
“TO ANALYZE THE NEW TRENDS IN RURAL MARKETING WITH SPECIAL REFERENCE TO PHARMACEUTICAL COMPANIES”

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ABSTRACT: In last few years, rural markets have acquired significant importance in India, as the overall growth of the economy has resulted into sizeable increase in the purchasing power of the rural population. On account of the green revolution in India, the rural areas are consuming a large quantity of industrial and urban manufactured products. On the backdrop of this, a special marketing approach, namely, *rural marketing* has taken shape. One of such industry, which is facing a transitional phase, is Pharmaceutical industry. Pharmaceutical companies are operating through Indirect Marketing method therefore it is important to analyze the new trends in rural marketing with special reference to Pharma companies.

This research paper analyzes the current marketing practices and outlines in detail future developments that will increase the return on investment (ROI) within sales, marketing and customer fulfillment activities. Indian Pharmaceutical companies started investing in technologies, R & D and yet often achieve poor ROI through poor assessment of user needs and customer requirements. This limit the scope of rural marketing activity and assimilation within the company and fail to recognize that rural marketing is as much about changing employee skills and business processes as it is about technology. By investing intelligently in rural marketing, companies can bring genuine improvement across business functions and reap the rewards of higher ROI. This research paper looks at the different recent trends used in rural marketing within pharmaceutical companies & determines established best practice and provides detailed analysis on key activities, which allow pharmaceutical companies to manage their business more effectively.

Key Words: Rural Marketing, Product Management, Pharmaceutical Companies, Marketing Strategy, Indirect Marketing,

INTRODUCTION:

Today, pharmaceutical industry is at the apex of India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. The contribution of the pharmaceutical industry towards a nation's growth cannot be undermined. We can term pharmaceutical industry as a **“Life Line Industry,”** because for any other need (Apart from the basic needs) one can postpone the purchase but for the medicines one cannot. So, pharmaceutical industry is rightly known as **“Health Care Organization”**.

Today's world is highly competitive. Success, Monopoly, Brand and Market Leader etc. terms are very common. To remain competitive every firm has to prove it to be the best, trying to make use of every opportunity effectively. For that either to remain into Market or to enter into new markets company needs reliable data which forms the base of their marketing decision and plans. They need to know potential size of the information to cope up with the challenges of the new age and avoid frustrations.

The pharmaceutical industry in India is highly fragmented & has a wide range of over 100,000 drugs. (This includes vitamins, antibiotics, antibacterial, cardio-vascular \ drugs etc.) Nearly 80 percent of the manufactures have sales less than Rs. 100 cores. The top ten companies in the industry control around 31 per cent of the market. The health care business in Indian is driven by approximately 85,000 nursing home and near about 10, 00,000 practicing Doctors all over country and the health care expenditure in India is 3% of GDP.

The changing scenarios both economically and industrially may bring about the changes and policies in relation to licensing, co marketing and so on. It will also change the prevalent attitudes of a customer based Doctors, Patients, Retailers, Wholesalers and Hospitals etc. will undergo the change.

The Indian pharmaceutical industry supplies essential drugs to consumers at much lower prices than any of its counterparts in the world. This fact is particularly significant in a country where availability of inexpensive medicines is crucial to the healthcare for the masses.

However, as the India accepted the Dunkel draft the prices of Indian drugs would increase from 2 to 30 times. Life saving drugs will go beyond the reach of the needy, if the patent (amendment) bill will be passed by the parliament. Then Drug Price Control Order (DPCO) will remain no more. The Indian Pharmaceutical Industry is currently valued Rs. 18,876 Cr., it is the fifth largest market in value. The organized sector of the pharmaceutical industry has played a key role in promoting and sustaining development in this vital field. The pharmaceutical industry in India provides excellent facilities. Above all, it has a 70 million middle class market, which is continuously growing. The industry has grown steadily over the years and is poised to become Rs. 20,000 Cr., by 2007. The total retail market touch by Rs. 18,849 Cr., with an overall growth of 15.8%.

