

UNSTABLE NUTRITION

This year's Nobel Prize winner Angus Deaton outlined a unique relationship between economics and nutrition, giving us an insight into the inequalities that exist despite a growing nation. His observations reflect ground realities in India, home to malnutrition – both under and over-nutrition. In fact, its wide prevalence in rural, tribal and urban areas make it a significant public health problem often described as an invisible enemy.

In developing countries, it is not just poor income levels that affect the standard of living of the underprivileged, but also poor nutrition levels and health. And together, these factors affect the economy of a country. Deaton observed the Indian economy and its nutrition status closely for some years and highlighted Nutri Puzzles in India, similar to the Nutri Puzzles in Africa.

Whenever epidemics have made their presence felt, innovations have come in the form of new vaccines etc that help people live healthier lives with better incomes. But the rapid increase in the per capita income levels do not translate into improved per capita calorie consumption or quality nutrient consumption – Deaton observed. In fact, it had fallen. Even though the economy is growing, the per capita consumption of proteins has not just reduced, but is getting replaced by carbohydrates.

To resolve these Nutri puzzles, Deaton suggested harmonizing and combining the nutrition statistics (currently compiled by the National Monitoring Bureau and the National Family Health Survey) with the NSS (National Sample Survey) data so that the nutrition and health patterns can be analyzed efficiently.

Indian Scenario

In India about 30.7 percent of children are still underweight. And despite the 7 percent-plus GDP growth, India has over 190 million under-nourished, contrasting with 141 million overweight and obese population, according to data from the World Health Organization and the Food and Agriculture Organization.

There are several factors that affect malnutrition but what we have come across and also represented in our whitepaper are the various Interlinking factors such as Economic inequality (Gini co-efficient), Sanitation, Urbanization, Food security etc. which need to be tackled holistically to eliminate malnutrition.

Many countries consider health a priority and spend considerable amounts in developing and maintaining the health of their citizens. In India, we spend a meager amount of Rs. 90.4 billion, insignificant from a global and national point of view.

India needs an accurate assessment of its demographics with malnutrition details on the number of undernourished and over nourished people. And this needs to be followed up with focused efforts targeting the contributing factors leading to such under and over nourishment.

If this is not done in time, we run the risk of having a population with impaired growth, defective immune system and reduced work capacity.



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# Shaping Growth Agenda



The Pharma industry today on one hand needs to be prepared to face the unexpected future, while on the other hand it should accept the challenge to go beyond research and tailor make solutions for total care of the patients. Read on to know more about the future issues and concerns of the industry and ways to shape growth as discussed in an inclusive way by [Dr. R. B. Smarta](#).



# Unstable Nutrition



This year's Nobel Prize winner Angus Deaton outlined a unique relationship between economics and nutrition, giving us an insight into the inequalities that exist despite a growing nation. Read on to know about the unstable nutrition in India reflected as nutripuzzles as discussed by [Dr. R. B. Smarta](#).



products are expected to witness innovative new product launches, such as touch-sensitive feeding bowls that load water or food from a canister when touched by the pet.

4. Generics in Companion Animal Health Market

With the expiration of major blockbuster drugs, the market for branded generic drugs is flourishing. Putney Inc. and TEVA animal health (Bayer) are the market leaders in generic veterinary drugs market in the U.S.

Concluding Comments

Animal health and nutrition inputs are critical to the health and wellbeing of animals. This sector is rapidly evolving based on new technology developments in the biological sciences. In all likelihood the sector will continue to evolve as it has over the past hundred years, into life-sciences firms relying on genetic innovations to both develop new products and better understand the interaction of animal genetics with animal health outcomes.

Increasingly animal health decisions will not occur independently from production systems, but rather in concert with these production systems as both suppliers and production systems seek to optimize outcomes on animal health. Further demands will be made on the food system by consumers to deliver products in a way that reduces social, environmental and other externalities. This will likely require even greater collaboration and communication among vertical chain participants so that goals of providing high quality protein driven by an increasing array of global demands can be met.

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About the Author

Ms. Ankita Dhekne, Associate Consultant, Interlink Marketing Consultancy Pvt. Ltd., is a Post Graduate in Nutraceuticals. She has been successfully assisting in various Research-based Consultancy Projects and actively contributing to various marketing activities as well. She has contributed in writing project reports, developing content for company's presentations, articles & other publications. She also has a whitepaper and a few articles to her credit.



SHAPING GROWTH AGENDA

Today and in near future the world is likely to face Volatility, Uncertainty, Ambiguity and Complexity along with Black Swans (Unpredictability). UVAC/VUCA is a managerial acronym for the current situation in world. UVAC's world expresses the systemic failures and behavioural failures, imperative to organizational failure. The UVAC's world is driven by digitization, sustenance and rise of developing world. This situation can be translated to various industries such as pharmaceuticals, automation, nutrition etc.

The Pharma industry today on one hand needs to be prepared to face the unexpected future and it must and on the other hand it should accept the challenge to go beyond research and tailor make solutions for total care of the patients.

Future Industry Issues and Concerns

Apart from UVAC world the industry is also faced with various other issues that may affect its growth.

1. Generic Revolution

The pharmaceutical industry is at the cross roads today, of generic revolution, with the patents going off the cliff. The demographics differ from country to country and we can see that emerging markets have come to forefront to provide growth drivers.

2. Ageing Population in Developing Countries

The number of ageing population in the world is increasing and they are looking at lifestyle diseases. This ageing population is today the active healthcare seeker.



