

RESEARCH IN MANAGEMENT AND TECHNOLOGY

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An Assessment of Market Orientation of Pharmaceutical Companies Registered in Goa

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ABSTRACT

A growing volume of literature suggests that to create market share pharmaceutical organizations will have to look at marketing as a basic philosophy and all functions have to be integrated with marketing. On the other hand there are also many studies which point out that consumer goods style of marketing cannot be applied to pharma products and the impact of new drugs on the overall health of society leads to rather specific ethical concerns related to marketing. The paper evaluates the need for market orientation in the face of growing competition in the pharmaceutical industry, coupled with ethical considerations that will strengthen the marketing strategy of every organization.

Based on available literature on the subject of 'Market Orientation', the paper traces the antecedents and consequences of a market orientation, and assesses the ethical dimension of implementing the marketing concept in the pharmaceutical industry.

Drawing on this background, the paper aims to understand the process of initiation and implementation of change efforts directed at improving the market orientation of the selected pharmaceutical firms registered in Goa, under the Companies Act.

Data for the present paper which is part of the ongoing Ph.D. research work on 'Marketing Practices and Problems of Pharmaceutical Firms Registered in Goa' has been collected by administering a structured questionnaire to the CEO's/Senior Managers of selected companies and conducting personal interviews to cross validate the responses. The eight selected Goan Companies are then ranked based on the scores obtained on intelligence generation, intelligence dissemination and response design/implementation components of market orientation. Statistical measures of standard deviation and coefficient of variation test the degree of unanimity among firms on these components and implications are drawn. Based on market orientation profile of each individual firm, a link as posited in literature between market orientation and business performance is then sought to be established for the selected firms. The paper highlights the ethical concerns related to pharmaceutical marketing in the Goan context and ends with suggestions for a healthy balance between the two.

INTRODUCTION

Jaworski and Kohli (1990) used the term market orientation to mean the implementation of the marketing concept. They define market orientation as composed of 3 sets of activities.

- (1) The organization wide generation of market intelligence, pertaining to current and future needs.
- (2) Dissemination of the intelligence across departments.
- (3) Organization-wide responsiveness to it.

Literature in this field suggests several factors as important antecedents of market orientation. Specifically, market orientation is facilitated by the amount of emphasis top managers place on it, and by their risk posture where they show willingness to accept proposals from junior managers. The level of market orientation is also determined by interdepartmental connectedness, where departmental performance objectives are focused on markets. The role of market-based reward systems, which take into account the contributions of individuals in sensing and responding to market needs in leading to a market orientation is also strong. The consequence of market orientation is frequently posited to be higher business performance.

A growing volume of literature suggests that to create market share, pharmaceutical organizations will have to look at marketing as a basic philosophy and all functions have to be integrated with marketing. On the other hand, there are also many studies, which point out that consumer goods style of marketing cannot be applied to pharma products and the impact of new drugs on the overall health of society leads to rather specific ethical concerns related to marketing.

OBJECTIVES OF THE STUDY

The paper has the following objectives (1) to analyze the need for market orientation of the pharmaceutical firms in India (2) to highlight the ethical issues in pharmaceutical marketing (3) to find out the extent of market orientation among the selected Goan pharmaceutical firms, and (4) to highlight the ethical concerns related to pharmaceutical marketing in the Goan context.

Methodology

For the purpose of the present study, the sample was drawn from the pharmaceutical companies that are registered with the Registrar of Companies, Government of Goa, and accordingly have their registered headquarters in Goa. Out of the 19 companies registered in Goa, only 9 are active in production and marketing. Using judgemental sampling procedure, 8 of these firms were selected for the study.

The 8 chosen companies were : (i) Tivim Pharmaceuticals Pvt. Ltd., (ii) Kare Labs Pvt. Ltd., (iii) Geno Pharmaceuticals Pvt. Ltd., (iv) Wallace Pharmaceuticals Pvt. Ltd., (v) Cosme Farma Laboratories and Pharmaceuticals Pvt. Ltd., (vi) Merit Pharmaceuticals Pvt. Ltd., (vii) Goa Antibiotics and Pharmaceuticals Ltd., (viii) Toyo Laboratories Pvt. Ltd.

A pretested questionnaire was administered personally to the CEO's/ Marketing Managers of these companies.