Few years back "Going rural" was the buzz word in all Pharma companies, which agreed that the rural market the key to survival in India. As per the recent census, rural India lives in 6, 38,365 villages to be precise. This is where the fate of many of big corporations is likely to be shaped. To expand the market by tapping the countryside, more and more MNC's are foregoing into rural markets. Among those that have made some headway are Ranbaxy, Cadila, Lupin, Alembic, and Nicholas to name a few. Today, rural markets are critical for every marketer-be it for a medicines or any other branded product. Hence Dynamics of rural markets differ from other market types, and similarly rural marketing strategies are also significantly different from the marketing strategies aimed at an urban consumer.

According to a recent McKinsey Global Institute's report, rural areas are expected to account for a third of the country's consumption growth in the next two decades. Therefore the temptations to tap this virgin market are high because there is a strong shift in income demographics that underpins the growth potential of the rural markets

The Indian pharma industry's growth rate will touch 19% from the current normal growth rate of 13%, according to a projection in a white paper released by the Confederation of Indian Industries (CII) on Sept. 1st, 2008. The incremental growth of 6.6% will be fuelled by factors like a growing middle class (contributing 2% of the incremental growth), pricing of the pharma products (1%), untapped rural markets (2%), and marketing efficiencies (1%).

While discussing the challenges faced by the rural market, companies experience that reaching the rural customer is difficult, and generally, these customers can be tap when they come to purchase medicines from the nearest market on the weekly market day. According to AC Nielsen for the treatment an average rural Indian has to travel 6 km to access registered doctors. Thus, the accessibility of doctors for rural patients turns out to be a challenge for any company planning to expand its reach in these areas.

To face these challenges of rural market, companies need to empower employees with the information and processes necessary to know their customers, understand their needs, and effectively build relationships between the company, its customer base, and distribution partners. It also helps an enterprise to enable its marketing departments to identify & target selected rural market, manage marketing campaign with clear goals & objectives and generate profits for the company.

OBJECTIVES:

The Present paper is basically concerned with the following objectives.

- ✓ To study & analyze the new trends in pharmaceutical marketing.
- ✓ To study effectiveness of these new trends in pharmaceutical marketing.

RESEARCH METHODOLOGY:

Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Keeping in view of the set objectives, this research design was adopted to have greater accuracy and in depth analysis of the research study.

The investigator procures the data through available secondary data & it was extensively used for the study.

SCOPE OF THE STUDY:

The study aims to collect data of the selected pharmaceutical companies regarding new trends in pharmaceutical companies. The scope of the study was restricted for the selected pharmaceutical companies. This was the main limitation for the study.

ANALYSIS OF THE DATA:

The success of a company is based on its satisfied customers, which in turn gives huge profits. Pharma industry is one of the most talked about industries in the world and in India too. Even though the total size of the pharma industry is same as that of Reliance Group turnover but still the public controversies, government controls, media coverage is more on this industry. Rural markets in India are on a high tide as per capita income is rising and consumption patterns are rapidly changing across all regions. While formulating a method of analysis to tap rural potential, marketers need to understand and track consumption trends, regional peculiarities in purchasing behavior and key factors that drive transformation.

Many pharmaceutical companies practice rural marketing activity. As doctors are in central focus for Pharma marketing they are happy with rural marketing technique, but have not resulted into more business. Pharma companies point out that in the rural market, distance and poor infrastructure are the two challenges faced by the company. In addition to this they even face the scarcity of financially sound stockiest in the rural market, which makes distribution work a challenging task. Local remedies and quacks too pose a competition to pharma companies taking the rural road. Many companies have chalked out plans to venture into the rural market, believes there would be a regular increase in demand for drugs in the rural areas. These companies are listed in Table no 1.1

Table No. 1.1
Pharmaceutical Companies and Their Rural Division

Sr. No.	Parent Company	Rural Division
1	Ranbaxy Lab. Ltd.	Rexstar
2	Cadila Pharma	Explora
3	Alembic Ltd.	Maxis
4	Lupin	GP Division
5	Nicholas Piramal	Rural Care

Until recently the rural market was a neglected story, however many big pharma companies have lately realized the importance of this large sector of rural markets. Given affordability and accessibility, the rural consumer will have a lot more disposable income than his counterpart a decade ago. Many companies floated their rural division to promote the molecules which are now outdated in the urban areas. They feel that still the rural populations are not willing to pay for their health.

