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## AN APPROACH IN ENHANCING THE CONDITIONS OF PHARMACEUTICAL COMPANIES IN TELANGANA

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### ABSTRACT

Every individual suffers with some diseases or the other. Drugs and medicines become important supplements of many lives. This has led to the emergence and rapid development of the pharmaceutical sector. The emergence of a particular disease has led to the emergence of a specific drug. Marketing such drugs and staying in the competition has become a challenge to the pharmaceutical companies. In order to sustain themselves in the competitive world, pharmaceutical companies have started using different marketing strategies like direct and indirect methods. The present study evaluates the present scenario of the marketing practices being followed by the pharmaceutical companies and how they are affecting the sale of drugs.

**Keywords:** Marketing Practices, pharmaceutical industries, Drugs, Telangana.

### 1.0 INTRODUCTION

#### Global pharmaceutical industry

It is one of the best sectors of the industry because of its contribution to keep the global population healthy by bringing down disease burden to the world. Pharmacy industry is intense capital and technology driven industry because of the intrinsic complexities like developmental challenges for new drugs, regulatory challenges for commercialization, huge capital requirement, longer gestation period, delay in return on investments and frequent changes in disease trends.

This industry has been contributing to both human and financial health of the world. Globalization is the tendency of investing funds and moves the business beyond domestic and national markets to other markets around the globe, thereby increasing

the interconnection of the world.<sup>1</sup> It is the process of international integration arising from the interchange of world views, products, ideas and other aspects of culture. Globalization is used to explain the recent integration of domestic economies, industries, cultures and government policies around the world. This integration has occurred through increase in the technological capabilities and efficiency of world trade, communication and transportation.

#### Indian Pharmaceutical Industry

It is very fragmented sector with the domination of more than 10,000 firms control about 70% of the market. The local players mainly rely on generic drugs which are specialized in anti-infectives and basic

drugs to treat common diseases.<sup>8</sup> During 1972 the then government passed a law which allowed local producers to manufacture drugs that were still under patent, as long as they used different processes. Due to lack of patent system in the country, the process of reverse engineering novel drugs and launching copy cats have been excelled Post implementation of patent regime in India, Indian companies are not in a position to launch any new drug under patent protection. However, few Indian companies opted compulsory licensing route challenging the innovator company in court citing the reason that these drugs were not affordable to the Indian patients.

In couple of cases, Indian courts ruled in favour of Indian companies thereby setting a pathway for other Indian pharma firms. However this is very expensive and time consuming process and it requires a technical and legal expertize. Many Indian pharma companies opted to expand the operations beyond India to leverage infrastructure, skilled workforce, cost effective processes and government policies. In last two decades most of the companies meeting global standards have spread their wings in overseas markets. Indian companies today account for more than 35% of the Abbreviated New Drug Application (ANDA) approvals granted by the US Food and Drug Administration (FDA).

There are many influential factors that could impact the pharma industry in future. Some of them are intrinsic in nature and some are extrinsic. Indian pharma industry is a success story in India and developing countries because in a span of 3 decades India could become world's largest manufacturer of medicines. Some of the key factors are captured in a SWOT analysis in Table 2. In spite of pharma industry's

success and growth, Indian pharma industry continues to face challenges globally in the area innovation, quality issues, supply delays, marketing challenges, adoption of latest digital technologies and many more.

## **2.0 LITERATURE REVIEW**

**Wolf, Martin (2015)** The issues outlined in the Pharma industry and the potential long term impacts are very real. It is a combination of the economic issues being faced globally as well as the industries inability to produce new products and services that meet the evolving needs of patients, current and future. If there is any doubt that companies are aware of the problems and are trying to make strategic and tactical moves to change, one only has to take a sampling of the headlines in Pharma magazine publications to get some perspectives. Below are the headlines captured from FiercePharma.com in just one week, that highlights some of the issues companies are facing as well as the actions they are taking to position themselves for future growth.

**Wolf, Martin (2015)** This analysis of the postacquisition integration of biotechnology companies by pharmaceutical companies addresses new issues in the pharmaceutical and biotechnology industries and includes five in-depth case studies. The guiding research question is how a biotech company is integrated into a pharmaceutical company seeking access to the biotech company's know-how, technologies, and innovative capabilities. I conclude that given the complexity and multifaceted nature of mergers and acquisitions, pharmaceutical companies need to apply a hybrid postacquisition integration approach with simultaneous short- and long-term motives/orientations and segmentation at a different pace across different value chain components.



**Morthati. Kishore, A.Arun Kumar, Prof. V. Shekhar (2015)** The most conspicuous example of medical journals' dependence on the pharmaceutical industry is the substantial income from advertising, but this is, I suggest, the least corrupting form of dependence. The advertisements may often be misleading [5,6] and the profits worth millions, but the advertisements are there for all to see and criticise. Doctors may not be as uninfluenced by the advertisements as they would like to believe, but in every sphere, the public is used to discounting the claims of advertisers.

