

FACTORS INFLUENCING CHOICE OF PROMOTION MIX BY PHARMACEUTICALS COMPANIES

¹Gaurav Shishodia , ²Dr. Abhishek Kumar

¹Research Scholar, NICE School of Business Studies, Shobhit Institute of Engineering and Technology
(Deemed to be University Meerut)
Email: grv.shishodia@gmail.com

²Associate Professor, NICE School of Business Studies, Shobhit Institute of Engineering and Technology
(Deemed to be University Meerut)
Email: abhishekkumar@shobhituniversity.ac.in

Abstract: *The pharmaceutical industry uses a variety of promotional strategies to inform, instruct, and sway doctors' prescribing practises. The expanding levels of domestic consumption and the significant demand from export markets have been driving the extraordinary growth of the Indian pharmaceutical industry in recent years. In this study, the methodology is set of various methods to be followed to analyse the factors which influence choice of promotion mix by pharmaceuticals companies. In the present research study the factors that influence choice of promotion mix by pharmaceuticals companies are: Availability of funds, Distribution Strategy, Pricing Strategy, Size of Market and Nature of Drugs.*

Key Words: *Pharmaceutical Industry, Promotional strategies, choice of promotion mix, Availability of funds, Distribution Strategy, Pricing Strategy, Size of Market and Nature of Drugs.*

1. INTRODUCTION :

The Indian pharmaceutical sector is anticipated to grow rapidly and steadily over the coming years, thanks to a variety of factors. Leading Indian businesses like Ranbaxy, DRL, CIPLA, and Dabur have already made themselves known. The pharmaceutical industry is a knowledge-driven one that depends significantly on R&D for new products and expansion. Pharmaceutical companies can use a variety of promotional tactics to reach physicians, such as personal marketing during routine office visits. The general environment in the Indian pharmaceutical industry is changing now more than ever because of COVID-19. Rising consumer spending, increased urbanisation, and rising health insurance would all contribute to the domestic market's growth in India.

The actualization of pharmaceutical care markets suggests that pharmaceutical marketing encompasses all efforts engaged in anticipating, increasing, enabling, and completing or eradicating gaps in pharmaceutical care. In order to capture value and communicate it to target audiences, it is crucial that systems, cultures, and marketing messaging be linked. Pharmaceutical enterprises frequently prosper as a result of highly sought-after pharmaceutical consulting firms that have executed an effective marketing strategy.

Pharma marketing is a competitive industry. Pharmaceutical marketing techniques must quickly pay off or perish because of the armies of ravenous reps presenting an ever-increasing range of items to doctors who are getting harder and harder to reach. Pharmaceutical businesses must tread a narrow line in order to successfully advertise both new and existing treatments without alienating the sometimes finicky prescription-writers on whom they depend. At the same time, everyone is aware of the rigorous regulatory limitations on marketing. In order to differentiate their products today, marketers need to have the best relationships.

Pharmaceutical marketing methods have advanced along with technology. The ability to explain items using animations and multimedia presentations has increased thanks to new technological capabilities; marketers can now convey more information in less time. Compared to outdated paper-based informative methods, podcasts, blogs, and online training resources offer a significant advance.

There is pressure to guarantee that sales force effectiveness is maximised and the appropriate sales and marketing plan is adopted in an increasingly crowded market. Depending on the field of expertise, several success variables determine an efficient sales and marketing plan. It's critical to distinguish between routine doctor or prescriber visits and higher-level discussions with payers and healthcare providers about market access. Depending on the type of audience being targeted, the best course of action will be determined.

2. REVIEW OF LITERATURE :

Gardner and Strang (1984) believed it is crucial to understand how consumers respond to different techniques. In order to create effective strategies of sales promotion, they performed the study to find out how consumers felt about sales promotion using a model for it.

Successful marketing by pharmaceutical manufacturing companies to members of the medical profession is greatly determined by a good understanding of the various factors that influence their purchasing behaviour. More specifically, it would be of benefit to pharmaceutical marketers to ascertain to what extent prescribing decisions are influenced by company's own promotional tools. (**Pitt and Nel 1988**).

