on how well it is used.
- One has to be careful in gathering, analyzing, interpreting the data and processing it into meaningful information for formulating a target specific marketing strategy; otherwise, it would be an example of garbage-in-garbage-out (**Gi-Go**) principle.
- The usage rate segmentation does not explain why consumer falls into one category rather than another. The labels like heavy, medium, light or low may sometimes hide key information.
- **Psychographic segmentation is still in its infancy in our country.** There is possibility of misinterpreting the results which are greater.

## **PHARMACEUTICAL MARKET SEGMENTATION**

- Segmentation of a pharmaceutical market is a two step process. The first step of **segmentation** is at a consumer level. The second step is at the customer level-an intermediate

### **1. Patient Consumers or End Users:**

- ✓ Patients with similar illness fall under the same therapeutic group.
- ✓ Patients can be classified depending on the stage at which the illness or disease has been progressing: acute, chronic like bronchial asthma or patients with mild to moderate or severe like hypertension.
- ✓ Patients according to their age group pediatrics, geriatrics, etc.
- ✓ Patients can be segmented according to gender male and female patients.

### **2. Doctors (Intermediate Customers Who are Influencers):**

#### **Doctors according to their age groups.**

- (i) Doctors according to their specialty.
- (ii) Doctors according to the places where they practice: urban, rural, government hospitals, primary health centres, private nursing homes.
- (iii) Doctors according to the type of practice: prescribing doctors, dispensing doctors etc.
- (iv) Doctors according to their usage rate: heavy users, light users, non-users, past users, etc.

- So, an appropriate definition of served market is particular one in which combination of customers, products and services where you have an absolute advantage over all other competitors in the total market.

## **Expansion of Served Market**

### **It can be done by**

1. Developing a clear idea or understanding of your served market and that of competitors.



2. Defending your served markets by communicating persuasively the advantages of your products and services to your existing customers as a positive reinforcement.
3. Creating perceptible competitive advantages and creatively communicate them to persuade the customers of your competitors and those around the zero advantage group.

## **STRATEGIC OPTION**

- After defining, and refining one's market and analyzing one's served market as well as that of competitors, the final step is to decide market and its strategic option is done.
1. **Concentrated Marketing:** Market can be segmented based on patients Speciality ie, Paediatric market or orthopedic market or psychotropic market, dermatological market etc. The implication of such segmentation would mean practicing the strategy of concerned marketing.

**Advantages:** The advantages of concentrated marketing are:

- i. You can look out for your company and its products.
  - ii. A concentrated approach will give a distinct and definite time competition. The advantage is you will be in a better position to monitor and forecast the trends, and likely shifts in the line of treatment and customers needs in the market, than your competitors. This is truly valuable.
  - iii. Consequently your customer service will be better than your competitors, because of the specialised knowledge of your product management and product development term.
2. **Differential Marketing:** When an organization caters to many market segments, each with a differentiated marketing mix, then it is practicing differentiated marketing.

## **Advantages:**

- (a) It minimizes or eliminates the vulnerability factors. It allows a firm to be more flexible, it allows a firm to pull out of an unprofitable segment and rely on other segments.
- (b) Major marketing costs (like selling and distribution) are spread over a number of products. This enables you to compete in relatively smaller yet profitable segments more effectively.
- (c) To decide on the strategy to adopt ask:
  - (i) Resources of the company (financial technology, etc.).
  - (ii) What is the competition doing
  - (ii) Is the market new to the **company/Organizations**

**3. Undifferentiated Marketing:** It is exactly the opposite of differentiating market or segmented approach for marketing. So, marketers feel that the generic market can be considered for the purpose of undifferentiating marketing without some degree of differentiation or terms of quality or better value of money. It is not possible to market the generics successfully.

## ❖ **MARKET RESEARCH –**

- Market research is the function which links the consumers and the public to the marketer through information used to identify and define marketing **opportunities and problems, generate, refine and evaluate market actions**, monitor marketing performance and improve understanding of marketing as a process.
- Market research is used throughout all four phases of the administrative process:
  - ✓ Devising strategies.
  - ✓ Developing marketing plans.
  - ✓ Actualizing the plans into action.
  - ✓ Evaluating their effectiveness.



## **ROLE OF MARKETING RESEARCH**

- Market research is used as an effective decision making tool.
- It is used to measure market potentials, characteristics of market and market share.
- To study the impact of **socio-economic changes**.
- Helps to make short-term and long-term forecast.
- To evaluate new products opportunities and acceptance and to test existing products relative to competitors' products.
- Facilitates designing antibiotics marketing operations and plays a beneficial role in **segmentation strategy**.
- Facilitates developing pricing policy and in the price discrimination policy.
- **Facilitates evolving effective distribution strategy.**
- Beneficial role in promotion strategy to help make better advertising decisions and appropriate promotional strategy to adopt.
- Helps to control adjustments in market and source of supply to guard against cut- throat competition.

### **The Marketing Research Process**

- ✓ Defining the problem and research objectives.
- ✓ Developing the research plan for collecting information.
- ✓ Implementing the research plan, collecting and analyzing the data.
- ✓ Interpreting and reporting the findings.

### **The Marketing Research Process can be on:**

- The products
- The sales organization
- The company, industry and competition
- The advertising and sales promotion policies
- The market
- The channels of distribution

## **Three Major Requirements of the Pharmaceutical Market**

**Consumers market or the prescription market:** It consists of individuals and who go to a practicing doctor for the treatment of their ailment.

**Institutional market:** That is made up of public and private sector hospitals that buy the products for distribution among their employers, and the government hospitals including; medical college hospitals that provide free treatment to the poor.

**The industrial market:** This comprises the bulk drugs that are used in formulations.