**Kumra G (2015)** The much bigger problem lies with the original studies, particularly the clinical trials, published by journals. Far from discounting these, readers see randomised controlled trials as one of the highest forms of evidence. A large trial published in a major journal has the journal's stamp of approval (unlike the advertising), will be distributed around the world, and may well receive global media coverage, particularly if promoted simultaneously by press releases from both the journal and the expensive public-relations firm hired by the pharmaceutical company that sponsored the trial. For a drug company, a favourable trial is worth thousands of pages of advertising, which is why a company will sometimes spend upwards of a million dollars on reprints of the trial for worldwide distribution. The doctors receiving the reprints may not read them, but they will be impressed by the name of the journal from which they come. The quality of the journal will bless the quality of the drug.

**David Champagne, Amy Hung, and Olivier Leclerc (2015)** The pharmaceutical industry remains under huge pressure to address the high attrition rates in drug development. Attempts to reduce the

number of efficacy- and safety-related failures by analysing possible links to the physicochemical properties of small-molecule drug candidates have been inconclusive because of the limited size of data sets from individual companies. Here, we describe the compilation and analysis of combined data on the attrition of drug candidates from AstraZeneca, Eli Lilly and Company, GlaxoSmithKline and Pfizer. The analysis reaffirms that control of physicochemical properties during compound optimization is beneficial in identifying compounds of candidate drug quality and indicates for the first time a link between the physicochemical properties of compounds and clinical failure due to safety issues. The results also suggest that further control of physicochemical properties is unlikely to have a significant effect on attrition rates and that additional work is required to address safety-related failures. Further cross-company collaborations will be crucial to future progress in this area.

**Frank, Gunder A. (2016)** Guidelines on Good Publication Practice (GPP) for pharmaceutical companies are presented. The aim of the guidelines is to ensure that clinical trials sponsored by pharmaceutical companies are published in a responsible and ethical manner. The guidelines cover companies' responsibility to endeavour to publish results of all studies, companies' relations with investigators, measures to prevent redundant or premature publication, methods to improve trial identification and the role of professional medical writers. Our aim in publishing the GPP guidelines, which are the first to be developed by and for those working on publications in the pharmaceutical industry, is to stimulate discussion between journals, investigators and trial sponsors and to provide guidance to those who seek it. We also hope that



pharmaceutical companies and others involved in developing publications arising from sponsored clinical trials will endorse the guidelines.

**Frank, Gunder A. (2018)** New drugs serving unmet medical needs are one of the key value drivers of research-based pharmaceutical companies. The efficiency of research and development (R&D), defined as the successful approval and launch of new medicines (output) in the rate of the monetary investments required for R&D (input), has declined since decades. We aimed to identify, analyze and describe the factors that impact the R&D efficiency. Based on publicly available information, we reviewed the R&D models of major research-based pharmaceutical companies and analyzed the key challenges and success factors of a sustainable R&D output. We calculated that the R&D efficiencies of major research-based pharmaceutical companies were in the range of USD 3.2–32.3 billion.

**Albrow, Martin, King E. (2019)** This paper examines the Pharmaceutical (Pharma) industry and the changes that have occurred particularly over the last 10 years as a result of the overall economic downturn, the rising cost of healthcare and the costs associated with the development and sales of pharmaceuticals. One response of big Pharma to this has been the recent spate of partnerships, mergers and acquisitions, consolidation, diversification, licensing agreements and downsizing in both human and capital resources. Four major challenges facing the complex Pharma industry are highlighted and discussed. These include the decline in the discovery, approval and marketing of new chemical entities (NCE) with fewer and fewer blockbuster drugs making it to the market, competition from generics drugs, regulatory pressures and the

weak growth in the US market (the largest market) and therefore the need to explore other markets to name a few. In addition to the research driven aspect of the paper, a summary of the interviews conducted with executives and other industry practitioners (to get their personal views) is presented.

**Morthati, Kishore, A.Arun Kumar, Prof. V. Shekhar (2017)** The lack of approval of new and innovative products with very high patient value makes it hard for companies to realize the growth they had in earlier years. The proliferation of generic drug makers along with a slew of patents expiring means that the revenue stream for branded products can go from hundreds of millions of dollars to tens of millions of dollars or less in a matter of 6 months. The scrutiny and pressure from regulatory agencies to abide by higher safety standards minimize risks and prove greater efficacy means that more time, effort and money have to be invested in upgrading processes and infrastructure.

