

## Chapter 5

# Marketing Strategies of Big Pharma and Impact of Generics in Healthcare

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### ABSTRACT

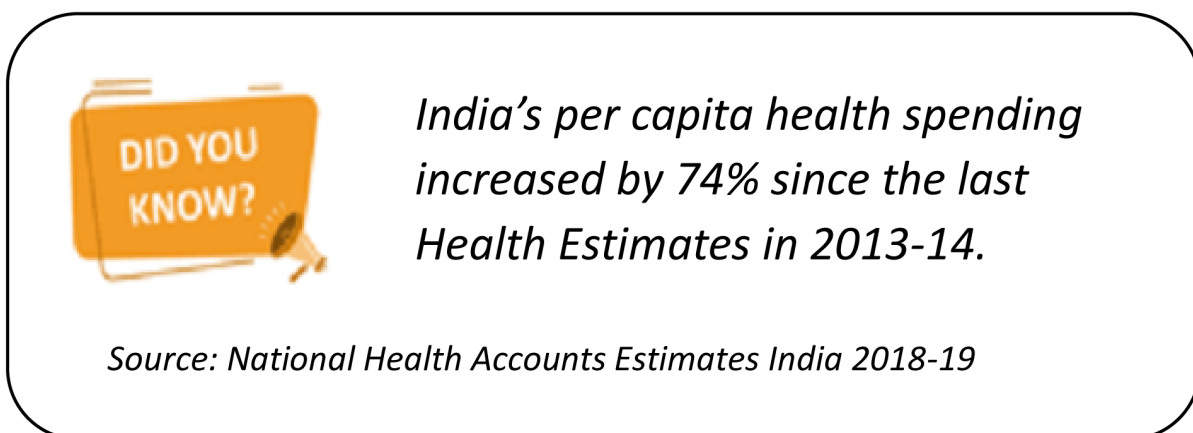
*There has been a significant rise in the prices of medicines in the recent past. Major pharmaceutical companies, 'Big Pharma', argue in favor of this development as it takes a lot of research and resources to bring a drug to market. Once in the market, the primary source of revenue generation for the companies is through sale of prescription drugs. Companies also have to spend a lot of their income on various marketing communication programs to convince their prescribers, even if it comes at costs that are difficult to ignore. This chapter studies the array of marketing strategies that are adopted by Big Pharma in developing and expanding their businesses. It also places these strategies within the context of the fast-growing generics market with its consequent changes to the marketing mix of the industry. While doing so, the chapter also explores and appreciates the various aspects of the pharmaceutical industry, as it presents features distinct from any other.*

### 1. INTRODUCTION

While India is very distant in terms of having a robust health infrastructure, it certainly stands tall in supplying pharmaceutical products to the entire world. The Indian pharmaceutical market ranks among the top three markets globally, in terms of volume, and 14th globally in terms of value (Invest India, 2022). It also accounts for 8% of the global API market, with more than 500 different APIs are manufactured in the country, while contributing more than half of APIs to prequalified list of the WHO (Department of

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*Figure 1.*



Pharmaceuticals, Annual Report 2022-23). Lately, Indian pharmaceutical companies have become the global leaders in the production of generic medicines and vaccines. Indian pharmaceutical companies meet more than half of the global vaccine demand, more than 1/3<sup>rd</sup> of the US's generic medicine demand and one-fourth of all of the UK's medicine demand (Invest India, 2022). As some of the indicators are changing, these producers need to play more pivotal role on the global stage. Further, with India's epidemiological profile rapidly changing, healthcare is becoming a priority for the government as outlay for the sector is being progressively increased in every budget. With the change in the lifestyle and rapid urbanization, a host of diseases are on the rise - cardio-vascular problems, neurological disorders, and other form of chronic diseases like diabetes, hypertension etc. All these factors together combine to make India a very promising market for the global pharmaceutical manufacturers.

The pharmaceutical marketplace is shifting quite dramatically, with enormous implications for the entire industry. Like every industry in the recent past, the Pharma industry too is experiencing labor shortages, supply chain snags and higher input costs due to inflationary pressure. Lot of factors are responsible for the launch of new efficacious drugs in the market, even if companies are burdened with very high costs of R&D, enhanced competition and growing pressure from various stakeholders to reduce their healthcare costs without compromising profitability. The industry has made some structural changes and found more novel ways to augment their drug discovery potential, reducing time from the ideation to commercialization, and controlling their cost along the whole value chain. The goal is to stay profitable and lead the market, all while keeping the social and economic value of treatments for chronic diseases low and accessible.

While keeping with this overall goal, deeper penetration of branded generics and growing government initiatives for encouraging branded generics have emerged as a definite trend globally, due to the immense potential that generics hold to bring about substantial financial savings for governmental healthcare systems and out of pocket saving (OOPS) for individuals; thus, making healthcare more cost effective and accessible to its peoples.

Food and Drug Administration (FDA) defines a generic drug to be,

*Identical or bioequivalent to a brand-name drug in dosage form, safety, and strength, route of administration, quality, performance characteristics and intended use.*

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