The direct relationship between the product life cycle and the diffusion of innovation was studied by **Spears and Germain (1995)**. In this study, the dissemination of innovation and its numerous components including communication routes, adopters, time, social systems, and innovation are examined. When a new product is introduced to the market, companies always do a preliminary analysis of consumer reaction. Many businesses have opinion leaders who made ideas about the market and whose recommendations were always implemented.

Pharmaceutical companies influence physicians choices and summarizes sixteen different forms of possible "entanglement" which may conflict with the physician's responsibility including visits from drug representatives, direct and indirect gifts, attending events sponsored by drug companies, stock ownership or consulting, sponsored research, and medical journals' reliance on advertising money from drug companies (**Moynihan 2003**)

Prescriptions, diminishing returns to detailing have also been frequently reported (**Manchanda, Rossi and Chintagunta 2004**) found that product detailing had positive effects on prescription behavior of high-volume physicians, while the low-volume physician were found to be more attentive and responsive towards detailing. Researches in the past also revealed that Detailing (30.6 percent) and sampling (50.6 percent) to physicians amount to 81 percent of promotion spending by pharmaceutical firms in 2000 (**Rosenthal et. al., 2003**).

The context of our analysis is physicians' prescription drug choice. An asymmetric social interaction or "peer effect" arises in this setting because nonspecialist physicians may rely on prominent physicians, the "opinion leaders," to help reduce the uncertainty about their prescription choices. The role of opinion leaders becomes most salient when changes occur in the therapeutic environment because these typically lead to increased uncertainty about drug efficacy among the non-specialist physicians. The pharmaceutical industry believes in the existence of such opinion leaders and has invested in targeting marketing activities at opinion leaders (**Cutting Edge Information 2004**).

According to Chandiran (2005), marketers use a variety of marketing tactics as promotion methods to increase their market share. These tactics were used to boost earnings, market share, or sales volume once the product had already established itself on the market.

The marketing strategies employed in the pharmaceutical industry differ significantly from those typically adopted by other industries for various reasons **Franklin and Chitturi (2009)** first, the pharmaceutical industry is highly regulated. Second, the marketed products (prescription drugs) are credence goods (i.e., physicians prescribe and patients consume them). Finally, manufacturers are required by law to obtain Food and Drug Administration (FDA) approval before a drug can be marketed. In addition, the FDA requires physicians to act as decision makers for their patients when prescribing drugs.

According to Ibrahim, I.A.Y. & Bélanger, C.H. (2015) Pharmaceutical companies mostly employed the tool which had the greatest motivational effect on pharmacists to dispense the promoted product, which in the end, strongly impacts on the consumers' purchasing decisions.

Datta, A. & Dave, D. (2017) As pharmaceutical spending continues to escalate and drug safety issues have become more common, such physician-directed outreach efforts have come under mounting public scrutiny.

Abel Demerew Hailu et al. (2021) study result concluded that more than half of physicians perceived that pharmaceutical marketing mix strategies influence their prescribing behavior. The qualitative design also revealed that pharmaceutical marketing mix strategies influenced physicians prescribing behavior. Strengthening the regulation and maintaining ethical practice would help to rationalize the physicians' prescribing practice.

3. OBJECTIVE OF THE RESEARCH PAPER :

- To analyse the factors which influence choice of promotion mix by pharmaceuticals companies.

4. METHODOLOGY:

Every researcher needs a methodology in order to collect data for their research projects. Methodology is a technique adopted for an orderly arrangement of facts and principles. In this study, the methodology is set of various methods to be followed to analyse the factors which influence choice of promotion mix by pharmaceuticals companies.

RESEARCH DESIGN: Research design is a description of procedures followed in testing the hypothesis and specification of operations for testing of a hypothesis under a given set of conditions. In the present research study researcher used descriptive survey research method.