Figure a.  
Source: Interlink Knowledge Cell



### 3. Modern Medicines

The modern medicines industry is facing criticality and constraints as the younger generation wants to be more fit and healthy and not fall sick by balancing nutrition. As a solution, the pharmaceutical industry needs to attain a higher level of competition, limitation, collaboration and consolidation.

### 4. Genetic Pre-Disposition & Damage

Genetic predisposition along with consciousness about health has led to predisposition profiling. Integration of genomics and gene therapy methods with pharmaceutical products would increase market size for pharmaceutical products and services. These personalized or customized medicines would compel the industry to move towards faster improvisation and innovation on new therapies.

### 5. Research & Development

In developing countries there is a demarcation in the society in terms of high and low class. In spite of this demarcation the pharma industry is focusing its R&D on lifestyle diseases. The pharma industry needs to shift its focus to R&D on antibiotics in order to sustain itself in the upcoming years.

### 6. Innovation & Technology

Diagnosis, micro surgeries, emerging role of traditional medicines are pushing the industry towards innovation where big pharma has decided to spend huge money equivalent to a small country's GDP to work on blockbuster medicines. On one hand we can see that big pharma companies cannot come out of this traditional mind set, while on the other hand small biotech companies along with academicians are working on innovative solutions and bringing forth a newer hope for the industry. It has been observed that the last five to six years have been years of add on medicines.

### 7. Behavioral Justice

Today's patient is more aware of health and services offered by healthcare givers to him/her. The patient is no longer helpless and wants value / justice for the money he is spending on the healthcare facilities.

### 8. Medical Nutrition

Industries within the health & life sciences sector are moving towards one another leading to new avenues like the medical nutrition sector. Convergence of these industries plays a crucial role in shaping new markets for pharmaceutical products. This birth of medical nutrition has shown the pharmaceutical industry a dual path of relying on product and service.

### Can Sustainability be Achieved?

In order to achieve sustainability, we need to focus on approaches that address innovation and capability building, drive leadership and define market tailored and defective business strategies for each market segment.

The industry has seen growth over a period of years. But now the growth is declining due to lower prices of generics which have led to:

1. Reduced value
2. No new blockbuster drugs
3. Demographics and
4. No real R&D in the developed countries

infectives and other pharmaceuticals, represent the largest category, followed by biologicals.

Most animal health companies now focus on providing products and services to enhance the efficiency of management practices of rural farmers thereby increasing production, higher rural income and quality of life.

The companion animal health is partially driven by pet owners' obligation to keep their animals healthy and partially by the growing focus on protecting human health by preventing transmission of disease pathogens from animals. The rise in the popularity of pet assisted therapy, especially in the developed countries, therefore bodes especially well for animal health products and solutions in the companion animals sector.

### Indian Scenario

Indian firms are beginning to make forays into the \$16 billion global animal healthcare market as a diversification strategy. Zydus Cadila, Alembic, Vetnax, Virbac Animal Health India, Intas Pharmaceuticals, Intervet India, Concept Pharmaceuticals and Wockhardt are some of the major Indian players who have stakes in the animal healthcare market. Animal Health products are growing at an annual rate of 8-10% with bulk of the growth emanating from small and medium sized local companies. Animal Pharma scrip reports put the total Indian Animal Health market at Rs. 1157 crore. In the export market, the focus is on food and companion animal categories.

However, almost 70% of the market is controlled by 15 companies who have leveraged their marketing and distribution strengths to tap the market potential. They are bullish about the growth in consumption considering the growth trends in the poultry and dairy segments.

The global animal health market is consolidated with the top eight players controlling by far the majority share of the market. Zoetis, Merck, and Merial are the leading players in the animal health market. Other key players in the market include Elanco, Bayer, Boehringer, Novartis and Virbac.

### Trends in Animal Healthcare Market in India

#### 1. Multinationals continue to lead pet care in India

Multinationals, such as Mars International India and Royal Canin India, have maintained their leadership in pet care, mainly due to their leading positions in pet food and nutrition. Such multinationals enjoy strong brand recognition and trust, due mainly to their long established presence in the country. These companies continue to expand their distribution networks to smaller cities extend their reach to consumers across the country.

#### 2. Pet shops remain the leading distribution channel

Pet shops remain the preferred retail channel in pet care, for pet food and pet products, over the review period. Such outlets are popular with pet owners due to the wide assortment of brands and products on offer.

#### 3. Pet care is likely to continue to post robust sales growth

Pet care is set to continue to develop and grow due to new product launches focused on health and wellness and convenience. Health and wellness is more prominent in dog food, which is likely to see natural flavours and ingredients. Interestingly, "other" pet



market share (2014). North America is a potential market for companion animal drugs & vaccines.

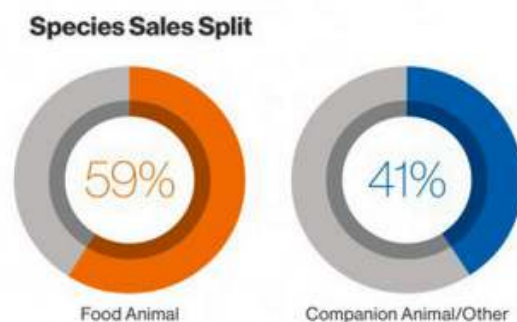


Figure b.  
Source: IFAH

Large number of antibiotics which are banned in animal feed in Europe and North America are still used in Asia Pacific due to which the output of production animals is higher. However, government is expected to take serious measures in near future to streamline the guidelines for sustainable animal farming.