**Lerer L, Piper M. (2020)** As these numbers challenge the model of an innovation-driven pharmaceutical industry, we analyzed the concepts that companies are following to increase their R&D efficiencies: (A) Activities to reduce portfolio and project risk, (B) activities to reduce R&D costs, and (C) activities to increase the innovation potential. While category A comprises measures such as portfolio management and licensing, measures grouped in category B are outsourcing and risk-sharing in late-stage development. Companies made diverse steps to increase their innovation potential and open innovation, exemplified by open source, innovation centers, or crowdsourcing, plays a key role in doing so. In conclusion, research-based pharmaceutical companies need to be aware of the key factors, which impact the rate of

innovation, R&D cost and probability of success. Depending on their company strategy and their R&D set-up they can opt for one of the following open innovators: knowledge creator, knowledge integrator or knowledge leverager.

### **3.0 METHODOLOGY**

#### **Measurement Procedures**

- The method of e-mail survey is used in this research. This particular instrument was chosen due to the unique characteristics of the study population and the efficiency of data collection. The survey consisted close ended questions formulated aiming to ensure more in-depth information is provided.
- The questions were formulated based on the objectives, research question and hypothesis of this research. The questions follow a logical progression starting with simple themes and progressing to complex issues to sustain the interest of respondents and gradually stimulate question answering.
- The study design was cross-sectional in nature, was designed to find out from a cross-section of employees in pharma companies if technological transformation was required for Indian pharma companies to enter and sustain in Global markets.
- The basic approach of this survey was to facilitate in a hassle free way to complete in office or home. Before preparing the questionnaire, detailed literature review on the topic of the research was completed.
- After extensive study of various articles, preliminary question model, structure first set of questions was prepared. These questions were shared with some of the

academicians and industry specialists in the related area to understand whether the questions could help to get the desired information for the research topic.

#### **Reliability and Validity**

- To assist with validity and reliability, the researcher pilot tested the questionnaire with employees of pharma companies outside the study population. The pilot test is one of the most critical steps in questionnaire design and serves two functions.
- First it serves as the initial “live” test<sup>20</sup>. Second, it is the last step in finalizing the survey questions and format. The pilot pre-test had three basic goals: to evaluate the competency of the questionnaire, estimate the length of time to take the survey and determine the quality of the surveyor.

### **4.0 RESULTS**

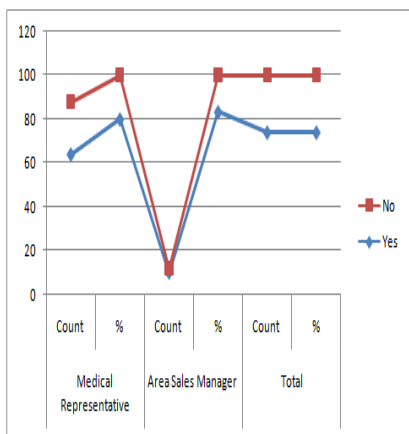
#### **DIRECT MARKETING**

Table illustrates the opinions of the staff working in pharmaceutical industry. Out of 100 respondents, 64 (80%) of medical representatives opined that detailing is an effective communication aid for marketing drugs and medicines. 24(20%) are not accepting the same.

Whereas, mostly all Area sales managers 10 (83.3%) are accepting that detailing is very effective communication aid for marketing.

**Table Detailing**

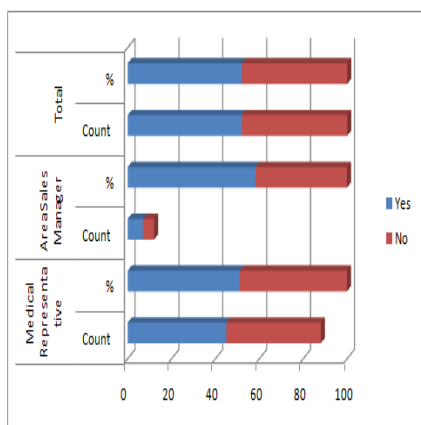
Attributes	Medical Representative		Area Sales Manager		Total	
	Count	%	Count	%	Count	%
	Yes	64	80	10	83.3	74
No	24	20	2	16.7	26	26



**Graph Detailing**

**Table samples**

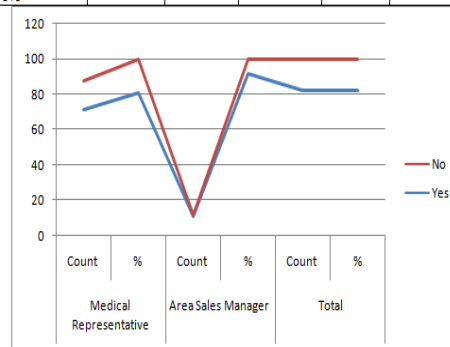
Attributes	Medical Representative		Area Sales Manager		Total	
	Count	%	Count	%	Count	%
	Yes	45	51.1	7	58.3	52
No	43	48.8	5	41.6	48	48



Among 100 respondents, 45(51.1%) medical representatives have opined that supply of free samples increase the sale of the drug. 43(48.8%) of them are not complying with the same opinion. Whereas, 7 managers strongly agreed that distribution of free drug samples improve the market for a particular drug or medicine.

