Overview of the Pharma industry and how IT can be used to empower the sales process

1 Pharmaceutical Marketing – a brief overview

1.1 The Pharma Industry

The outlook of the pharmaceutical industry is rosy. The estimated turnover of the pharmaceutical trade in India is to the tune of Rs. 20000 crore. With the implementation of GATT and the innovative methods of routes of administration and biotech, the turnover will reach a new height - upto 40 to 50000 crores.

The Pharma industry is knowledge oriented. Therefore, most of the pharma companies concentrate on marketing and major finance is involved in it.

Broadly, pharma companies can be categorized according to the turnover

- Companies having more than 200 crores

- Turnover between 100-200 crores

- Turnover between 50 and 100 crores

- Less than 50 crores

1.2 The different blocks of the pharma marketing structure

Products are marketed by pharma industry with the help of a marketing distribution network. The blocks of the network are as follows
- The pharma sales organization
- The stockist
    The company sends goods to the stockist who forwards them to the retailer
- The retailer
    The stockist forwards goods to the retailer. The retailer sells goods to the patient.
- The doctor
    The doctor prescribes the medicine. The doctor can also act like retailer sometimes, in that he could supply medicines to patients directly. In that case, the doctor would be supplied by the stockist.
- The Medical representative, who is an employee of the pharma company. The Medical representative is the one who ties all the above components together.
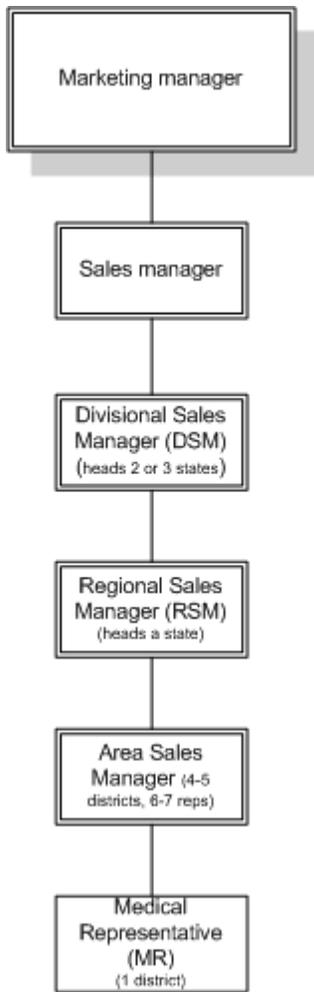
The distribution structure is shown below.
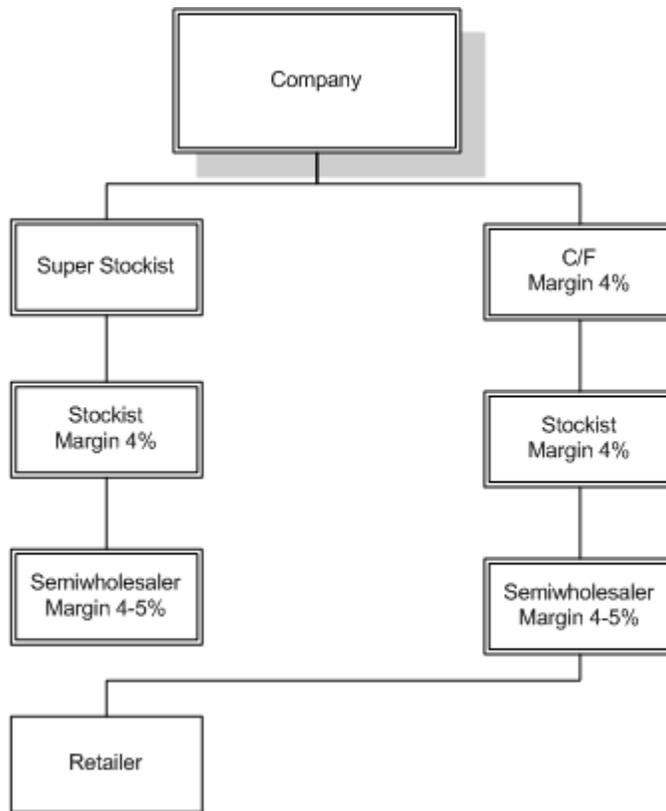
The way the system works is as follows. The MR generates demand by convincing doctors to prescribe a product. Once this is done, the MR ensures that retailers get enough supplies of a product by convincing stockists to stock enough quantities of a product. In other words, MR has to ensure that demand is generated at the bottom level (ie doctors) and ensure that enough stocks are produced at the company to satisfy the demand.