Europe occupies second position in global market with 29% of market share. Middle East & Africa occupies the lowest market share in terms of revenue, however, they are untapped markets with immense opportunities for cattle & poultry feed, pharmaceuticals & vaccines.

North America and Western Europe has high number of pet populations. Japan, China, Romania and India are the emerging markets for companion animal healthcare segment. Asia Pacific, Latin America, Eastern Europe and Middle East & Africa is anticipated to see high uptake of animal feed additives as well as pharmaceuticals during the forecast period.

### Companion Animal Health Market Drivers

1. This growth in the animal health market, could be attributed to rise in the pet ownership in the country, rising preference of the people to shelter or adopt a pet along with a strong incline in number of the nuclear families in India.
2. The growing awareness of pets' needs, increased availability of pet food and products in modern retail stores, pet shops and superstores have all supported growth.
3. Furthermore, pet owners continue to shift to branded pet food and many pet lovers traded-up to premium varieties.
4. In the future, the global market for companion animal health products is expected to further grow and become more specialized.

Some twenty years ago the landscape for companion animal products was completely different with biologics or vaccines (predominantly against viral and bacterial agents), antibiotics and parasiticides against internal and external parasites) as the key drivers. Nowadays, parasiticides and pharmaceuticals, anti-



Figure b.  
Source: Interlink Knowledge Cell

As a result, we need to look out of the domain markets viz. the emerging markets for survival and sustainable growth.

### Emerging Markets

The pharma industry is mainly driven by emerging markets, as according to certain industry estimates the total expenditure on healthcare in these emerging markets is expected to grow upto 499bn USD by 2020. The scientific and technological advances together with sociodemographic changes along with increasing demand of medicines and trade will revive pharma's fortune in another 10 years and deliver dramatic improvements in patient care.

### Unleashing the Potential of India

India, today has a great talent pool of skilled workforce, with over 8.5 million qualified scientists, around 35,000 students graduating from medical and pharmacy colleges, low set-up costs, contract research and manufacturing, genetically diverse patient pool, low treatment costs as compared to developed nations, recent growth friendly government policies etc. All these factors can add to the potential of India as an emerging market for pharmaceuticals and biopharmaceuticals. As well as, these various factors make India a lucrative market for investment in pharma and biopharma. This can happen provided we manage sustainable growth.

### Growth of Biopharma

Many of the pharmaceutical companies have hastened their efforts to strengthen their presence in the emerging markets by means of R&D investment, licensing deals, acquisitions or other partnerships. However, with global markets facing dynamic demographic and disease trends, changing market demands and evolving regulatory requirements, it has been hard for manufacturers to devise the strategies needed for success in each of these areas. Apart from these, due to patent expiry which is a major issue, the pharmaceutical companies are looking at diversifying into biopharma industry by developing biosimilars and getting into joint ventures with the manufacturing companies. The major lobbying areas in the biotechnology industry in India are research & development, support activities, marketing, innovation and new drug discovery etc.

It has been observed that opportunities in the biopharmaceutical sector are quite big and growing rapidly. The pharmaceuticals and health biotechnology are one of the fastest growing segments in India. Biopharma accounts for around 64% of India's biotechnology industry. It is currently valued at around 2-3bn USD and is growing at a CAGR of ~20%. Vaccines and Biosimilars constitute the largest component of the Indian biopharma market. The growth in biopharma market can be mainly attributed to the exports as the domestic market is far less as compared to the exports market.

The biopharmaceutical sector has all the potential to become mainstream in the near future. The efficacy and safety of biopharma products, combined with their ability to address previously untreatable conditions, allows the companies to grasp higher prices for innovative drugs. Biopharmaceuticals have redefined the concept of blockbuster drugs, with drugs such as Humira (anti-inflammatory) generating sales of more than \$10 billion a year.

**Evolving Multi-Prong Approach**

In today's times, it is important for pharmaceutical companies to adopt a multi-prong approach to address diversity, lifestyle as well as behavioral issues like doing justice to the emotions of patients along with demographic dividend of emerging markets, biotechnological innovations and utilization of stem cells.

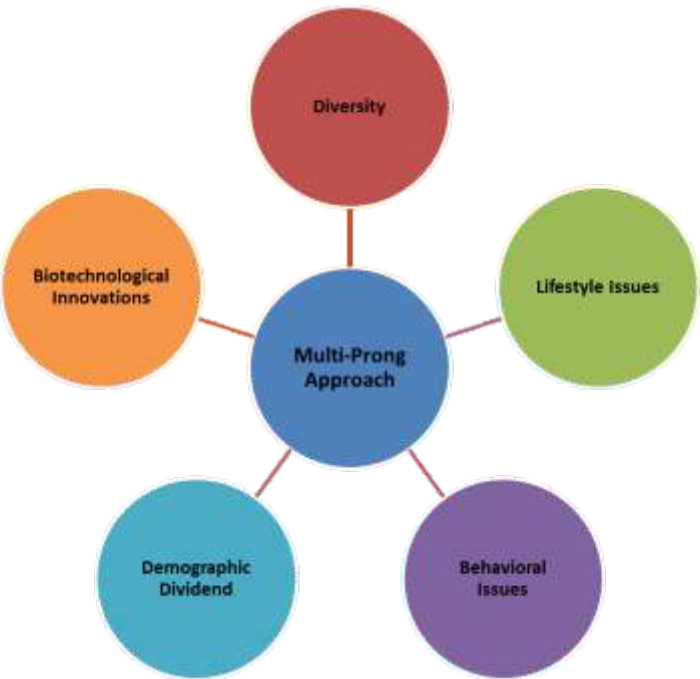


Figure c.  
Source: Interlink Knowledge Cell

This multi-prong approach for effective healthcare is necessary to come up with innovative solutions for sustaining the pharmaceutical industry in the coming years.