SAMPLE DESIGN & SAMPLE SIZE

The technique to determine how many items should be included in the sample is determined by the sampling design. In the present study, researcher used convenience sampling to collect the information from different respondents. The Sample used in the Study:

Number of Respondents- 500 Medical Representatives & Companies Officials (Selected from Meerut, Bareilly, and Muzaffarnagar (Western Uttar Pradesh).

DATA COLLECTION METHODS

- PRIMARY DATA:** In the present study 500 medical representatives and companies officials have been included in the survey which has been selected from Meerut, Bareilly, and Muzaffarnagar districts.
- SECONDARY DATA:** The researcher has used reports and publications and various research journals.

Table 1: Companies considered for selection of respondents

S. No.	Companies Name
1	Mankind Pharmaceuticals
2	Lemford Biotech
3	IPCA limited
4	Sun Pharmaceuticals
5	Abott
6	Micro Labs
7	Macleods
8	Eris Pharmaceuticals
9	Koye Pharmaceuticals
10	Aristo

ANALYSIS RELATED TO FACTORS WHICH INFLUENCE CHOICE OF PROMOTION MIX BY PHARMACEUTICALS COMPANIES

Table 2: Response to the question “Do you agree that availability of funds influence choice of promotion mix by pharmaceuticals companies?”

S. No.	Components	No. of Respondents	Per cent
1	Strongly Agree	192	38.4
2	Agree	209	41.8
3	Neutral	14	2.8
4	Disagree	52	10.4
5	Strongly Disagree	33	6.6
	Total	500	100

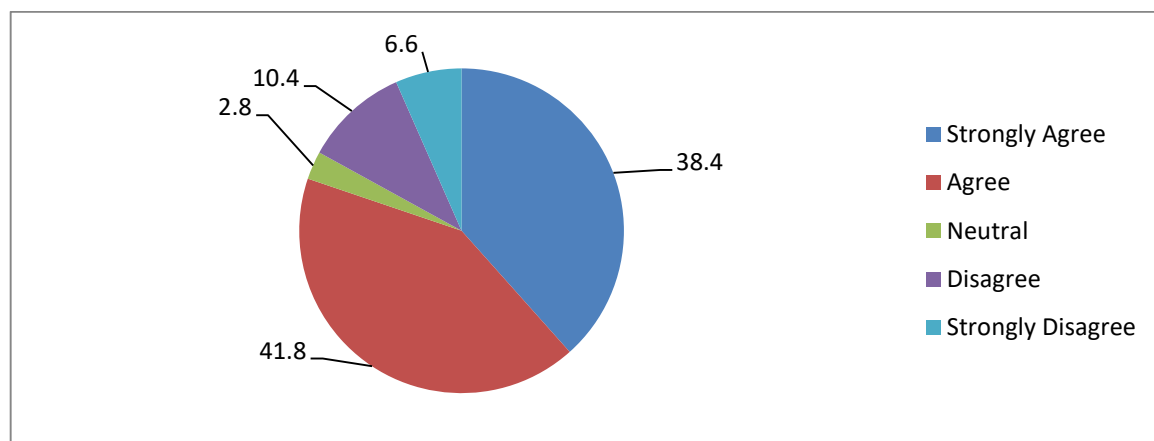


Figure 1: Response to the question “Do you agree that availability of funds influence choice of promotion mix by pharmaceuticals companies?”

Analysis: Among all respondents, 38.4 per cent respondents strongly agreed, 41.8 per cent agreed, only 2.8 per cent neutral, 10.4 per cent disagreed and only 6.6 per cent strongly disagreed that availability of funds influence choice of promotion mix by pharmaceuticals companies.

Table 3: Response to the question “Do you agree that distribution strategy influence choice of promotion mix by pharmaceuticals companies”?

