

# Talk Big, take small and progressive steps. Are we ready to do, what we are supposed to ?

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## Introduction

Nepal's pharmaceutical market size is equivalent to 250 U.S. million, according to the APPON (Association of Pharmaceutical Producers of Nepal, 2010). Nepalese pharma market is less regulated. DDA (Department of Drug Administration) has lesser resource and tools to monitor quality of such an import-influx. The joint effort of three-parties; local companies, medical practitioners plus the retailers pushed by sales representative, has remained successful in replacing foreign brands from the market. Doctors have enough brands to remember and write. Those sales personnel who builds relationship and constantly follows for feed-back gets prescription. It is unnecessary that all the prescription give businesses. The problem of product substitution at the retailer is yet another challenge. That is the same reason sales representative are in constant contact with the retailers for market feedback.

However, there is a gap in communication between sales representative, doctors and chemists. Hardly there is a harmony between these three parties. This can relate to lack of mutual respect to each other's profession and the dwindling trust. Tyranny, excessive use of power by the person in authority, lack of empathy, lack of emotional intelligence, lack of consciousness are some of the common disjuncture often observed within the profession.

It is no doubt that a Doctor should be trusted for the technical know-how of the product communicated through sales representative. They are one of the important player in the value-chain. Terms such as pharmacokinetics, pharmacodynamics, optimal time frame for the peak concentration, the half-life of the product and the mode of action are relevant during prescription and consumption. Nobody-else except the important link in this value chain knows its significance.

For me personally ideal sales representative is a person with pharma knowledge and a business degree. Usually 24 years of age is idle to start the profession. Doctors usually start prescribing even as an intern let us say 23-24. A chemist usually can start selling medicines after going through formal education i.e. 10th standard plus 3 years of training, 21-22 age. There should not be any problem with the gap in age for common understanding between these groups. Also, this age group in Nepal has massive sense of

patriotism. It is found that trainee doctors are influenced by senior doctors for prescription. These senior doctors are the target of the pharma companies. How, these senior doctors can be brought in the trust for mutual benefit of the entire cluster should be the aim of the Nepalese company

Habitual behaviour and resistant to change - Nudge as a positive reinforcement for positive outcomes

Nepali people are not much familiar with Nepalese pharmaceutical products. Nepali customers (buyers) had less favourable attitude towards Nepalese pharma products. They were doubtful regarding quality of the products. Buyers preferred foreign brands. Buyers did not have habits to asking for Nepal made products in-case of over-the-counter purchases made.

Method: It was double-blinded research. 50 teachers of local private school in Kathmandu were selected by the school administration in 2010. They were handed standard questionnaires on five point scale. Descriptive statistics and then Z-test is used to derive the results.

Nepalese buyers need nudge for positive reinforcement as postulated in behavioural economics. Despite the perfect market condition, a quality nudge can entice buyers to seek local products. For example, government encouraging to buy local products and retailers making a direct offer.

## Reality

In 2013 as I reclined to West Germany's Capital city, things had just begun working for Nepalese pharmaceutical industry. Until then multinational pharma companies capitalized the creamy market without any friction. 295 Pharmaceutical companies operated in Nepal by 2010. Quality of the product remained contentious issue. Studies reveal that in developed countries:75% of manufactured products are consumed by 25% of population whereas, in-case of the least developed countries 25% of pharmaceutical products are consumed by 75% of population. Is this 25% solely prescription based or something else? What percentage of 75% is over-the-counter products, is undefined. Does 20% of pharmaceutical products are sold as over-the-counter and the rest 5% accounts for prescription market in LCDs ?- facts are missing.