**Should pharma industry avoid trap of uncertainty and in this new world consistently improve and innovate new solutions through this Multi-Prong Approach?**

Unmet animal healthcare needs as mirrored by the scarcity of new drugs, diagnostic aids, treatment monitoring, and vaccines for preventing, detecting and treating infections, brings to fore the untapped potential in the animal medication market.

**Market Overview: Demographics**

Geographically, the North (US) and Latin America (Argentina and Brazil) account for the largest share of the animal health drug market (47 per cent share by value), followed by Europe (France, Germany, Spain and the UK) with 31 per cent share and ROW (India, China) with 22 per cent share.

Moreover, major regions such as Asia Pacific and Latin America are shifting towards production of high quality animal feed additives to secure the sustainable supply chain of meat, milk and other animal proteins for their customers.

**Move Towards Companion Animal Health Sector**

Newer product groups were vigorously pumped in the market to contain the emerging infectious diseases and to cope up with the targeted productivity. This has largely contributed to the brisk growth of the market.

Initially the animal health industry was focussed only on cattle, poultry and livestock, but in past few years there has been an upsurge in the products for companion animals / pets.

Due to changing lifestyles, the equation between humans and animals has changed and the human-animal bond has strengthened this market for products, including pharmaceuticals and vaccines, which contribute significantly to the health and well being of these animals.

Irrespective of the fact that companion animal market is still under 10% of the animal health market, it has emerged as the fastest growing group with pet food, biological, anti-parasites and anti-ageing nutraceutical products.

Any look at potential opportunities in the companion animal market, particularly with respect to where the formulation may play a role, has to be guided by developments that have shaped this segment over the last few decades.

The regulatory framework for veterinary products, guides and defines product requirements and approvals around the world. Advances have also been driven by companion animal owners (consumers) and veterinary demand, for products that make administration simple, with the aim of maximizing owner compliance; to try to ensure fulfilment of the veterinary professional's prescribed course of treatment. The numerous approvals of products for companion animals in the last decade reflect the fact that this market segment continues to be attractive.

**Companion Health Animals: Market Dynamics**

Technological advancement in development of new active ingredients/biologics, increasing zoonotic diseases, and intense factory farming are the major underlying factors that will fuel the growth of the animal healthcare market between 2015 and 2020. This would offer various biotechnology, feed manufacturers, and animal healthcare companies unprecedented opportunities in the space of animal healthcare market.

GO YOUR OWN WAY: ANIMAL HEALTH

Over the years the animal health industry has evolved with changing trends. The animal healthcare market is estimated to expand at a CAGR of 5.1% during 2014 – 2020 according to Future Market Insights report. In terms of value the global animal healthcare market was around US\$ 32.081 billion in 2014 and is expected to reach US\$ 43,032.1 million by 2020, reflecting a CAGR of 5.1%. The declining revenues due to patent cliff and increasing competition in the human health division have initiated pharma MNCs to look at different alternatives like expanding their presence in animal health and consumer care business.

Market Overview: Statistics

The Animal Healthcare market is majorly divided into three segments viz. Pharmaceuticals, Feed additives and Vaccines / Biologicals.

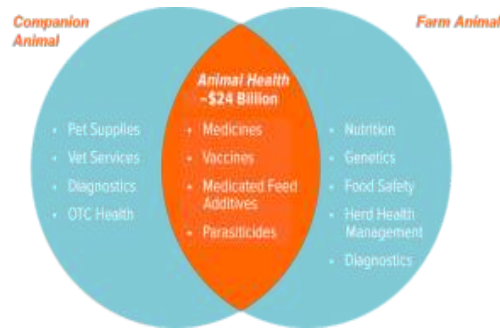


Figure a.  
Source: Zoetis

The animal medicines and vaccines sector is estimated to represent a global market of \$24 billion and is expected to exceed \$33 billion by 2020.

The feed additives segment was approximately US\$ 14,998.3 million in 2014 with a market share of 46.8%. Currently, feed additives account for the largest market and this segment is expected to exhibit the CAGR of 5.4% during 2014-2020. Till 2020 this segment is expected to gain further market share to maintain its dominant position.

Based on the target audience, the industry can be broadly categorised into livestock (cattle, poultry and sheep), companion animals (cats and dogs) and equine (horses). based on the types of animals. As of 2013, the livestock animals accounted for 59 per cent of overall drug sales, followed by companion animals with a share of 41 per cent of total sales.

With consumers demanding risk-free food for animals and with Governments across the world focused on building newer systems for superior animal health management, its opportunities galore for animal health products including animal medication.

The human population boom is expected to result in an increased requirement for animals for food. The increase in per capita consumption of meat products worldwide is reflected in the increased demand for protein-rich food, especially in developing nations.

Growing awareness over the economic impact of diseases in livestock is steadily bringing to fore the importance of animal health economics in every farm.