S. No.	Components	No. of Respondents	Per cent
1	Strongly Agree	161	32.2
2	Agree	184	36.8
3	Neutral	23	4.6
4	Disagree	76	15.2
5	Strongly Disagree	56	11.2
	Total	500	100

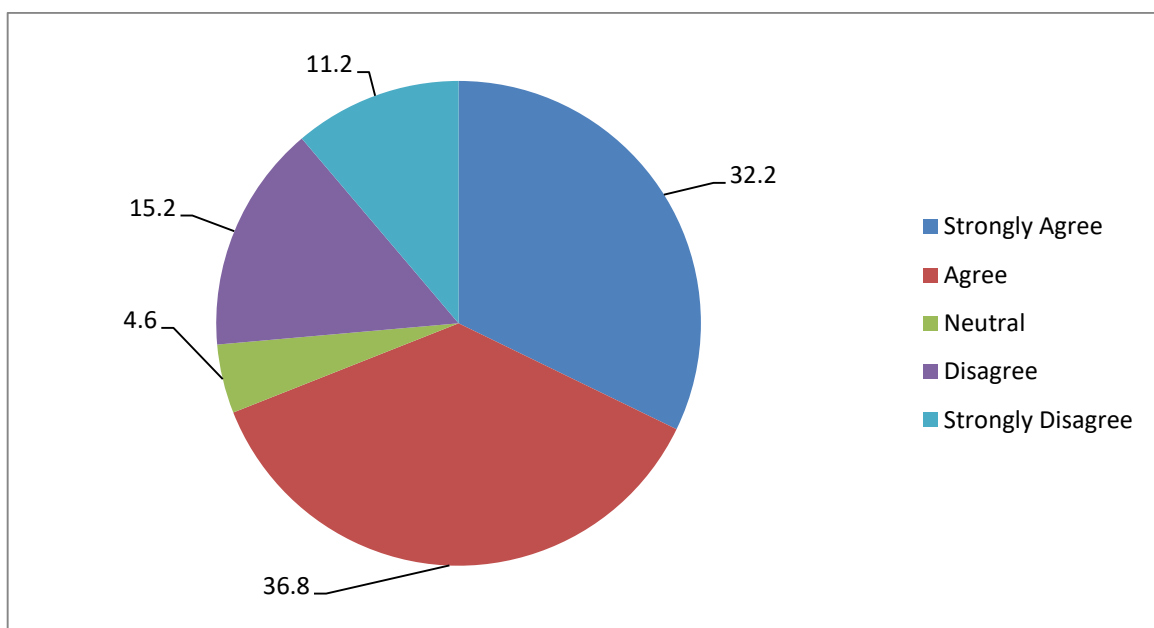


Figure 2: Response to the question “Do you agree that distribution strategy influence choice of promotion mix by pharmaceuticals companies”?

Analysis: Almost one third of respondents i.e. 32.2 per cent respondents strongly agreed, 36.8 per cent agreed, 4.6 per cent neutral, 15.2 per cent disagreed and 11.2 per cent strongly disagreed that distribution strategy influence choice of promotion mix by pharmaceuticals companies.

Table 4: Response to the question “Do you agree that pricing strategy influence choice of promotion mix by pharmaceuticals companies”?

S. No.	Components	No. of Respondents	Per cent
1	Strongly Agree	152	30.4
2	Agree	163	32.6
3	Neutral	28	5.6
4	Disagree	87	17.4
5	Strongly Disagree	70	14
	Total	500	100