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75% of manufactured products are consumed by 25% of population in developed countries, whereas 25% of products are consumed by 75% population in LDCs. A layman can predict less market penetration and lesser opportunities to reach the people from LDCs. Michael Porter, the marketing pundit, puts it like this, in pharma market problems arise when clusters have not been identified or even the clues are missing. Cluster makes friendly environment for the pharma business. This include market, economies of scale, human resource, policy and much more. If such clusters are missing then the business become hard to sustain and grow. Sometimes lack of knowledge in the field or short-sightedness of the industry limits market growth. This reminds me of the people taking Aspirin in almost every occasion in Germany and relying on medicines such as ibuprofen, paracetamol even to reduce after-drink hangovers. Generally, if we consult marketing experts, probably they will ask to segment the market for its reach and increase customer-base with product diversification. That might not only necessarily work. Theories in Economics mostly base on the perfect market condition. Until Keynesian brought Government interference as variable. This demand is not only the function of pricing but marketing and many others. The marketing profession was developed from this gap-in-knowledge. As put by the marketing guru Philip Kotler.

With an estimated population of 30 million, Nepalese customers (Buyers + Doctors) have lots of choice in over 21 segments including vaccines.

Reports show Nepalese industries are moving towards self-sufficiency in several segments. The vision to substitute most of the foreign products in each segment looks possible. This would save the economy on one- hand and increase general- trust in the industry on the other.

Let's understand some weakness of Pharma Industry,

Does Pharma companies communicate to the buyers?

Scientific communication includes community participation in science for optimal progress. Nepalese companies failed to create brand awareness, brand accessibility, brand preference and brand loyalty.

Unlike other manufacturing industries pharmaceutical companies have robust settings. Nepal has good human resource; useful clusters that demand supplies and a feasible environment. One of the largest successful industries are in the neighbouring countries. Most Nepalese companies has GMP (Good Manufacturing Practice) factory settings. They also represent the technical standards which are basic criteria for the status of WHO Certification Scheme on the Quality of Pharmaceutical Products moving in International Commerce. GLP (Good Laboratory Practice), Good Distribution practice and GPP (Good Pharmacy Practices) are other regulatory standards. ISO certifications are getting popular. Ethnocentrism such as country-of-origin effects can hurt Nepalese pharmaceutical industries. Fairly speaking country-of-origin should be the least topic

to be bothered over. The gap in knowledge about the quality of the product and emotions can be the target for foreign companies to enter market and increase the competition. Communication of the standard processes should help Nepalese pharmaceutical industries. Until recently India based multinationals were the front runners in sales. I would like to take an opportunity to mention about FDA in this occasion. The FDA has clear set of rules for third party manufacturing and in a vivid manner Nepal lacked such policies. Usually LDCs lack robust pharma industry and value chain. Also there are tariff and non-tariff barriers in International trade. Unless the products are unique or fit-for-purpose. The multi-lingual and highly regulated markets are hard to penetrate. Playing inside the own country's premise is more practical, because of the people, their sentiments, and also the government.

Some Possibilities to Building Favourable Attitude Towards the Industry- Buyers Perspective

- Increasing the societal feedback to Pharmaceutical research, development, innovation and new technologies in general. Making the process of creating knowledge open and transparent.
- Reveal the conflicting viewpoints towards controversial subjects in pharmaceutical industry and the technologies.
- Empower prosumers almost at an eye-level with experts and political-decision makers.
- Facilitate constructive Journalism. Science journalists facilitate to bring the source and audience together to facilitate constructive interactions.

## Summary

Information and Justification to communication and collaboration. Offering competencies to listening to your customers' need. True dialogues with the research institutes. Transparent and un mediated discourse. These all help boost the Pharmaceutical industry.

No-doubt industries based on scientific innovation remain the integral part of National economy. The success of such businesses also depend upon how cleverly they optimise the settings. Scientific communication at the local level will make public aware, enthusiastic and graceful in accepting the product and even take higher risk. Interaction give additional credibility and creates transparency among clusters. Transparency builds trust. Trust promotes people's readiness for change or even an "appetite for risk". Readiness for change fosters diffusion of products in the market. This is one of many possible ways to reach the buyers.

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