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About the Author

Dr. R. B. Smarta, Founder & Managing Director of Interlink Marketing Consultancy Pvt. Ltd., has more than 45 years of experience in the industry including over 30 years in management and business consulting. Being a thought leader, he has helped the management of number of organizations set up and grow through strategy consulting, sales & marketing effectiveness, organizational development interventions, successful mergers & acquisitions and innovative video-based training packages for Indian pharmaceutical, nutraceutical, diagnostics, critical care and healthcare domains.







# U-Turns and New Turns?



*With the changing marketing dynamics, it is difficult for any company to change their marketing efforts, discover new marketing ways and also adapt to the changes. Read on to know about the big shift in pharma marketing and also to adapt to new ways of marketing as discussed by [Interlink Knowledge Cell](#).*



# Go Your Own Way: Animal Health



*The declining revenues due to patent cliff and increasing competition in the human health division have initiated pharma MNCs to look at different alternatives like expanding their presence in animal health and consumer care business. Read on to know about the changing trends in the animal health industry as discussed by [Ms. Ankita Dhekne](#).*



generic drugs. Since generic medicine is more popular due to cost savings, there is no potential for innovative treatment in Mexico in the near future.

Mexico is the biggest counterfeit medicine market worldwide, 12% of all drug sales in the country are accounted to fake products. Fake medication is mostly produced locally, with raw materials imported from developing countries such as China or India. Some ready-to-be-sold fakes are imported from other countries, typically with labels in English.

Way Forward

The pharmaceutical companies in Mexico should focus its efforts on providing treatments for newly developed diseases and conditions in order to gain biggest market share possible.

It is important that the Government ensures the enforcement of regulations, elimination of violations, with aggressive pursuit of forfeit products.

Knowing that pharmacists are the key influencers, pharmaceutical companies should rather approach them than physicians. Detailing towards pharmacists would eliminate the uncertainty of what drug the patient will buy in the end. Promotion to physicians should not be terminated but it should be extended to pharmacists too in order to achieve maximum results.

Mexico requires solid investments in improving manufacturing processes as well as in medical research, given that the generic drugs market is on the rise.

The pharmaceutical companies need to expand marketing and sales strategies to address the growing importance of non-specialists such as primary care physicians and non-physician healthcare practitioners.

The pharmaceutical companies ultimately need to pursue growth opportunities associated with programs to narrow the healthcare gaps between regions, income levels, and care programs.

Conclusion

Mexico has the resources and is on the right track to capitalize on its rapidly growing economy but if investment in the pharma sector is to be increased, both industry leaders and government must make sure that the right regulations and laws are put in place to drive this development.

About the Author

Ms. Shreya Pathare, Post Graduate in Microbiology, is currently working as a Research Associate for Interlink Marketing Consultancy. She has been successfully assisting in various Research-based Consultancy Projects and has contributed in writing project reports and developing content for write up on various articles and presentations with active contribution to digital marketing.



U-TURNS AND NEW TURNS?

The current situation of the pharmaceuticals industry is such that although the global market for medicines is increasing yet pharma industry is not expected to make strong profits from these opportunities, unless it changes the way in which it operates.

With the shrinking of time of interaction between the medical representatives and doctors along with other factors, the focus is shifting more & more towards Health & Care, also there is a change in the traditional disease profile. Earlier the acute disease segment was of significant importance in Indian pharmaceuticals market however now due to fast paced lifestyle there has been emergence of the lifestyle related chronic diseases.

Gradually the importance of 'Business Ethics' is getting acknowledged by the industry, along with changing consumer's needs. With rising awareness & expectations from patient's it is time for the pharma marketers to move towards the patient-education programs and turn them into something similar to a movement.

It is very crucial to understand what is more important, who should be our customer, the doctor, the patient, patient's family or the healthcare insurance providers? Also it is important to educate the doctors as well as patients (product education, therapy education and diagnostics or doctor Patient matrix). Answering these questions will help us understand to whom & how should we target our marketing strategies.

Answering these questions will help us understand to whom & how should we target our marketing strategies.

If we look at all these aspects we would understand that all should be our customers as they all are interdependent. From marketing point of view everybody right from patient to patient's family and doctors to the Insurance providers should be focused.

Transforming Traditional Marketing

In order to transform the existing marketing, following four steps can direct marketing principles:

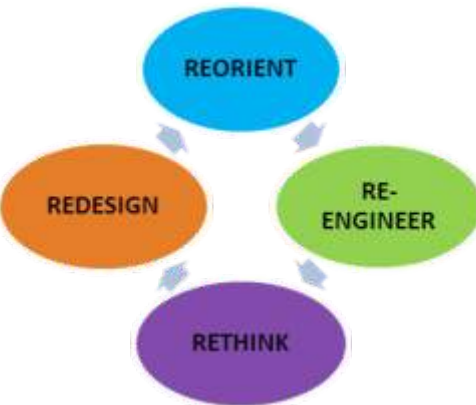


Figure. a  
Source: Hunter Hastings & James Saperstein (2008)

In order to Reorient, Re-engineer, Rethink and Redesign, marketing would look at this the following way:

Reorient, so that the customers are the drivers of marketing, not the target. It is the most critical point of view – the one that really matters is the customer. The customer has the power. Re-engineer your marketing processes. A marketing process is designed to deliver value to the customer; extraneous activity is eliminated. Rethink your marketing organization. Replace functional specialization with cross-company collaborative customer value creation. Redesign your marketing technology. Marketing is an enterprise system rather than a series of point solutions.