A total of 30 items were included in the questionnaire corresponding to each of the three components of market orientation. Of these 14 relates to intelligence generation, 5 to intelligence dissemination and 11 to response design/implementation. Sample questions for the 3 components were:

- (1) Does the company establish its specific marketing goals by assessing environmental problems and opportunities?
- (2) How often are interdepartmental meetings held to discuss market trends and development?
- (3) Did the company's marketing strategy take into account the implementation of the TRIPs agreement?

In order to cross validate the responses given in the questionnaires, CEO's/Senior Managers of the selected companies were also personally interviewed.

The scores for market orientation were computed by equally weighting and adding the corresponding item scores. As a result, the market orientation score was the unweighted sum of the 3 components of generation, dissemination and responsiveness.

(I) The Importance of Market Orientation

Today all the pharmaceutical marketing organizations are functioning in a highly dynamic environment and many are finding it very difficult to

survive in the face of the ever-growing competition. While many organizations have been overtaken by the changes in the market place, some have fared better by adapting themselves to the market changes, by transforming and establishing themselves as market intelligent enterprises, using relationship marketing practices and business intelligence.

According to S. Jayakrishna (2006), with increasing competition in branded generics, intensifying cost containment pressures, shorter product-life cycles, growing regulatory environments and increasing demands from professionals and patients, the pharmaceutical industry has entered an era riddled with challenges tougher than ever before. He states that even the most advanced pharmaceutical product cannot succeed without an equally advanced marketing strategy in place, due to the new definitions of customer interaction via the internet, and the complex management of research and demand chain partners. In fact, marketing has become a critical engine of innovation for sustenance. Ever since India opted for a free market economy, Indian firms are forced to adopt 'Marketing Concept' as the core philosophy driving the business. Many firms both in public and private sectors have set to cultivate a mindset in accordance with the tenets of the marketing concept. The Indian pharmaceutical market can be characterized by the presence of a large number of brands within the same molecule with little product differentiation. For this market, distinctive sales and marketing capabilities are very important. (Smarta, 1994). Marketing capabilities mainly include brand building and lifecycle management of brands and proper targeting and selection of doctors. Sales capabilities mainly include sales force deployment in line with market potential and robust sales processes and performance management. Smarta further notes that since large companies will not be able to cover all therapeutic categories in all parts of India, 'profitable market opportunities will continue to exist for smaller 'more market focused' companies. On the other hand, it is also pointed out that changes in the marketing environment will place increased competitive pressures on manufacturers and they will have to respond to these pressures if product profitability is to be maintained. Shorter product life cycles are more prevalent because innovations are quickly copied and improved upon and the competition for available innovative and marketing talent is greater. Under the TRIP's regime, in India, units that are producing the generic drugs should not get affected because these drugs are not patent protected. But the small and medium units face competition from large producers who compete on larger volume and lower cost of production. Evidence from Jordan indicates that post-TRIP's the local industry had to suffer in terms of investment and production and a number of small local firms had to close their operations except those firms who restructured on the basis of the 'marketing concept' (Correa, 2000).

The pharmaceutical marketing environment in India can provide a lot of opportunities for those firms who are market-oriented and who take leads from the market. India carries a mixed disease burden; age-old infectious diseases, re-emergence of disease like T.B. and malaria, dreaded

disease like cancer as also lifestyle diseases like cardiovascular, diabetes and depression. The changing disease profile calls for more advanced and innovative therapies.

Focus on preventive aspects such as vaccination, immunization and shifting disease patterns will create new opportunities and drive robust growth of pharmaceutical companies. However intense competition and fragmentation of the industry has negatively impacted the overall value growth of the domestic pharmaceutical market. In this scenario to grow in the domestic market, local pharmaceutical companies have to effectively manage their product life cycles and enlarge their market reach.

(2) The Ethical Dimension

When quality of life depends on the health of an individual, the role of medicines cannot be understated. This unfortunately is tinged with the fact that the demand for medicines in large volumes in India also offers a ready market for fake and spurious drug producers. According to Chakraborty and Saha (2006) people are vulnerable to spurious medicines and also the dictates of the manufacturer and the marketer. According to the WHO report, India contributes 40% of fake drugs worth Rs. 4000 crore in the world market.

