

Specifics of Pharmaceutical Industry Marketing

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Abstract. The paper substantiates the relevance and necessity of studying the specifics of marketing in pharmaceutical enterprises. The purpose of the paper is to determine the specifics and characteristics of modern pharmaceutical marketing. The paper uses methods of analysis, grouping, and a system approach. The features of the modern pharmaceutical industry in countries with market economies are presented. Current trends and features of the development of the global pharmaceutical market are identified. The key problems of the pharmaceutical market of Ukraine and priorities of its development are considered, taking into account the feasibility of using marketing tools. Among the identified priorities, it is important to increase the competitiveness of products and enterprises of the pharmaceutical industry through qualitative changes and innovations; ensure the innovative development of industrial enterprises in this industry; apply creative approaches. Specifics of pharmaceutical marketing are given. The interests of the subjects of the modern pharmaceutical market are combined into a "complex" covering two levels: micro- and macro-. The interaction of the main subjects of the pharmaceutical market is studied. The main forms of a marketing application in the pharmaceutical industry are considered. The scientific originality of the paper is reflected in the authors' proposals to combine the interests of all subjects of the modern pharmaceutical market into a certain complex that covers two levels; to build a graphical display of all possible connections between the subjects of the pharmaceutical market. The practical significance of the paper consists in the possibility of introducing priorities for the development of the pharmaceutical market in Ukraine, considering the feasibility of using marketing tools. It is noted that most manufacturers in the pharmaceutical industry do not implement the third form since all functions related to marketing are performed by intermediary networks. Prospects for further research are to study the international experience of cooperation between pharmaceutical companies, a detailed review of global trends in pharmacy

Keywords: pharmaceutical market, demand, forms of a marketing application, subjects of the pharmaceutical market, marketing

The Problem Statement

On the one hand, the pharmaceutical industry is high-tech and knowledge-intensive, and on the other hand, it is socially important since it provides support for a healthy nation. Research in this particular area is important and interesting both for scientists and for all subjects of the pharmaceutical market.

Nowadays, most pharmaceutical companies apply marketing measures at the "basic level", require the development of a marketing strategy, the introduction of creative ideas in product promotion. The solution of this problem is impossible without studying the specifics of marketing of

pharmaceutical enterprises. Therefore, consideration of the features of modern pharmaceutical marketing is certainly a relevant and important area of research. To determine the features of modern pharmaceutical marketing, it is necessary to study the subjects of the pharmaceutical market and their interests more deeply, and determine all possible connections between them.

Analysis of Recent Research and Publications

Among the scientists who study the pharmaceutical market, papers of the following authors can be distinguished:

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O.I. Vavulin [1], N.I. Gavrylenko, and Ya.V. Kulich [2], S.Yu. Goncharova [3], V.P. Kolesnikov [4], Yu.M. Melnik [5], O.G. Chirva [6], A. Kisiolek [7; 8], M. Tannoury [9], I. Samanta [10], M. Stros [11], B. Shaw, P. Whitney [12], M.C. Becker, M. Lillemark et al. [13]. The analysis of modern publications on this issue identified the need to determine the features of modern pharmaceutical marketing.

Purpose of the Study

The purpose of the paper is to determine the specifics and characteristics of modern pharmaceutical marketing.

Research Results

The study of the degree of use of marketing in the pharmaceutical industry shows that most industrial enterprises use only part of the possible marketing potential, and therefore receive less profit. One of the main reasons for this is the ever-increasing R&D costs to ensure the innovative development of pharmaceutical enterprises. However, marketing is also important and should be considered as one of the components of innovative development. The modern pharmaceutical industry of countries with market economies is characterised by the following [2]:

1. It consists of two sectors with a fundamentally different economic model and business strategy:

- the first sector is knowledge-intensive or innovative, for which reliable protection of intellectual property rights is very important since it is characterised by the use of patents, trademarks, aggressive advertising, and as a result – making a considerable profit (profitability of more than 13%);
- the second sector is the sector of reproduced products, which brings considerably less profit (profitability is 5-10%).

2. The specific feature of competition is that it manifests itself mainly not in the form of lower prices but in the form of the development and production of new drugs characterised by high efficiency and safety for health.