1.3 Organization of the Sales department in the Pharma company

The organization chart of the Sales department is given below. There is a Marketing manager at the national level. Below him there is a Sales manager at the national level. Below the Sales manager there is a DSM (Divisional Sales manager) who handles 2 or 3 states. Below this, there is an RSM (Regional Sales manager) who manages one state. Below the RSM, there is an ASM (Area manager who manages 4 to 5 districts and 6-7 MRs. Below the ASM, there are Medical representatives. An MR usually manages sales of a particular group of medicines for a district. There could be different MRs for two different groups of medicines – for example MR 1 may handle sales of cardio vascular drugs whereas MR2 may handle sales of oncological drugs.

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┌─────────────────────┐
│ Marketing manager   │
└─────────────────────┘
          │
┌─────────────────────┐
│ Sales manager       │
└─────────────────────┘
          │
┌─────────────────────┐
│ Divisional Sales    │
│ Manager (DSM)       │
│ (heads 2 or 3 states)│
└─────────────────────┘
          │
┌─────────────────────┐
│ Regional Sales      │
│ Manager (RSM)       │
│ (heads a state)     │
└─────────────────────┘
          │
┌─────────────────────┐
│ Area Sales          │
│ Manager (4-5        │
│ districts, 6-7 reps)│
└─────────────────────┘
          │
┌─────────────────────┐
│ Medical             │
│ Representative      │
│ (MR)                │
│ (1 district)        │
└─────────────────────┘
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1.4 Product incentives

Products are marketed using incentives at different levels – the MR level, the doctors level and the retailers level.

1.5 Doctor level incentives

Doctors are given the following incentives
- Product samples so that doctors can try out the medicines on patients
- Brand recall inputs – these could be items like calendars, pens, watches etc which carry the brand of the medicine.
- Sponsorships
- Seminars

1.6 Retail Level incentives

Schemes are made available (for example for 10 strips, take one free) at the retail level to motivate the retailer to sell the products.

1.7 Employee level Incentives

- Targets are set on monthly, quarterly, half yearly and yearly basis. Actual sales are calculated and appraisals conducted.
- Incentives are offered to MRs on quarterly basis.
- Cash prizes and foreign tours are offered to people who get top sales on national level.

1.8 Sales methodology

The sales methodology consists of holding budget meetings on an annual basis. The following topics are planned

- Expenses to sales ratio (please elaborate)
- Yearly planning (money wise target and achievement of product wise target is discussed).
- Product planning
- Prospect planning
- Selective customer planning
- Companies forecast of corporate planning.

1.9 The Medical Representative (M.R) – the pillar of the organization

While planning happens at the managerial level, the MR is the crux of the execution. The MRs activities have the following broad goals

- Disseminate product information to the doctors and convince them to prescribe a product
- Intelligence gathering – verify from the retailer that the doctor is indeed prescribing the product. If this is not happening, tackle the doctor again.
- Logistics – anticipate demand and ensure that stockist has enough supplies of the product.

On a detailed level, an MRs activities can be classified as follows

1.9.1 Doctor level activities

An MR meets a doctor to generate demand for one or more products. This is the most important part of the sales process and the MR has to prepare himself thoroughly. Before visiting the doctor, the MR needs as much information as possible.

First of all, the MR needs a profile of the doctor. Doctors have strong personal preferences vis a vis pharmaceutical brands. A doctor may be a strong supporter, an occasional prescriber, or a strong opponent of a product. So before a visit, the MR needs to know the doctors profile in detail and also of any personal preferences.