Wishwas Rane (EPW, Vol. 31, Nos. 48, 1996) is of the view that the market forces logic is less applicable to the pharmaceutical sector than other sectors. Unlike consumer goods, drugs are not purchased by the consumer on the basis of his choice or preference; they are purchased/consumed on the advice of the medical profession. The drug companies have built a market for their drugs through their extensive marketing network. The consumers have little or no choice in such a 'rigged' market and are forced to buy anything and everything that doctors are induced to prescribe by the 'friendly neighbourhood "Medical Representative"'. In this context a WHO report says, "There is an inherent conflict of interest between the legitimate business goals of manufacturers and the social, medical and economic needs of the providers and the public to select and use drugs in the most rational way. (WHO, 1983).

According to S. Srinivasan (EPW, Vol. 34, No 9, Feb. 1999), there are a variety of ways in which substandard, sub-therapeutic and spurious drugs get promoted in the market such as :

- (1) By ignoring basic manufacturing requirements
- (2) By making drugs at the lower end of the tolerance limit allowed, e.g. 500 mg paracetamol tablet would be passed in quality control if it has the active ingredient between 450-550 mg (+ 10. percent). During its shelf life the 450 mg tablets potency may decrease and may not act as desired.
- (3) By inappropriate packing, e.g. water-absorbing drugs like aspirin should be protected from high humidity during manufacture and storage.

- (4) By claiming undue benefits for a product.
- (5) By trying to bribe drug authority and other officials and succeeding in evading compliance of desirable manufacturing practices.
- (6) Trying to induce doctor's to prescribe one's own products, by influencing medical college departments for favourable research reports, etc.

A report by the National Committee on Science and Technology also revealed that there exists a large gap between our drug needs and drug availability. It reported that out of the total production, 35% is taken up by vitamins, tonics, health restoratives and enzyme digestants which in the words of the Committee are mostly consumed by the relatively well-fed urban population. This skewed pattern of drug production pointed out an ICSSR report of 1981 is in keeping with our iniquitous social structure which stresses or promotes the production of luxury goods for the rich at the cost of the basic needs of the poor.

To quote B.K. Barnwas (2000), 'In a situation where there is no source of regular unbiased authentic information on drugs available in the country, medical practitioners depend solely on the representatives of the drug companies for information about new drugs. In the words of Raja B. Smarta (1994), the pharmaceutical companies are designing grand schemes to market their brands which are no less intricate than a spider's web. This enticing web is designed to capture the prey—the unwitting physician. This web includes entertainments and gifts, free subsidies to medical journals, grants for applied research, sponsorships, holidays, monetary inducements, etc.

These methods may be adopted by pharmaceutical marketing companies when they are unable to face competition. However, these methods will yield short-term benefits, but could in the long-run spell disaster for a professional company. The biggest change in the pharmaceutical marketing scenario will be when more and more companies realize that putting society before profits does pay in the long-term.

Drawing on this background, the present study aims to conduct an in-depth study of the selected pharmaceutical firms so as to understand the process of initiation and implementation of change efforts directed at improving the market orientation. Pharmaceutical marketing success is dependent on understanding the dynamics of this changing market where continual changes have transformed physicians, patients and therapies.

(3) Extent of Market Orientation of the Pharmaceutical Units in Goa Individual Firm Analysis

Toyo Laboratories Pvt. Ltd.

Toyo's marketing expenditure, on an average over the last six years is 30% of the total expenditure. The firm assesses its particular strengths and weaknesses while establishing specific marketing goals. It estimates its

market potential based on periodic sales forecasts, by relying on past sales and by maintaining market databases. The firm feels it has a competitive strength in quality infrastructure and marketing. However, less capital for R & D and inadequate access to foreign markets are its major weakness in terms of marketing.

While the company's marketing activities are confined within the country, it is looking to expanding its market share in the states of Maharashtra, Karnataka and Kerala. The company feels that with a focused market approach, it can exploit the growing sales potential in its chosen segments. Expanding market share is the main objective of the company's current marketing strategy and concentrated marketing at the chosen segment, and differentiated marketing using brand names are the current strategic marketing options selected by the company. Although personal selling is the most important element of the company's promotional mix, it could not increase the number of MR's over the last 5 years. The company believes in involving its MR's in strategic market planning.

Merit Pharmaceuticals Pvt. Ltd.