### **Need for Innovation & Transformation in Marketing**

There are many factors that pose a challenge to the traditional marketing & sales techniques / process. Some of these factors are listed below:

#### **1. Influence Pattern**

Changing patterns of Influences: Patients, other stakeholders

#### **2. Geographical Diversity**

Emerging markets, diversity in disease burden

#### **3. Time Crunch**

Decreased face-to-face time with healthcare providers

#### **4. Cost Pressure**

Increasing cost pressure

#### **5. Competition**

Existing intense competition in the industry with a number of players in each segment

#### **6. Preventive Platform**

Shift from curative to preventive platform

#### **7. Changing Patient Outlook**

·Increased awareness amongst patients leading to need for increased information

#### **8. Low Profit Margins**

Entry of generics, High volumes, low profit margins

### **The Big Shift in Pharma Marketing**

With the advancement in technology and changing perception of consumers & healthcare professionals it has become mandatory to adapt to the changing times. These aspects are already leading to drastic changes in the marketing world. As a result of shifting consumer and healthcare professional's trends, media preferences and shrinking budgets, the pharmaceutical marketers have to take smart decisions.

In the recent years, the way marketers engage their customers has changed. Information technology has evolved so quickly that there is no other discipline in comparison. Strategies that were cutting-edge just a few years ago are fast becoming outdated, and new marketing strategies and tools are coming up.

Wholesalers and distributors exert more influence on the retail channel than pharmacies do. Mexico has two major wholesalers, Casa Saba and Nadro, that dominate the market with a combined 70 percent share and have exclusive contracts with some manufacturers.

Government spending on medicine is also growing rapidly with increasing insurance being provided by Seguro Popular, the social security institution that eventually will give universal healthcare coverage to all Mexicans. In the last couple of years, Seguro Popular has raised the number of affiliates it has from 16 million to 42 million.

The leading companies in the industry in Mexico include: Merck, Boehringer Ingelheim, Schering Plough, Bayer, AstraZeneca, Pfizer, Glaxosmithkline, Baxter, Eli Lilly Company and Novartis, among others.

### **Drivers**

As of today Mexico is considered to be a young society with a median age of only 25 years. But UN forecasts this median age to reach 42 years by 2050, consisting of 1/5 elder population. Treatment for conditions and diseases associated with the elderly viz. high blood pressure, eye diseases, high levels of cholesterol, arthritis, etc. will provide ample of opportunities for pharmaceutical companies in Mexico.

The population of Mexico has seen an increase in their income in over a decade by about 17% and now falls under the category of middle class. This indicates that the pharmaceutical companies in Mexico now have a large consumer base that can afford medicines that were too expensive for them earlier.

Studies indicate that the population of Mexico is showing an increasing tendency towards high blood pressure (33.9%) and blood glucose levels (13.1%). Also, there is a high prevalence of hypertension (30%), diabetes (10.1%), and hypercholesterolemia (43%). These conditions are subject to further expansion because of better living standards and higher disposable income. Further these conditions tend to continue throughout life, thus entailing greater medical expenditure than sporadic forms of illnesses driving the sales of prescription drugs in Mexico.

Although Mexico has succeeded in opening up its market to investors mainly through the work of agencies like COFEPRIS that regulate drug permits, it seems like Mexico would be better positioned to become the number one emerging market if there were more fiscal incentives for the industry and more investment in R&D, technology and innovation projects.

### **Challenges Faced**

The Mexican pharmaceutical market is witnessing increasing pressure due to capacity constraints, demographic changes and other factors. Mexico lacks the resources and capabilities to address these shifts.

Another challenge is companies facing lengthy delays in approval of their products from COFEPRIS. Regulatory hurdles such as limits on market access, lengthy approval processes, and public budgetary constraints are particularly prevalent when it comes to innovative products.

The growth of generic medicine market is driving local manufacturer revenue, thus giving rise to local competition. Generic market is likely to expand even above projected 17.5% in 2021 due to the fact that the government is trying to promote local players, thus,



## SEEING OPPORTUNITY: MEXICAN PHARMA MARKET

The global economic landscape is witnessing increasing importance of emerging markets with rising economic growth and industrialization. With the fast growing economies of BRIC (Brazil, Russia, India & China) countries, it is now useful to look at the next tier of growing economies viz. the N-11 or the Next 11 countries (Mexico, Nigeria, Egypt, Iran, Turkey, Bangladesh, South Korea, Indonesia, Philippines, Vietnam and Pakistan). Mexico among them is the fifth largest of emerging markets behind the BRIC countries. Mexico's pharmaceutical market is the one to watch for with improving regulatory environment and high foreign direct investment. With this Mexico's pharmaceutical market has become an attractive market to many multinational drug makers.

### Dynamics of the Mexican Pharma Market

The pharmaceutical market in Mexico is the second-largest in Latin America after Brazil and accounts for about 1.5% of the country's GDP. The Mexican pharmaceutical market is expected to rise from \$16.4 billion in 2013 to \$21.5 billion in 2018.

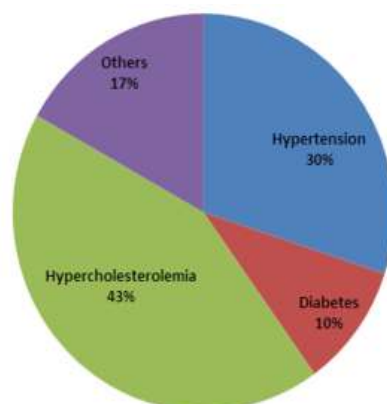


Figure a.