The rural market has changed drastically in the past one decade. A decade ago, the rural market was more unstructured and was not a prioritized target location for corporate. Very few companies, mainly the Indian origin, are concentrating in these markets. There were no innovative strategies and promotional campaigns. A distribution system did exist, but was meager. Companies came up with special rural products, like cough syrups in sachets, small packages etc. All these brought positive results for them.

As it is been stated earlier that pharma marketing operates through the indirect marketing method. For pharma company doctor is the ultimate customers. Hence all new trends are related with doctors. With the changing market scenario, introduction of new products, increasing awareness amongst customers and the overall development in rural sector, required a change in corporate marketing strategies, and this was done. The sales team was asked to be more aggressive. With distribution in place, communication was simpler and had a regional flavor.

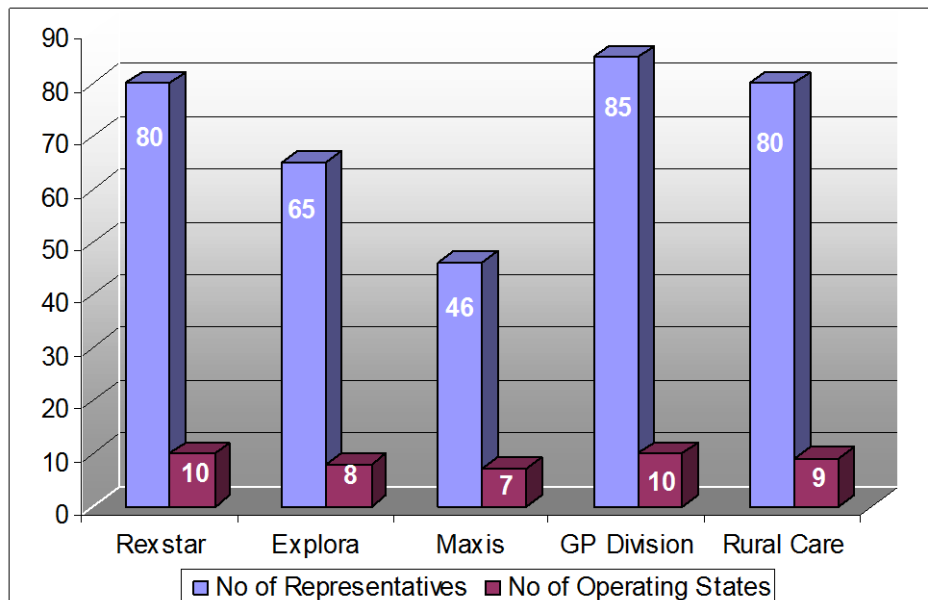
The strategy to tap the rural market has to be more customized, simpler and based on one-to-one communication. One has to reach the doorstep of the rural consumer to educate him on brands. Company like lupin is following a 4 'P' strategy of the company which works to supply the right set of medicines by recruiting, training and developing local persons as 'Medi-Pracharakas', who are best equipped to service the needs of local community and doctors. The company also ensures that quality drugs are made available at an affordable price. As part of its promotional program, the company organises various knowledge campaigns like 'Arogya Jagriti Mela', 'Swastha Mela'. Table no 1.2 depicts the no of representatives and operational states.