With total average annual marketing expenditure of 25% of total sales, Merit Pharma has a total domestic market share of around 0.001 per cent. The company focuses on assessing the environmental problems and opportunities and its own strengths and weaknesses while setting its goals. Its main target markets are the rural markets of Goa, Kerala, Maharashtra and Karnataka. Innovative packaging and better promotional measures are the essential highlights of the company's marketing policies. With the creative ideas of its founder director, Shri Arun Naik, the company came up with promotional tactics such as colourful packaging for pediatrics and tasty ice-creams flavour for its medicines for children. According to Shri Naik, successful marketing is 10% ideas and 90% implementation. However, he feels smaller companies are handicapped due to lack of resources to implement the ideas and adds that marketing tie-ups with other Indian firms is the strategic option planned for the future. Lack of information of export market and shortage of working capital are looked upon as the major factors inhibiting the company's foray into exports.

Cosme Farma Laboratories and Pharmaceuticals Pvt. Ltd. (CFL)

CFL is a medium category firm with presence in several therapeutic segments such as antibiotics, vitamins and minerals, gynaecologicals, dermatologicals, etc. The company exports its products to Mauritius, Kenya, Sri Lanka and Jamaica. It spends over Rs. 15 crore on marketing annually (annual expenditure averages 23% of total expenditure). It is basically a market driven organization and diversification into different segments is the market strategy to expand its market share that the company has adopted. The company believes that with strategic marketing plans, the size constraint can be overcome. The company has responded to the TRIPs regime by aggressive personal selling, by innovational promotional

measures, and strengthening capabilities of the field force. The specific marketing strategies the company has pursued are diversifying into new therapeutic segments, increased focus on existing specialty areas and wider coverage. The company plans to boost exports by entering into niche product categories and by trying to acquire overseas regulatory accreditation for its own manufacturing facilities.

Wallace Pharmaceuticals Private Ltd.

Belonging to the medium category, Wallace has its products registered in Tanzania, Sri Lanka, Kenya and Guyana. It estimates its average annual marketing expenditure to be Rs. 30.65 crores (30% of total expenditure). It bases its market strategy on extensive market research. The focus of its market segmentation is by therapeutic benefits. It practices concentrated marketing at the chosen segment and differentiated marketing using brand names. Brand building, generating strong prescription support and creating niches are the main objectives of its current marketing strategy. Setting up dedicated export division, obtaining plant certification and approval and product documentation are the company's main plans to boost exports. It does not consider size as a constraint in marketing and sees the pharmaceutical market as full of opportunities.

Geno Pharmaceuticals Pvt. Ltd.

Geno has its presence in the antibiotic, anti-inflammatory, Vitamins and Minerals, gastro-intestinal, cough and cold, anti-asthmatics and anti-vertigo segments. It exports its products to Ghana, Kenya, Srilanka and Myanmar. It has a total domestic market share of around 0.5%. Its average annual marketing expenditure is Rs. 13.67 crore (23%) of total expenditure. It periodically evaluates its strengths and weakness in relation to competitors and estimates its market potential based on market research. It sees opportunities in the international market and considers diversification into different segments as a better market strategy. It evaluates customer's preference for product-based on survey of doctor's opinion. Geno considers marketing related factors as the most important determinants of the firm's success. Expanding market share and creating niches are the main objectives of the company's current marketing strategy.

Kare Labs Pvt. Ltd.

The company exports its products to Nepal, Sri Lanka, Malaysia, Honduras, Philippines and Vietnam. The company estimates its market potential by periodic sales forecasts and by maintaining market databases. The company considers its main weaknesses in terms of marketing to be less capital for R & D and competitive advantage of MNC's. The main focus of its market segmentation is geographical and by therapeutic benefits. While it feels that the bigger the companies have an advantage in marketing, it feels that with strategic marketing plans, the size constraints can be overcome. The Company's policy is to combine a good quality product with

effectiveness of MRs to build the company's image as an ethical and responsible organization. It evaluates customers preferences based on survey of doctor's opinion and on frequency of orders. The company's long-term marketing plan has a time horizon of 10 years, in contrast to the other firms under study who have a maximum time horizon of 5 years. The company plans to specialize in country specific products requirements to expand its domestic market share.

Tivim Pharmaceuticals Pvt. Ltd.

The firm specifies its market objective as providing products with the benefits of efficacy, economy and excellence. The firm has not developed capacity to export its products and caters to the local market. The view is that the market is clogged with intense competition and there is no breathing space for the SSI units. Although the firm bases its plans on market research, it has weaknesses in marketing due to financial resources crunch and inability to compete with MNC's. The focus of its market segmentation is demographic, by income levels, by therapeutic benefits and by the speciality of doctors in the target areas. It is felt that small size of the firm acts as an entry-barrier to high-value therapeutic segments of the Indian Pharmaceutical Market. Competitor rivalry, threat of new entrants and threat of substitutes are ranked as the main competitive pressures faced by the firm. Low cost manufacturing and efficient marketing are perceived as important factors for firm's success.