Some doctors are very influential. If it is known that this doctor is prescribing a particular medicine, a lot of other doctors would do so too. For this reason, doctors are classified into different categories. 'A' class doctors are the most senior, experienced people who are followed. 'B' level doctors are somewhere in the middle, and 'C' level doctors are junior doctors. These classifications are sometimes not called as 'A', 'B', 'C' etc so that doctors do not take umbrage at the classifications.

During the visit, the MR finds out if the doctor is prescribing the product. If not, the MR tries to find out why. He supports his points by means of product samples, brand recall

inputs and, proofs of Clinical trials conducted, and by detailing the superiority of the product over other brands.

After the visit is over, the MR prepares a summary report of the visit which includes the following data

- Name, qualification of doctor

- Product sampled

- Product detailed

- Gifts that are distributed

- Technical aspects of the product that have been explained to the doctor.

- Feedback from the doctor

- Impressions of the MR – is the doctor a permanent prescriber, an occasional prescriber, or a non-prescriber.

1.9.2 Retail Level activities

The MR checks the stock levels at the chemist to ensure that the chemist has enough stocks.

The MR stays at the chemist counter for some time to check whether doctors are prescribing the medicines of his company. This he does by surreptitiously watching the prescriptions that patients bring.

The MR finds out whether neighboring doctors have started prescribing his product.

The MR disseminates information about product schemes.

The MR finds out if his competitors are in the process of launching a new product, etc.

1.9.3 Stockist level activities

Ensures that stockist has enough stocks to meet demands in the immediate future.

Find out which areas order the most quantities of products. This can determine the area wise demand. Also, find out which areas are not ordering the product at all. Find out whether there has been a sudden spurt or sudden slack in demand.

Find out the overall inventory position.

Persuade stockist to stock more items.

Find out the details of the payment made to the company.

To monitor and assess the sale of an individual product.

1.9.4 Other activities of the MR

- Find out competitors activities

- Try to generate a rapport with the customers. This is done by participating in the customers life – giving condolences on a loss, greetings on marriage anniversary, birthday, shops birthday etc.

- Arrange small picnics meetings etc

- Product information via clippings, videos etc

2 Uses of IT in the Pharmaceutical selling process

IT can be used to make the marketing process more effective. It can be used at different levels, at the MR level and at the managerial level.

2.1 MR level

The MR can use IT to do the following tasks

2.1.1 Planning

At the beginning of the month, the MR can create plans for all the days of the next month. In the plan, he can specify what doctors, chemists, and stockists he will visit. The system can help him by grouping geographically close stockists together, for easier selection.

For each visit, the MR can select the samples and brand recall inputs to be taken to the doctors.

The plan can be forwarded to his manager for approval.

2.2 Execution

When the MR sets out for the day, he can carry a wireless device that helps him execute the plan. Before checking out of his place, the MR can check out the plan for the day. He can visit the doctors for the day, the stockists for the day, the chemist for the day etc. By clicking on any doctor,stockist, or chemist, he can view the profile of the person, the summary of the last visit to that person etc

The MR can view the brand recall inputs and the samples to be carried on that day. He can ensure that he has taken all the samples and the brand recall inputs.

Before a visit, the MR can take a look at the doctors profile. He can take a look at the product profile for the products that he wants to detail. He can create rebuttals – points where the product is better than the competitors. He can take a look at the summary of the last few visits to the doctor and make the appropriate pitch.

After the visit, the MR can enter the summary of the visit. The MR can also enter details of the expenses incurred during the trip.

All these features can save a lot of time for the MR and allow him to concentrate on the main task at hand. Also, doctor profile, last visit summary, product profile etc are tools that can be used to arm the MR and make him more effective.

2.3   Management Level

At the management level, the manager can view the plans that the MR has created.
The MR can compare the actual visit to the schedule of the MR and thus measure the effectiveness of the planning and performance.
The system can use the real time data that is available via the wireless device to do various analyses. It can show
- Area wise sales
- Doctor wise sales (approximate)
- Stockist wise sales

This can form an input for strategy creation.

3   Glossary of Terms

Term	Meaning
Product sampling	
Product detailing	
Retailer	
Chemist	
Stockist	