Table No. 1.2
Operational Rural Division with Field Staff strength

Sr. No.	Division	No of Representatives	No of Operating States
1	Rexstar	80	10
2	Explora	65	8
3	Maxis	46	7

4	GP Division	85	10
5	Rural Care	80	9

Graph No. 1.1
Operational Rural Divisions with Field Staff strength



It is observed that the sales team has to travel extensively approximately 100 km daily to try and reach 10-12 doctors and 5-6 retailers. Extensive coverage of many remote places where the company's field personnel carry sales stock along with them and trying to make goods available. Hence many companies feel that the main challenge in rural marketing is logistics. Hence, the company's sales team ensures that accessibility doesn't turn out to be the drawback for the company. Taking initiative from this Ranbaxy had setup continuous medical education (CME) hubs, which are highly valued by doctors. The medicines are distributed through stockiest from the hub towns and even doctors show willingness to dispense medicines.

To overcome the competition many companies have started presenting the gift articles to the doctors. Doctors have all together different view on presentation of the gift; they feel presenting the gift, as promotional input to the doctor is a common practice in the pharma business. When the question is asked to product manager about "What is the view for presenting the gifts while promoting the products in rural area?" The results given by them are summarized in the following table no. 1.3 and graphically represented with graph no. 1.2.

Table No. 1.3
Views on the Presentation of Gifts

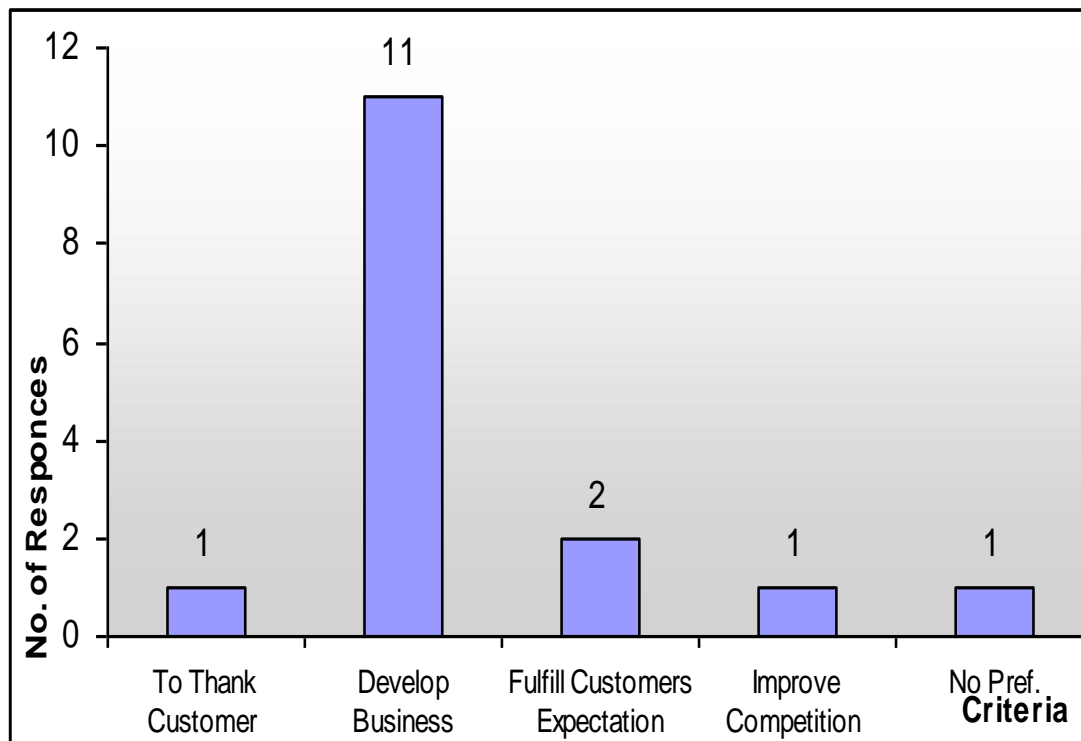
Criteria	To Thank	Develop Business	Customers Expectation.	Overcome Competition	Total
No.	1 (6.7%)	11 (73.3%)	2 (13.3%)	1 (6.7%)	15 (100%)

Maximum no. of Product Manager i.e. 11 are agreed that they are presenting the gift to the doctors only for the development of the business. Even two of them made a smart statement that we are working on Give and Take policy i.e. when we are presenting the gifts we are investing in him by giving him useful gifts and in return we are expecting that he should increase his support to our product.