Goa Antibiotics and Pharmaceuticals Ltd.

GAPL is a public sector enterprise, engaged in manufacturing of Pharmaceutical formulation. It caters to the institutional market all over India through distributors and different depots. Currently GAPL has stopped selling through Marketing Representatives. In the view of the Marketing Manager, the unit is not able to stand in private market because the products do not command doctor's attention. Management changes, administrative hurdles and bureaucratic interference are considered factors adversely affecting the company's market performance.

The above findings relating to the profile of individual firms, suggest that by and large the firms under study are market-driven, flexible organizations and diagnosing the market forces forms an important element of their business strategy.

Fifty percent of the firms under study establish their specific marketing goals by assessing environmental problems and opportunities. With the exception of Goa Antibiotics, the other firms formulate their business plans based on market research.

All the firms estimate their market potential based on periodic sales forecast. Six out of the eight firms (75%) maintain market databases to estimate sales potential. All the firms also have a feedback mechanism to evaluate customer's response to its products. Survey of doctor's opinion also ranks high in the list of methods of market evaluation for all the firms.

It is found that the marketing departments of the firms conduct surveys of sale of products that directly compete with their products from the retail chemist within the target area. Their strategy also involves gathering information about the prescription behaviour and prescription habits of doctors in their target area.

In seven of the eight firms, efforts are made to coordinate the actions of the distributors with the company marketing strategy.

Interestingly six of the eight firms studied believe that marketing should not be the sole concern of the marketing department alone but should prevail across the whole organization. Seven of the eight firms conduct interdepartmental meetings to discuss market trends and developments and R & D, production and finance departments are usually involved in planning for market besides the marketing department. The interdepartmental meetings takes place either once a quarter or more often in a year. Six firms responded that the companies Marketing Representatives are involved in strategic market planning, while two firms do not involve their MR's in plan formulation.

The 3rd component of market orientation involved actual response design and implementation based on changes in the marketing environment. The findings suggest that although the companies took into account the implementation of the TRIPs regime, they have not actually implemented any significant changes in their marketing strategies. In the period of globalization and increased competition defending their market share has been the main focus of their strategy. In view of technological and financial constraints, the firms under study are found to have not adopted any global market strategies that could add value through gains from economies of scale such as direct investments and joint ventures. Only 3 out of the firms are engaged in direct exports. None of the firms are found to have entered into any marketing tie-ups with other firms or engaged into co-marketing contracts to enhance their marketing capabilities, whereas this is the strategy adopted by the bigger successful Indian companies. In the last 5 to 10 years, all the firms had to retrench from unprofitable markets and reduce the number of products offered in the market in face of the growing competition. While private companies struggle to create niches, the view of the marketing manager of Goa Antibiotics Ltd is that 'frequent management changes, affects implementation in the public sector company the private counterparts should be better off in realizing their market-oriented vision'. The progressive small companies under study are found to be focusing on enhancing the quality of formulations R & D in order to provide them with a competitive advantage, as no formal R & D for product development is possible with limited resources.

Comparative Analysis

Based on the scores obtained by the selected firms on the 3 components of market orientation, a comparative analysis was done to study the extent of variation across the group.

The mean score for intelligence generation component computed was 11.75 with a standard deviation across the group of 1.28 and coefficient of variation (which measures the percentage variation in the mean) was 10.98%.

The mean score for the intelligence dissemination component was 4.1. The standard deviation was 1.24 and the coefficient of variation was 30.06%.

Mean score for the response design and implementation component was 8, Standard Deviation was 2.13 and coefficient of variation 26.7%.

The series having greater coefficient of variation is said to be more variable than the other and series having less coefficient of variation value is more consistent than the other. From the above scores, it is inferred that while there is a greater degree of unanimity among firms on the need for generating market intelligence, they differ more on aspects of intelligence dissemination and on the extent of response implementation.

The scores obtained by the individual firms in terms of the 3 components of market orientation is portrayed graphically in the following figures.