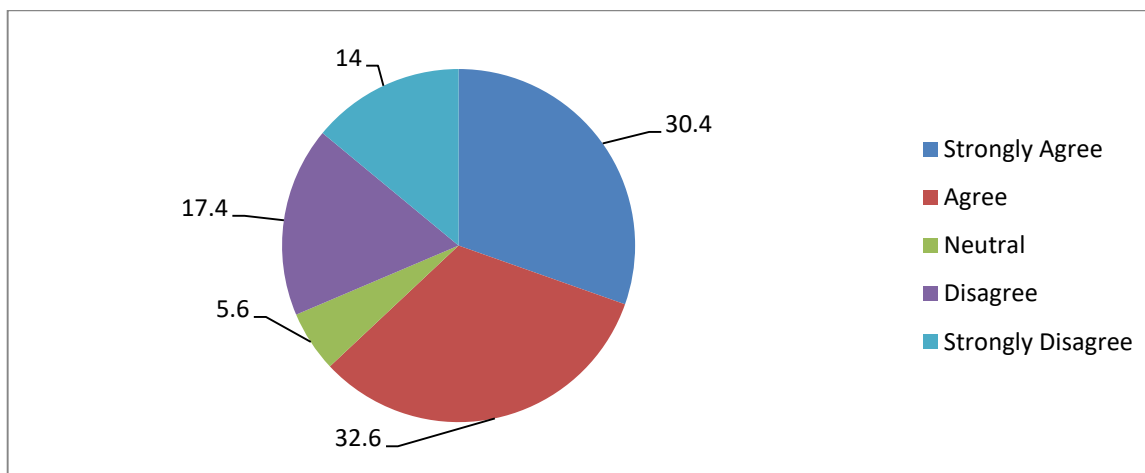


Figure 3: Response to the question “Do you agree that pricing strategy influence choice of promotion mix by pharmaceuticals companies”?

Analysis: 30.4 per cent respondents strongly agreed, almost one third of respondents i.e. 32.6 per cent agreed, 5.6 per cent neutral, 17.4 per cent disagreed and 14 per cent strongly disagreed that pricing strategy influence choice of promotion mix by pharmaceuticals companies.

Table 5: Response to the question “Do you agree that size of market influence choice of promotion mix by pharmaceuticals companies”?

S. No.	Components	No. of Respondents	Per cent
1	Strongly Agree	178	35.6
2	Agree	196	39.2
3	Neutral	21	4.2
4	Disagree	62	12.4
5	Strongly Disagree	43	8.6
	Total	500	100

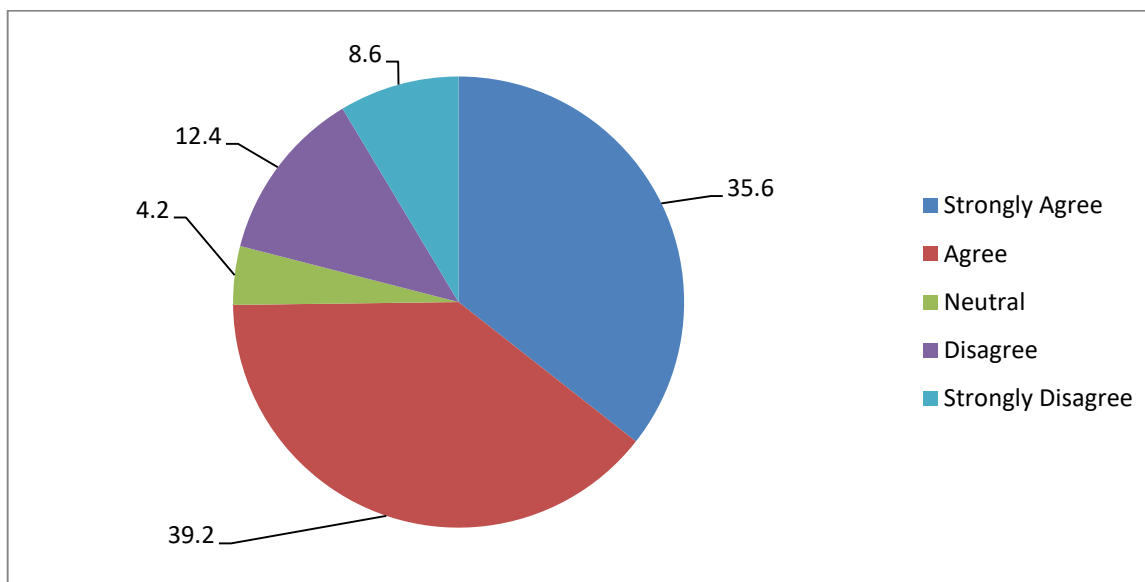


Figure 4: Response to the question “Do you agree that size of market influence choice of promotion mix by pharmaceuticals companies”?