One Product Manager is coated as he is presenting the gift to Thank the Customers. He is doing so because he has got a good response from the doctors for his product so he is presenting the gift to say thanks. But the main

aim of it is either doctor should keep his support continue or else he should increases. In no case he is allowing him to decrease the support. So, in a nutshell he is also determined for the development of the sales.

Graph No. 1.2
Views on the Presentation of Gifts



One Product Manager said he is presenting the gift only for the message reinforcement i.e. to overcome the competition. Another two who are saying they are doing so to fulfill the customers’ expectation. They all are saying like this because today many companies are promoting the same molecule under different brand name, so the expectation of the doctors, retailers and stockiest are increasing. So, we have to present the gifts to them, which fulfill the customers’ expectation as well as also reinforce the message. The basic behind all these is to develop and Increase the business.

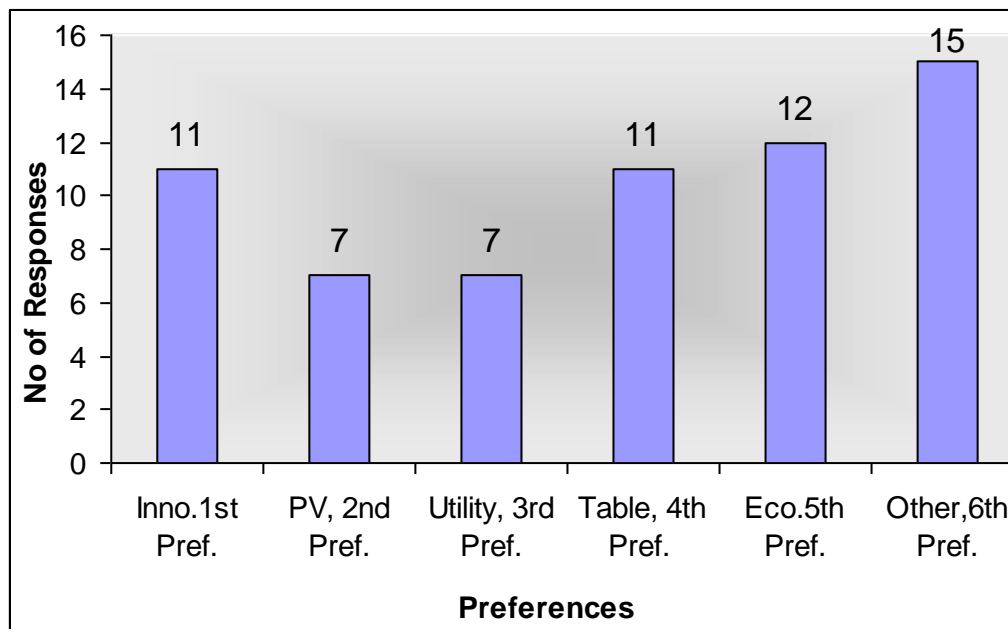
Presenting the gift is also one of the crucial task for the Product Manager. He has to select the gift then if possible he has to correlate the gift with particular product for which that gift is selected. So, it is very interesting to know the different points on which these gifts have been selected. Even to these entire Product Managers when asked one question i.e. “While deciding on the gifts how they will rank the following points?” The ranking is shown in the following table no. 1.4 and graph no. 1.3