FIG. 37.1
Scores of Firms in Terms of Intelligence Generation

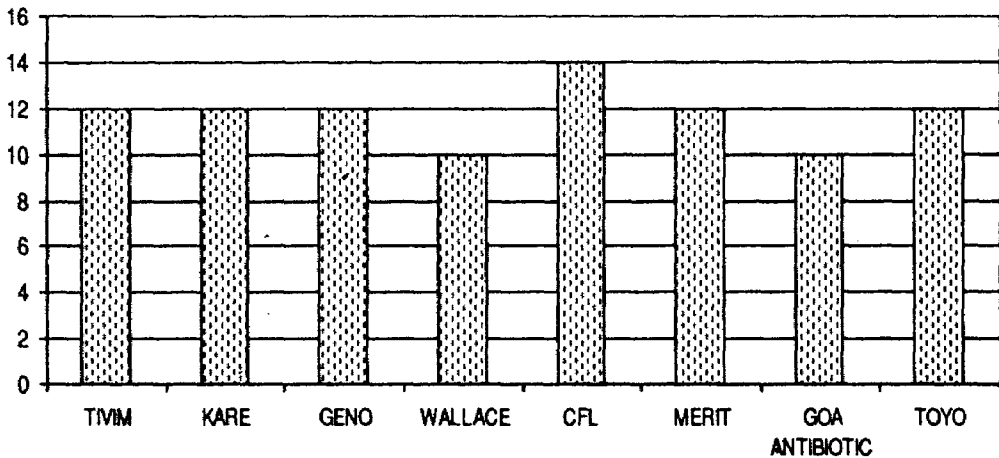


FIG. 37.2
Scores of Firms in Terms of Intelligence Dissemination

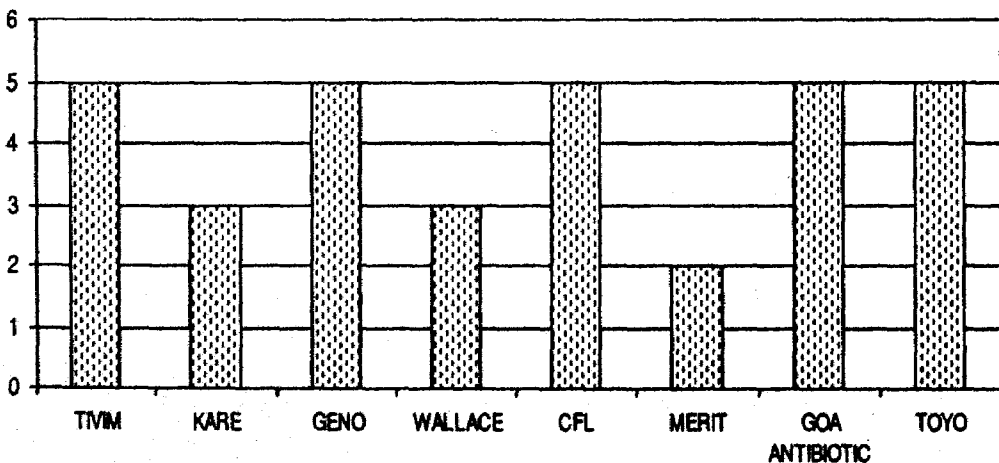


FIG. 37.3
Scores of Firms in Terms of Response Design/Implementation

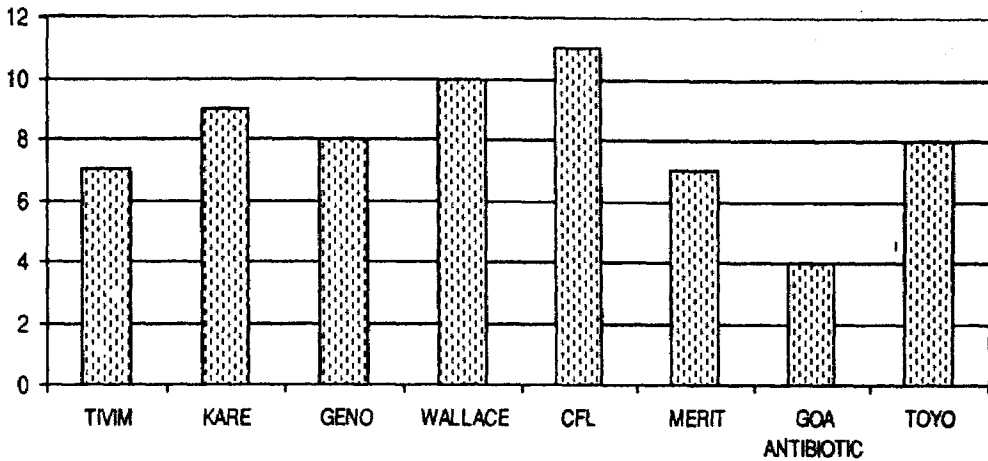
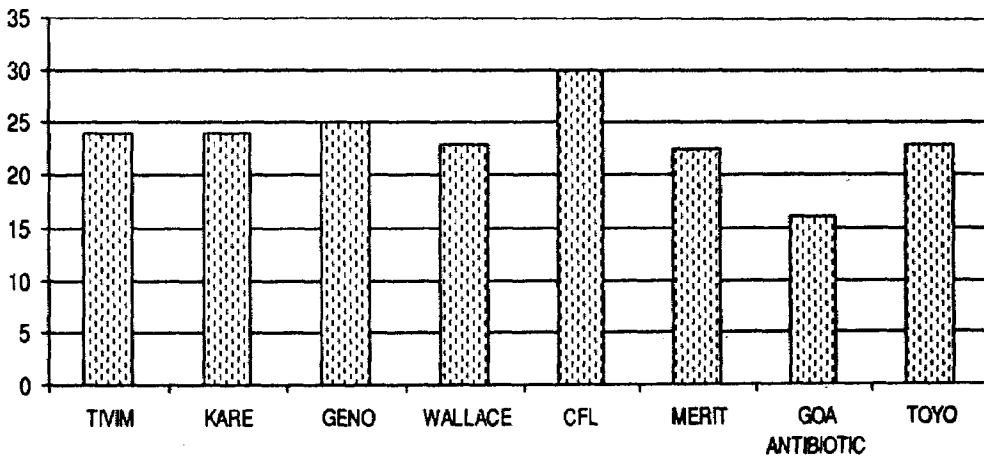


FIG. 37.4
Scores of Firms in Terms of Overall Market Orientation



The scores show that the highest ranking firm in all the 3 components of market orientation is Cosme Farma Laboratories and Pharmaceuticals Pvt. Ltd. For intelligence generation, the low ranks are occupied by Wallace Pharmaceuticals and Goa Antibiotics Ltd. In the case of intelligence dissemination scores, the lowest ranked firm is Merit Pharmaceuticals, while in response design and implementation, it is Goa Antibiotics which holds the lowest rank.

The highest ranking firm in terms of overall market orientation is Cosme Farma Laboratories and Pharmaceuticals Pvt. Ltd. followed by Geno Pharmaceuticals Pvt. Ltd. The market orientation profile of these companies discussed earlier indicates a relatively better business performance of these companies, which can be attributed to a higher level of their market orientation.

The lowest ranker is Goa Antibiotics and Pharmaceuticals Ltd., which

is a Public Sector Undertaking. Its market losses can be attributed to a low level of market orientation.

(4) The Ethical Concerns in the Goan Context

Regarding the ethical considerations in their quest for becoming market oriented organizations all of the firms felt that it is important to make efforts to project the company's image as an ethical and responsible organization. At the same time concerns were expressed about the huge spurious drugs market which affects the prospects of genuine players. When questioned about the causes for proliferation of sub-standard products, few