Analysis: From all respondents, 35.6 per cent respondents strongly agreed, 39.2 per cent agreed, 4.2 per cent neutral, 12.4 per cent disagreed and 8.6 per cent strongly disagreed that size of market influence choice of promotion mix by pharmaceuticals companies.

Table 6: Response to the question “Do you agree that nature of drugs influence choice of promotion mix by pharmaceuticals companies?”

S. No.	Components	No. of Respondents	Per cent
1	Strongly Agree	153	30.6
2	Agree	173	34.6
3	Neutral	34	6.8
4	Disagree	79	15.8
5	Strongly Disagree	61	12.2
	Total	500	100

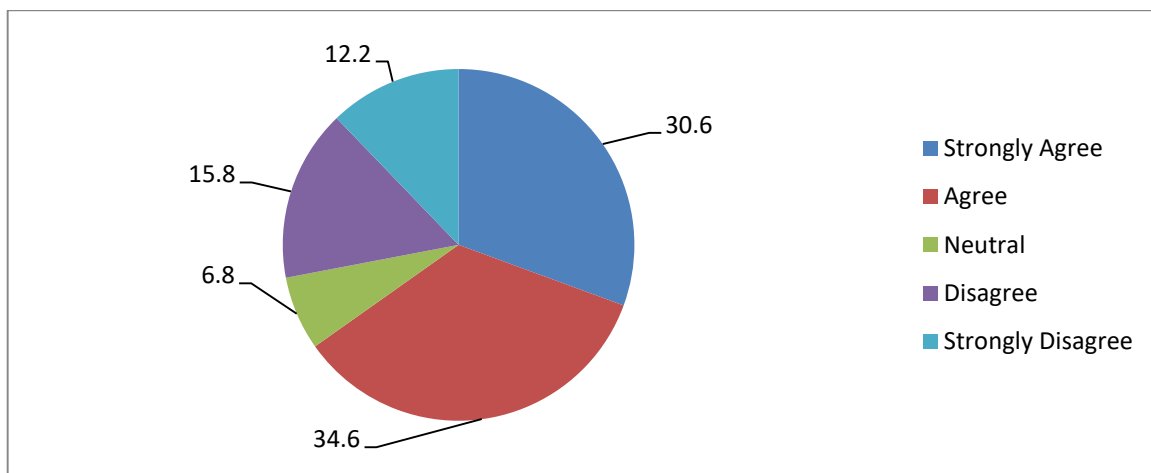


Figure 5: Response to the question “Do you agree that nature of drugs influence choice of promotion mix by pharmaceuticals companies?”

Analysis: From all respondents, 30.6 per cent respondents strongly agreed, 34.6 per cent agreed, 6.8 per cent neutral, 15.8 per cent disagreed and 12.2 per cent strongly disagreed that nature of drugs influence choice of promotion mix by pharmaceuticals companies.

5. FINDINGS OF THE STUDY :

- In the research findings 38.4 per cent respondents strongly agreed, 41.8 per cent agreed, only 2.8 per cent neutral, 10.4 per cent disagreed and only 6.6 per cent strongly disagreed that availability of funds influence choice of promotion mix by pharmaceuticals companies.
- Almost one third of respondents i.e. 32.2 per cent respondents strongly agreed, 36.8 per cent agreed, 4.6 per cent neutral, 15.2 per cent disagreed and 11.2 per cent strongly disagreed that distribution strategy influence choice of promotion mix by pharmaceuticals companies.
- The result reveals that 30.4 per cent respondents strongly agreed, almost one third of respondents i.e. 32.6 per cent agreed, 5.6 per cent neutral, 17.4 per cent disagreed and 14 per cent strongly disagreed that pricing strategy influence choice of promotion mix by pharmaceuticals companies.
- From all respondents, 35.6 per cent respondents strongly agreed, 39.2 per cent agreed, 4.2 per cent neutral, 12.4 per cent disagreed and 8.6 per cent strongly disagreed that size of market influence choice of promotion mix by pharmaceuticals companies.
- The study found that 30.6 per cent respondents strongly agreed, 34.6 per cent agreed, 6.8 per cent neutral, 15.8 per cent disagreed and 12.2 per cent strongly disagreed that nature of drugs influence choice of promotion mix by pharmaceuticals companies.