Table No. 1.4
Ranking of points on which gifts are decided

	Innovation	Economical	Perceived Value	Utility to Doctor	Remain On Doctors Table	Other
1st Pref.	11 (73.3%)	0 (0%)	3 (20%)	1 (6.7%)	0 (0%)	0 (0%)
2nd Pref.	2 (13.3%)	0 (0%)	7 (46.6%)	6 (40%)	0 (0%)	0 (0%)

3rd Pref.	1 (6.7%)	0 (0%)	5 (33.3%)	7 (46.6%)	4 (26.6%)	0 (0%)
4th Pref.	1 (6.7%)	3 (20%)	0 (0%)	0 (0%)	11 (73.3%)	0 (0%)
5th Pref.	0 (0%)	12 (80%)	0 (0%)	1 (6.7%)	0 (0%)	0 (0%)
6th Pref.	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	15 (100%)
Total	15 (100%)	15 (100%)	15 (100%)	15 (100%)	15 (100%)	15 (100%)

Graph No. 1.3
Ranking of points on which gifts are decided



Among these different points 11 Product Managers ranked innovativeness as the most important criteria while deciding on the gifts. Because many companies are presenting the gifts on regular basis so the company that present the gift 1st time, they will be the gainers. Rest of them has to follow them or have to find out the newer one gift. The innovation many times proved costliest, so only big companies are doing this practice. So, from the Graph No. 6.4.3.2.1 reveals the fact that two Product Managers rated it on 2nd position and one each rated it on 3rd and 4th position.

Indian rural Pharma market is estimated to be growing ahead of the overall Pharma market by five to eight percent. Undoubtedly, the road to the village is full of promises for Pharma companies willing to invest. But this tremendous growth has also resulted in unethical practices; doctors in rural markets are started asking for some undue favors. Moreover many companies have also stated fulfilling their demands. Especially small-scale companies are involved in these kinds of the practices. Some of the unethical demands are listed below

- ✓ Now days' doctors have started committing themselves depending on the offerings they receive. Depending on the offerings he fixes certain months contract with the company. This practice is flourishing among those doctors who are practicing individually. Their demands are depended upon the type of practice they enjoy. This type of practice is seen in all parts of the India.
- ✓ Few of the doctors have even started asking for personal favors. In this practice especially those doctors are involved who are working in government hospitals. They are specially asking for certain favors like some of the utility items discussed above. They are asking for such favors to make the product available or to include it in their official list. These doctors in daytime serve in the government hospital and in the evenings practice either in their own consulting dispensaries or home. This type of practice is prevalent in North India.

- ✓ Few doctors are willing to attend the different conferences for the same purpose they asks for the favors like paying registration fees, traveling to and fro or one way fare, staying arrangements, vehicle arrangements for site seeing or personal attendant. Pharma companies are fulfilling all their demands.
- ✓ Association related doctors have started asking for a sponsorship for their local events or meetings. They used to divide the entire program in different schedules and ask for sponsorship to different companies.
- ✓ Very few doctors are directly demanding certain cash amounts for prescribing a particular brand. It is a contract between company personnel and doctor.