of the respondents attributed it to the pricing policy, stating that when product prices are unremunerative and small players are not able to cover expenses it results in compromises in terms of standards while some attributed it to the loopholes in regulatory and monitoring standards. Many were also critical of the activities of the MNC's who look for opportunities to conduct clinical trials in India due to the economical rates without giving due regard to the ethical considerations involved, whereas the same trials are risky to be conducted in foreign markets due to high level of awareness and the company can be sued for negative effects.

Certain respondents also expressed fear that competitive marketing has led to a company-chemist-doctors nexus in rural areas where substitution of prescription at the chemist level takes place. It is felt that this trend is less in the urban areas where usually people do not substitute a prescribed medicine.

Goa produces about one tenth of the pharma production in India, valued at about Rs. 2800 crore. Out of this about Rs. 550 crore worth drugs are for exports. Goa Food and Drug Administration is headed by a Director, and has two deputy drug controllers, three assistant drug controllers, seven drug inspectors and one technical personnel. According to the Director, almost all the units in the state are Schedule M compliant and in the last 5 years there wasn't any instance of any spurious drug manufactured in Goa. He further stated that irrational drug combinations are strictly checked and that the sector is well regulated with periodic inspections. At the same time he admitted that the size of the Drug Control Administration is small in the state as compared with other states. The actual requirement of staff is much more. This raises questions about the efficiency of the Department in monitoring and regulating the pharmaceutical industry in the state.

