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Pharmaceutical Marketing and Distribution in Developing Countries

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Abstract

Pharmaceutical are the only one element of a health care system, however, in most developing countries they play a very important role in health care because often the largest share of health budget is spent in pharmaceuticals. This is in itself but what is even worse is the fact that not all drugs used are rational. One has to consider carefully which drug to choose because a lot of irrational drugs are in the market and some of them can do more harm than good, financial resources are limited in developing countries, so it is vital for the protection of individual and public interest that the health care provided is effective. In developing countries, pharmaceutical production is often limited and concerns relate primarily to the adequacy of imported drug. The private sector of drug distribution generally limits itself to the supply of expensive drug for relatively affluent urban populations and the public sector drug procurement is often inefficient and wasteful. There is much concern as to the unreliability of drug information and the poor quality of medicines circulating in both the public and private sectors even middle-income developing countries exhibit similar problems alongside manufacturer of the highest repute are makers of counterfeit drug for both the home and export market, regulatory systems, while loosely based on the 'western model' loopholes of pharmaceutical policies. The developments of massive public involvement in the contest of the pharmaceutical sector even in countries with the most 'liberals' of economics has not gone unchallenged. The research based pharmaceutical industry in particular while fully accepting the need for the maintenance of the highest standard argues that the bulk of the industry should be fully capable of disciplining itself without extensive state interference, more specifically it is pointed to the risks of shackling what is essentially a healthy and productive industry.

Key words: Pharmaceutical Marketing; Distribution; Developing Countries.

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1. Introduction

Pharmaceutical marketing in developing countries cannot be easily fit into a one size fit all description [1]; however, there are a number of common features:

1. We have the areas of North America [2], UK, Western Europe, Japan, Australia, New Zealand and some other isolated examples such as Iceland, Israel and South Africa among others that we can refer to as developed.
2. There are perhaps 20 nations that may be best described as developing countries i.e. Pakistan, India, Bangladesh, Taiwan, Malaysia, Indonesia, Egypt, South Korea and perhaps Brazil, Argentina and Hungary, these developing nations have complete and well developed industrial base and infrastructure, educated skill workers and stable economic system.

The third category under developing countries is quite poor and has limited industrial resources.

Pharmaceutical Industry in Pakistan:

The total pharmaceutical market in the country is estimated at US[3]$2.3 billion with a 13% annual growth. We are almost self-sufficient in formulation, though multinational companies have a significant presence in the finished dosage market on the bulk drug front and 90% of the requirements are being met through imports. Approximately, 1/3 of the total consumption of pharmaceuticals is imported. Imports of finished drugs are expected to increase. There is a good potential for Antibiotics, Vaccines, Therapeutic medicines, Analgesic, Tranquilizers, Hormones, Antihypertensive drugs, Antiulcerants, Cancer, Psychiatric drug, Contraceptives and Birth Control presumption. Government Policy categories drugs into essential and non-essential categories, essential drug can be imported freely but their prices are fixed by the government. The price of non-essential drugs are not fixed, at present nearly 90% of the drugs, imported non-essential: though local production of drugs increased in recent years. The Pharmaceutical industry is faced with high taxes and tariffs high-cost compound by devaluation of the rupees, has effected market growth, major suppliers include the United States [3], UK, Germany, Switzerland, Japan, Holland, France local production in 2000 rose to $906.9 million from $831.1 million [4].

2. Conclusion

The importance of effective and successful market participation at global, national and regional levels has created basic structural issues for many companies. Essentially, it comes down to a question of centralization versus decentralization of marketing research function to support marketing for different geographies, each iteration of restructuring or reengineering is an attempt to design the ideal organization for implementing the change.

“Think globally, act locally”.

Marketing, no matter where it takes place, independent of country, language, wealth or even planet must provide

the famous 4P's, there are more challenges and barriers in some place then in others. The challenges to successful pharmaceutical marketing [4,6] are overwhelming in numerous less developed countries. Even the most adroit salesman or marketers can do little when reckless government fiscal policies permit massive inflation rates, when bribery is condoned, when foreign exchange is simply unavailable to be used to pay for imported goods, to be sure; it remains the duty of marketer to educate and to create demand for products. Quite amazingly, that is what is being done in even the most remote and isolated hamlets of the world by dedicated professionals doing the best that they can, considering the obstacle facing them [5].

2.1 Value of Pharmaceuticals

The main impediment to the appropriate and equitable pricing of the value of pharmaceutical lies in society's lack of acknowledgment of the value of pharmaceuticals both in macro sense [7]. The financial saving gained through the use of pharmaceutical products as a whole and from a micro perspective the financial and patient specific benefit from the appropriate use of many, if not most, new drug part of the problem lies in the failure of society to take a system wide view when evaluating health care, part in the long-term demonization of the pharmaceutical industry by critics and great deal in the industry itself. Most pharmaceutical companies have actively marked in the ways that devalue pharmaceutical products [8,9]. The companies own conduct has reduced the value of medication in the eyes of customers and society at large. For the past several years, prices in pharmaceutical market have gone in two directions, increasing or holding. Firms' cash-based market and charging lower price in hospitals and managed care market. Although these lower prices are in response to perceived market demands and are often accompanied by well-reasoned strategies for the discount, public knowledge of these multi-tiered prices has brought many to question the appropriateness and equity of the non-discounted prices regardless of the legality of the multiple price levels which has been upheld time and again [10]. Pharmaceutical companies must consider the financial and political consequences of pricing decision and recognize that distribution is important in and of itself but it is even more critical in less developed countries if a product is out of stock, Practitioners will use an alternate and should they like its efficacy, they might switch to the alternate products as their preferred drug in that category. Distribution is handled in different ways; one is for multinational firms to have an office for a region in a capital city that is responsible for 2 or 3 even 5 or 6 adjacent countries. Often the inventory is kept at that one depot, although it is possible for suppliers to be kept at the home of each of the representative [10, 11]. In this way, representative not only makes a sale but actually delivers the goods and completes the transaction. Another option is to name a local company as an agent. The manufacture inventory to its agent and the sales reps for this agent visit physician and pharmacist take orders, deliver the merchandise, collect payments and perform other marketing and representational duties. A third alternative is for manufacturers to have no formal or direct presence but sell to wholesalers and other distributors who either use or resell the product. Personal selling is of monumental importance in any case, and the allocation of resources of this function is similar to what is seen in developed countries [12,13]. Over the next five years and into the 21st century, major changes are underway in the pharmaceutical industry. It will be important for all those interested and concerned about the industry to provide high quality and relevant research for the challenges ahead. Research must move more quickly and respond to those challenges; they believe that all market researchers are in a position to make major contribution to the future of this vital industry [14].

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