3. The production and sale of modern medicines is carried out in the private sector. The role of government agencies is only to develop requirements for the effectiveness, safety, and quality of manufactured medicines. In many countries, government agencies also regulate the price of medicines, especially for certain groups of people (seriously ill, socially vulnerable, etc.).

4. The international character of the development, research, production, and marketing of medicines is mainly manifested not in the form of direct exports but in the form of investments abroad. Innovative developments play an important role in international economic and scientific and technical cooperation in the pharmaceutical industry.

Current trends and features of the development of the global pharmaceutical market, which have been observed in recent years, are as follows:

- deepening pharmaceutical globalisation;
- improvement of quality standards for the production of medical products;
- activation of medical reforms;
- increasing the scope of R&D;

- aggravation of problems related to the increase in the number of counterfeit and low-quality medicines on international markets;

- merger and absorption processes in the global pharmaceutical market, which lead to an increase in the risks of monopolising the market or creating oligopolies on it.

The specifics and main feature of the modern pharmaceutical market is the active introduction of nanotechnologies, which act as techniques and methods used in relevant research, production and use of nanostructures, devices, and systems [14]. The introduction of such innovations increases competitive advantages between pharmaceutical market entities since the development and implementation of nanotechnologies requires huge financial investments. Therefore, industrial enterprises of the pharmaceutical market are looking for investors because they need constant investment injections. And it is marketing activities that, on the one hand, help to attract investment (both internal and external), and on the other hand, stimulate the promotion of innovative products in markets of various levels.

Another important feature of the modern pharmaceutical market is the production and improvement of conventional medicines that include natural ingredients of plant and animal origin. This is conditioned upon the global trend of a healthy lifestyle and the consumption of natural products.

The condition of the Ukrainian pharmaceutical market is characterised by a fairly considerable share of imported medicines and a predominance of outdated, clinically ineffective medicines. In other words, the pharmaceutical market of Ukraine remains import-dependent. Among the key problems of the pharmaceutical market of Ukraine are the following:

- imperfection of legislation as one of the consequences – violation of intellectual property rights;
- increase in the number of counterfeit medicines, violation of the procedure for buying and selling narcotic drugs;
- lack of control over setting prices for medicines and medical devices;
- lack of state financial support, low or complete lack of motivation for pharmaceutical companies to develop and implement new original drugs and increase export potential;
- lack of effective partnership between the state, production, and science in the field of creating complete technological cycles for the production of innovative pharmaceutical products [3];
- outdated base of scientific and technical support for pharmaceutical production;
- unfavourable climate for attracting investment, etc.

The main priorities for the development of the pharmaceutical market in Ukraine, considering the feasibility of using marketing tools, can be:

- development and implementation of an effective mechanism for state control not only over the production but also over the sale and advertising of pharmaceutical products;
- increasing the competitiveness of products and enterprises in the pharmaceutical industry not only by improving

the quality but also by creatively promoting products, especially innovative ones;

- improvement of the state registration system, in particular through adaptation to international standards, primarily in European countries;
- implementation of a set of measures, including marketing, to justify and provide information resources of the pharmaceutical market (conducting marketing research to determine the needs and requirements of consumers, etc.);
- using a marketing approach to managing the innovative development of pharmaceutical enterprises. It is pharmaceutical marketing that will help to open up new opportunities for the development of drug manufacturers.

The main purpose of pharmaceutical marketing is to optimise the pharmaceutical care market, which means analysing the relationship between need, demand, supply and demand, as well as considering the impact of all internal factors of the drug supply system for the population. Pharmaceutical

marketing has a number of features [6, p. 94]:

- the demand generator in the buyer (patient) – seller (pharmacist) system is a doctor;
- when analysing the market, it is necessary to consider not only demand but also the need;
- consumers often view medical and pharmaceutical products not as a desirable product but as a necessary purchase in case of illness or elimination of certain discomfort;
- low level of awareness of the end user (patient) about what medications they need, taking into account the analogues available on the market;
- pharmaceutical products should only be of high quality to ensure the health of the nation.

To determine the specifics of the pharmaceutical market, it is necessary to specify the interests of all its subjects. The authors propose to combine the interests of subjects of the modern pharmaceutical market into a “complex” covering two levels (Fig. 1).