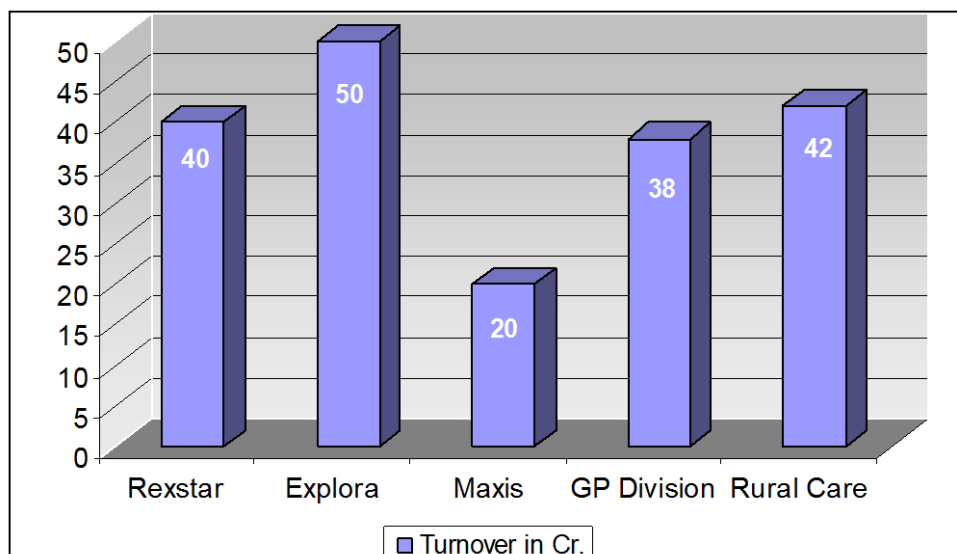
Hence many of the multinational companies are taking cautious steps while foraying in rural markets. For e.g a multinational company like Novartis has chosen to approach rural markets in a way similar to FMCG companies. Their marketing strategy is based on a four 'A' approach. The company works by creating 'Awareness' at different levels, improving 'Affordability' and 'Attractiveness' (e.g. usability) of products, making them 'Available' close to the patient. The company has also begun a pilot project on a model somewhat similar to the model of e-Choupal by ITC in India. They are claiming that they intend to make their presence in rural markets durable and beneficial to the community. Besides making people aware, the company also offers drugs targeting serious ailments like tuberculosis. They are looking forward at medicines focused on therapeutic areas. For example, as leader in TB through heir generics arm, TB is one of their areas of focus.

Ranbaxy plans to give a major push to this activity by expanding its horizon from the current ten states to virtually every nook and corner of the country. As per their endeavor, they planning to more than double their sales field force from 80 to around 200 in short time. All these rural divisions performed well in their inspection year showing tremendous future for rural marketing. Their turnover is mentioned in table no 1.5 and graphically represented in graph no. 1.4

Table No. 1.5
Rural divisions and their Turnover

Sr. No.	Division	Turnover in Cr.
1	Rexstar	40
2	Explora	50
3	Maxis	20
4	GP Division	38
5	Rural Care	42

Graph No. 1.4
Rural divisions and their Turnover



Conclusion:

Indian pharma market is regarded as one of the fastest growing pharma markets in the world. In 2006-07, this market was valued at over \$ 7 billion. Interestingly, as per industry estimates, the rural segment is a remarkable share of this market. Metros and cities remain major revenue generators, accounting for approximately 60

percent of the Indian pharma market. However, driven by factors such as rising rural incomes and a strong distribution network, India's rural pharma market is also experiencing strong growth. Estimates say that while small towns contribute 20 percent to the country's pharma market, rural areas account for 21 percent. In 2006-07, the rural Indian pharma market was estimated at around \$1.4 billion. According to a Ranbaxy spokesperson, as a percentage to the total market, the rural market in India has evolved from 18 percent in 2005 to 21 percent in 2007.

It is expected that although driven by a huge patient base, increasing incomes, improving healthcare infrastructure and strong penetration of health insurance in the rural areas of India, the Pharma market in villages and small towns will double in size in the next five years. McKinsey report published in 2007, Indian Pharma 2015—prescribed growth, states that compared to 2005, by 2015, millions more will suffer from chronic, costly- to- treat diseases such as diabetes, asthma and cancer. This will have a major impact on growth rates of these markets since they are dominated by acute ailments. According to the McKinsey report, upcoming small cities and rural centers will contribute almost as much to Pharma growth as metros and top- tier towns.

Rural Indian economy, have tremendous untapped potential. The concept of rural markets in India is still in a primary stage, and the sector poses a variety of challenges, including understanding the dynamics of the rural markets and strategies to supply and satisfy the rural consumers. The study confirms that many companies either have set up their rural division or are in process to do that. The exploration of rural market is depends on effectiveness of the strategy.

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