Source: Interlink Knowledge Cell

Human medicine, veterinary use and medical devices are the major segments that make up the Mexican pharmaceutical industry, which report 2.5 billion unit sales of medication per year.

Majority of Mexican pharmaceutical sales are accounted by around 300 companies including most major multinationals. Approximately 80% of sales are from domestic production and the rest are imports. The country's free-trade agreements (FTAs) have boosted Mexico's pharmaceutical export industry. Venezuela, the U.S., Brazil, Colombia, and Panama have emerged as major export destinations for Mexico. The Government is actively looking at developing "biotechnology clusters" in collaboration with the private sector (both local and foreign firms) and universities to accelerate local production and exports.

In July 2012, PAHO/WHO designated COFEPRIS (Comisión Federal para la Protección contra Riesgos Sanitarios) as the National Regulatory Authority of Regional Reference for Protection against Sanitary Risks and is the authority with competence to control and regulate drug products in Mexico. Regulators have issued the Official Mexican Standard NOM-059-SSA1-2013 for good manufacturing practices, which is equivalent to existing international standards, to boost the quality of pharmaceutical production.

## Digital Marketing

Digital marketing is one such new technology which has picked up pace in the recent times. There is a shift in marketing trend. It is moving from Traditional Marketing Tactics towards Digital Channel.

Physicians are no longer limited or dependent on in-person knowledge about drugs, they can easily get the information on internet. Thus, it has become essential for the pharma companies to go digital.

The marketing channels used now-a-days clearly denote the 'Marketing Tactics' to be in favour of digital marketing, websites, digital sales promotion and social media than printed sales materials. However, there is no decrease in % use of Professional Sales Representatives as one of the channels. The budgets allocated towards this channel reports an increase of 7.6%, there are several field force independent opportunities in digital marketing such as Email Marketing, Social Media, Mobile Apps, e-Marketing, Website, Virtual Rep, and Closed Platforms.

Pharma marketers are struggling with making meaningful contact with tech-empowered audiences. It is important that the pharma marketers' efforts strike a chord with the patients. Conveying the insight that serves up motivation alongside education is also essential.

### Online Referral Marketing

Digital marketing can also include referral marketing which is the internet-based approach to traditional referral marketing. By tracking customer behavior online through the use of web browser cookies and similar technology, online referral marketing can potentially provide a higher degree of accountability than offline models.

### New Way of Marketing & Communication

Looking at all these factors it is evident that there is a need to leverage the SAMROI (Sales & Marketing Return on Investment) and look at new ways of marketing & communication.

With the Shifting budgets, swelling challenges, unique opportunities and future perspectives, the Healthcare industry is experiencing the perfect storm; and so is the marketing function.

### The new way of marketing will emerge from patient-centricity & patient engagement strategy.

1. Patients just don't want services from the pharmaceutical companies, they expect them. Patients understand that there is a fundamental value to information and industry is the best source of information about its own products.
2. Pharmacies are the perfect place for patient engagement. Pharmacy customers are toughest to get and hardest to lose.
3. Healthcare extenders are an increasingly essential part of the healthcare system and yet untargeted by pharma marketers. They are the unsung brand champions.
4. Reaching people when they are most susceptible can help sustain change and get better outcomes.

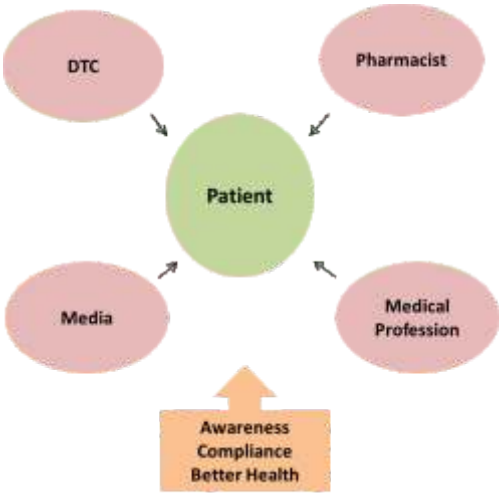


Figure b.  
Source: Interlink Knowledge Cell

5. True patient-centric companies are focused on improving lives of patients and care givers

**Way Forward**

Even with the advent of newer technologies & ways to market the products & reach the consumers, in many companies the organizational structure of the marketing function hasn't changed. The prejudiced hierarchies from different age are still commonplace

Marketers understand that their organizations need an overhaul, and many chief marketing officers are tearing up their organizational charts.

Now the focus should be changing towards developing business through marketing & in pharmaceuticals, business is sales. Thus, developing 'Sales through Marketing' is becoming the new trend in marketing.

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**Interlink Knowledge Cell**

Interlink Knowledge Cell comprises of a team of experienced subject matter experts in various domains like Pharma, Nutra, Biotech, Animal Health and Wellness, to provide insights and business perspectives focused on Management, Marketing, Sales & Training areas.



# Seeing Opportunity: Mexican Pharma Market



Mexico is the fifth largest of emerging markets behind the BRIC countries. Mexico's pharmaceutical market is the one to watch for with improving regulatory environment and high foreign direct investment. Read on to span the international pharmaceutical market potential of Mexico as discussed by *Ms. Shreya Pathare*.



**Step-2: Objective Setting**

This is a crucial step and management needs to decide on parameters of objectives. The objectives can take a look at talent acquisition, development and retention, engagement of physicians and other relevant customer groups through innovative products, processes, promotion, projects and loyalty from the point of view of patient groups, therapies, protocols, technology and the organization.