SUGGESTIONS

In the above context there are a few areas which organizations need to pay heed to:

- (1) In order to create and sustain competitive advantage, the firms need to embark on strategies of market extension, and market

penetration to extend the horizon of business. They could exploit possibilities of tie-ups with bigger firms to gain entry in other developing country markets.

- (2) Restructuring exercises are vital for the Goan firms, to take advantage of opportunities thrown open by globalization such as, outsourcing operation, franchising activities, etc.
- (3) While companies sense the need to equip themselves with market knowledge, they should give more focus on effective dissemination of this knowledge within the organization.
- (4) Managers should place increased emphasis on market orientation of their business, in their efforts to attain higher business performance. Interdepartmental training, cross-functional activities and alignment of departmental performance objectives by focusing them on markets, will make the firms well-integrated market organizations, with effective dissemination of market knowledge within the organization.
- (5) The local manufacturers must identify and strengthen their sustainable capabilities to sustain themselves in existing markets. Smaller companies should adopt a 'focused approach' for their major market zones to build competitive advantage, for instance, they could strengthen their field force in the identified markets, so that they do not lose hold over these markets.
- (6) Building good reputation is always a commercial benefit. The firms should strive to earn a good reputation by providing high quality consistently.
- (7) Proper and careful selection of authorized dealers who would adhere to the values and visions of the pharma company can go a long way in curbing gray market formation.
- (8) Developing and updating a database based on retail chemist's prescription audits, institutional audits, research on prescribing behaviour, etc. will help in judging market potential and reaching the right customer base.

CONCLUSION

The study concludes that there is a vital need for pharmaceutical companies to be market-oriented in the competitive environment. The findings related to market orientation profiles of individual pharmaceutical companies in Goa suggests that by and large the firms under study are market driven organizations and it appears that the extent of market orientation is an important determinant of their business performance. Managers should strive to improve the market orientation in their efforts to attain higher business performance through focus on effective dissemination of market knowledge across the departments and also by taking effective response measures to adapt to changing market needs. By incorporating social and ethical norms in their market-oriented vision, the pharmaceutical

companies should add value and long-run support to their marketing programmes.

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APPENDIX

A. Market Orientation

(Intelligence Generation)

Key Items

1. Whether company has an active marketing Department.
2. Whether company is considered as product-oriented or market-oriented.
3. If the company develops strategies and programmes to market its products
4. Whether business plans are formulated based on market research.
5. Whether company establishes its specific marketing goals by assessing environmental problems and opportunities.
6. Whether company estimates its market potential based on periodic sales forecasts.
7. Whether it assesses its strengths and weaknesses in relation to competitors.
8. Whether it maintains market databases to estimate sales potential.
9. If it has a feedback mechanism to evaluate customer's response to its product.
10. If marketing department conducts surveys of sale of products that directly compete with the company's product from retail chemist.
11. If information is gathered by the company about prescription behaviour and prescription habits of doctors in the target area.
12. If distributor's actions are coordinated with the company's marketing strategy.
13. Whether periodical reviews are done to estimate effect of changes in business environment on customers.
14. Whether evaluation is done based on customer's suggestions and complaints.

B. Market Orientation

**(Intelligence
Dissemination)**

Key items

1. Whether company conducts interdepartmental meetings to discuss market trends and developments.

2. If other functional departments are involved in planning for markets.
3. How often interdepartmental meetings take place in a year.
4. If company's MR's are involved in strategic market planning.
5. Whether marketing concept prevails across the whole organization.

**C. Market Orientation
(Response Design and
Implementation)**

Key items

1. Whether company marketing strategy took into account the implementation of the TRIP's agreements.
2. Whether principles of market segmentation drive marketing efforts.
3. If company has its USP that gives it distinctiveness over others.
4. Whether company effected significant changes in marketing strategies in view of patents regime.
5. Whether pricing strategy takes competitor's prices into account.
6. Whether global marketing strategies are pursued to add value.
7. Whether penetration strategies for existing markets are pursued.
8. Whether market development strategies for new markets are pursued.
9. Whether restructuring in last 5 to 10 years undertaken.
10. Whether technological advances or market research drive business plans.
11. If efforts are made to project the company's image as an ethical and responsible organization.