**Table Promotional Meetings**

Attributes	Medical Representative		Area Sales Manager		Total	
	Count	%	Count	%	Count	%
	Yes	71	80.6	11	91.6	82
No	17	19.3	1	8.3	18	18

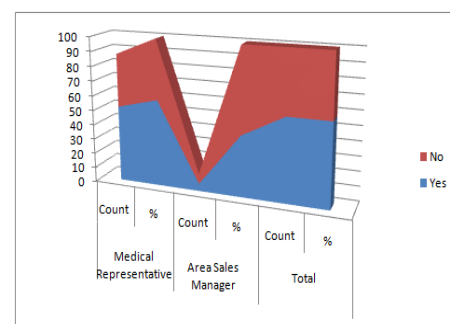


**Graph Promotional Meetings**

Table illustrates that 71 (80.6%) Medical representatives have an opinion that promotional meetings will increase the market for their products and 17(19.3%) opined that promotional meetings do not show an effect on their sale sheets. Among 12 ASM's almost all, 11(91.6%) opined that promotional meetings are needed for creating an effective market for their products.

**Table Promotional Mailings**

Attributes	Medical Representative		Area Sales Manager		Total	
	Count	%	Count	%	Count	%
	Yes	52	59.1	5	41.6	57
No	36	40.9	7	58.3	43	43



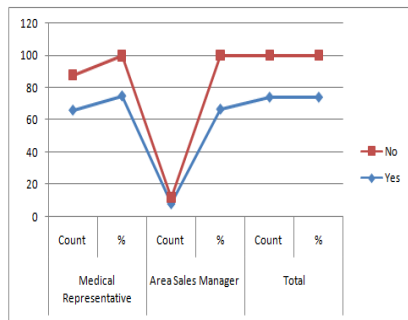
**Graph Promotional Mailings**

Table illustrates the opinions of the staff working in pharmaceutical companies of Telangana. With regard to promotional mailings, the responses of respondents are as follows: 59.1 per cent of MR's agreed, 41.6 per cent of ASM's agreed that promotional

mailings improve the market demand for a product.

Table Journal and Web Advertisements

Attributes	Medical Representative		Area Sales Manager		Total	
	Count	%	Count	%	Count	%
Yes	66	74.8	8	66.6	74	74
No	22	25.0	4	33.4	26	26



Graph Journal and Web Advertisements

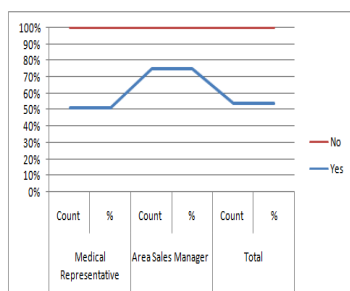
Among 100 respondents, 75(75%) of MR respondents opined that they agree that through journal and web advertisements there is a wide scope of increase in market for their products. 8(66.6%) ASMs agreed that this method of marketing is effective over other marketing strategies.

### INDIRECT MARKETING

Table illustrates the opinions of the staff working in pharmaceutical companies of Telangana. Out of 100 respondents, 66 (66%) of Medical representatives and 8(66.6%) of Area sales managers opined that with the help of CMEs sale of products will rise steeply.

Table Grants to Health Advisory Organization

Attributes	Medical Representative		Area Sales Manager		Total	
	Count	%	Count	%	Count	%
Yes	45	51.19	9	75	54	54
No	43	48.83	3	25	46	46



Graph Grants to Health Advisory Organization

Out of 100 respondents, 54(54%) accepted that companies sponsoring for grants to health advisory organizations result in growth. 46(46%) say that companies sponsoring for grants to health advisory organizations will not help in growth of the company

### 5.0 CONCLUSION

The overall outcome of the research establishes that digital technology could bring optimization of processes, reduce waste and improve yield in production. The automation of production process will give less defective products with high quality and fewer resources. Reduce inventory, improve production capacities by proper scheduling in SCM. To develop differentiated products, first to launch products with the help of analytical tools by research and development team, the adoption of newer technologies is critical. Help the management to take informed decisions on pricing, brand positioning, brand building by reaching out customers across globe in marketing.

The firms can increase the revenue and the profitability if the strategy is planned and implemented with dedication. The feedback of top and middle level management teams of large size companies suggests that they were very keen on adopting newer technologies. There was also mixed and difference of opinion in few cases but at large the majority opinion is in support of implementation of technology. Management should consider the need to implement domain based digital tools that can fit it in to the company's area of expertise, objectives and financial capability should be evaluated before going digital.

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