As a result it is easier to set the objectives. Mostly old objectives like sales volume, profitability, market share will be derivatives of this new set of objectives.

**Step-3: Developing the Measurement Metric**

Parameters	Measures	Qualification	Review
Talent			
Engagement			
Customer Loyalty			

Figure a.  
Source: Interlink Knowledge Cell

With a metrics developed on critical parameters like Talent, Engagement and Customer loyalty; coupled with a timely review, organizations will surely be able to track the Sales Force Productivity on right measures. Balance of thinking must shift towards a quantum, rather than piecemeal change.

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**About the Author**

Dr. R. B. Smarta, Founder & Managing Director of Interlink Marketing Consultancy Pvt. Ltd., has more than 45 years of experience in the industry including over 30 years in management and business consulting. Being a thought leader, he has helped the management of number of organizations set up and grow through strategy consulting, sales & marketing effectiveness, organizational development interventions, successful mergers & acquisitions and innovative video-based training packages for Indian pharmaceutical, nutraceutical, diagnostics, critical care and healthcare domains.



# New Metrics for Sales Force Productivity



With ever increasing time crunch, pharma sales force do not get ample time to detail their products. Most of the pharmaceutical companies are looking at new ways for their sales forces to fight against difficult odds. Read on to know about the new metrics for field force productivity as discussed by Dr. R. B. Smarta.





## NEW METRICS FOR SALES FORCE PRODUCTIVITY

With the ever increasing time crunch pharma sales force do not get ample time to detail their products to their customers. To utilize whatever available time to make a call productive, 'Elevator speech' is what is required today. However, a 'Marathon effort' is needed to arrive at this 'Elevator speech', especially in today's time, where customers are overloaded with information, which is not only easily accessible but often free, thanks to the internet boom.

### Challenges for Pharmaceutical Sales Force

The selling scenario has become all the more complex today. Patients are more aware and educated. Physicians are not very interested in discussing the key details of the product with Sales Representatives, when it is available at the click of a mouse! This has reduced the available quality time with prescribers. Prescribers are not keen on investing their time in interactions with sales force, unless there is something unique that they have to offer. Lack of effective communication is yet another challenge, with less number of new differentiated products. Generics market has further added to the competition for branded medicines. All these factors have slackened down the pace of prescription volume growth of organizations leading to stagnant Field Force Productivity.

### The Need for New Metrics

Sometime back, efficiency in manufacturing was an issue with struggle for long-established parameters for performance measurement. This led to the shaping up of the philosophy of Total Quality Management (TQM). TQM tried to benefit from the inputs of management, employees, suppliers, and even customers, with the purpose of meeting customer expectations. Organizations observed huge achievement just by changing the most relevant parameters for performance measurement.

The sales force productivity measures of Indian pharmaceutical industry are input oriented than outcome oriented. Top management is more concerned about measuring the performance on sheer quantitative elements like samples, leave behind literatures, number of calls made per day. But the need of the hour is to carefully assess whether the productivity measures are still applicable or are merely used to put numbers while filling up the score cards. It is time for pharma companies to check if their sales and marketing measures are correct.

### Drivers of Sales Force Effectiveness

Pharma players need to understand different drivers and variables involved, in order to arrive at the factors influencing sales force productivity, some of which are stated below:

**Right Consumers:** Targeting the best physicians and prioritizing those physicians with the best prescribing potential.

**Right Frequency:** Defining appropriate contact methods and frequency of contact for each physician segment.

**Right Message:** Developing messages that match the needs and desires of individual physician targets.

**Right Size:** Hiring and maintaining an ideal number of sales force representatives to

accomplish the company's needs.

**Right Deployment:** Creating and managing suitable territories to support the sales model.

**Right Training:** Providing sales representatives with the support they need in order to shift the focus from the quantity of calls and contacts to the quality of relationships preferred with targets.

**Right Tools:** Utilizing the correct sales reporting techniques to keep representatives focused on their selling responsibilities and not their reporting duties

**Right Motivation:** Establishing metrics and compensation to reinforce the desired behaviors among representatives.

### Bridging the Gap

The gap between the measures and the objectives can be bridged by taking practical actions to improve in-clinic productivity:

**Scientifically Focused Sales Force:** Create a scientifically-focused sales force on the basis of benchmarking and measurement parameters. The scientific foundation is important and is being done by many pharmaceutical companies, although it incurs considerable cost.

**Productivity Focused Sales Force:** Create a productivity-focused sales force that helps prescribers to 'sell the recommended solutions' to patients.

**Improving Prescriber - Patient Outcomes:** Offer solutions to prescribers on improving patient outcomes' through better communication and get better yield from prescribers

**Connect to Customer:** Organizations should strive to connect directly to patient and prescriber groups; through a blend of print media, social media and certain direct interactions.

**Monitoring Interactions:** Monitoring the progress of prescriber-patient interactions initiated by sales force in order to improve relevance of sales efforts from prescriber's point of view.

### Designing the New Metrics for Sales Force Productivity Measurement

A 3-step approach could be taken by pharma companies to formulate a new Metrics for Sales Force Productivity Measurement.

#### Step-I: Benchmarking Exercise

Management should focus on getting insights into benchmarking areas like therapy areas, customer groups, number of representatives, communication and promotional strategy so as to come to a consensus on best practices. Management must begin by defining the position they would like to occupy, then study carefully competitors whom they must displace to occupy this slot, study customers whose support they expect to attain this position and many such information.