6. CONCLUSION:

- In the present research study the factors that influence choice of promotion mix by pharmaceuticals companies are:
 - (a) Availability of funds,
 - (b) Distribution Strategy,
 - (c) Pricing Strategy,
 - (d) Size of Market,
 - (e) Nature of Drugs.

- Among all these factors, the respondents considered availability of funds as the major factor that influences choice of promotion mix by pharmaceuticals companies.

REFERENCES:

1. Chandiran, P. (2005). Product Life Cycle and Promotion Strategies in Cellular Telecom Industry, *Indian Journal of Marketing*, 26.
2. Cutting Edge Information (2004). Pharmaceutical Thought Leaders: Brand Strategies and Product Positioning, Report No. PH64.
3. Datta, A. & Dave, D. (2017). Effects of physician-directed pharmaceutical promotion on prescription behaviors: longitudinal evidence, *Health Economics*, 26(4), 450-468.
4. Evans, R.K. and Beltramini, F.R. (1986). Physician acquisition of Prescription Drug Information, *Journal of Healthcare Marketing*, 8 (4), 15-25
5. Franklin, J.C. and Chitturi, R. (2009). Segmentation based on physician behaviour: implications for sales forecasting and marketing mix strategy, *Journal of Personal Selling & Sales Management*, 29(1), 81-95.
6. Gardner, M. P., & Strang, R. A. (1984). Consumer response to promotions: Some new perspectives, *Advances in Consumer Research*, 11, 420-425.
7. Hailu, A.D., Workneh, B.D. & Kahissay, M.H. (2021). Influence of pharmaceutical marketing mix strategies on physicians' prescribing behaviors in public and private hospitals, Dessie, Ethiopia: a mixed study design, *BMC Public Health*, 21(65), 1-15.
8. Ibrahim, I.A.Y. & Bélanger, C.H. (2015). Pharmaceutical Representatives and Prescription Decisions by Physicians in Saudi Arabia, *Journal of Marketing Management*, 3, 69-79.
9. Leyland, P. & Deon, N. (1988). Pharmaceutical Promotion Tools- Their Relative Importance, *European Journal of Marketing*, 22,5.
10. Manchanda, P., Rossi, P.E. and Chintagunta, P.K. (2004). Response Modeling with Non-random Marketing-Mix Variables, *Journal of Marketing Research*, 41, 467-478
11. Pierre, A. (2002). Do Pharmaceutical Sales Respond to Scientific Evidence?, *Journal of Economics and Management Strategy*, 11(4), 551-559.
12. Ray, M. (2003). 'Who Pays For The Pizza? Redefining the Relationships Between Doctors and Drug Companies, *British Medical Journal*, 326(7400) (5/31), 1189-1192.
13. Rosenthal, M.B., Berndt, E.R., Donohue, J.M., Epstein, A.M. and Frank, R.G. (2003). Demand Effects of Recent Changes in Prescription Drug Information, *Frontiers in Health Policy Research*, 6, 1-26.
14. Smith, M. (1988). Principles of Pharmaceutical Marketing, Third Edition, Lea and Febiger, 125-150.
15. Smith, M. F., & Sinha, I. (2000). The impact of price and extra product promotions on store preference, *International Journal of Retail & Distribution Management*, 28(2), 83-92.
16. Spears and Germain (1995). A review of the product life cycle and diffusion of innovation: Current and Historic perspectives, 7(1).