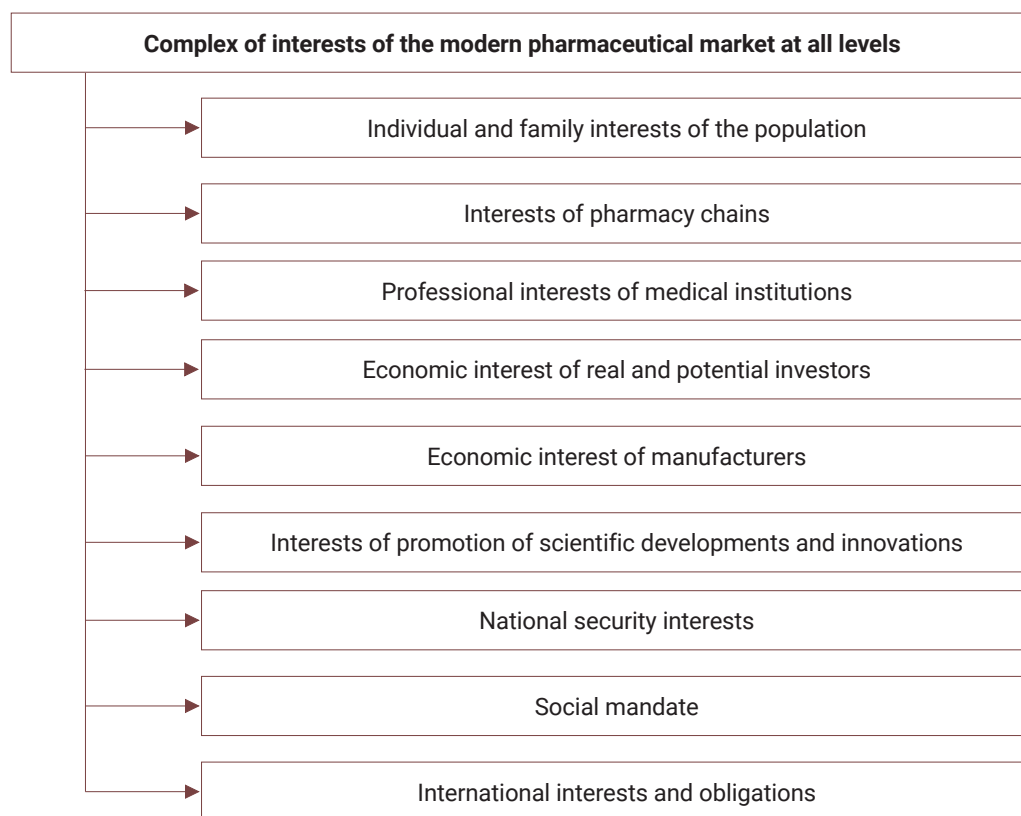


Figure 1. Complex of interests of pharmaceutical market participants

Source: authors' suggestion

1. The micro-level to which the following interests belong:

- individual and family interests of the population (interests of households);
- interests of pharmacy chains (as an intermediary of the pharmaceutical market);
- economic interest of pharmaceutical producers (as a participant in the pharmaceutical market);
- interests in promoting scientific developments and innovations (for particular market participants);

• professional interests of medical institutions (as an intermediary of the pharmaceutical market);

- economic interest of real and potential investors (national or foreign as a participant in the pharmaceutical market).

2. The macro level to which the following interests belong:

- interests of promoting scientific developments and innovations (as a result of state achievements, as well as in the context of international cooperation and attracting foreign investment);

- social mandate;
- national security interests;
- international interests and obligations (the market entity is the state).

It is important to note the “uniqueness” of interests in promoting scientific developments and innovations since they can cover both the micro- and the macro level. An important role in the implementation of long-term and innovative plans of pharmaceutical companies is assigned to real and potential investors who are interested in profitable placement of their funds and improving their rating

of reliable partnership, as well as involvement in socially important projects.

In the context of global threats, there is a need for cooperation at a new technological and information level, which will allow transferring funds to those enterprises that are necessary for the implementation of international programmes of completely new investors, and attracting innovative projects and technologies. For further consideration of the specifics of pharmaceutical marketing, it is necessary to study the interaction of the main subjects of the pharmaceutical market (Fig. 2).

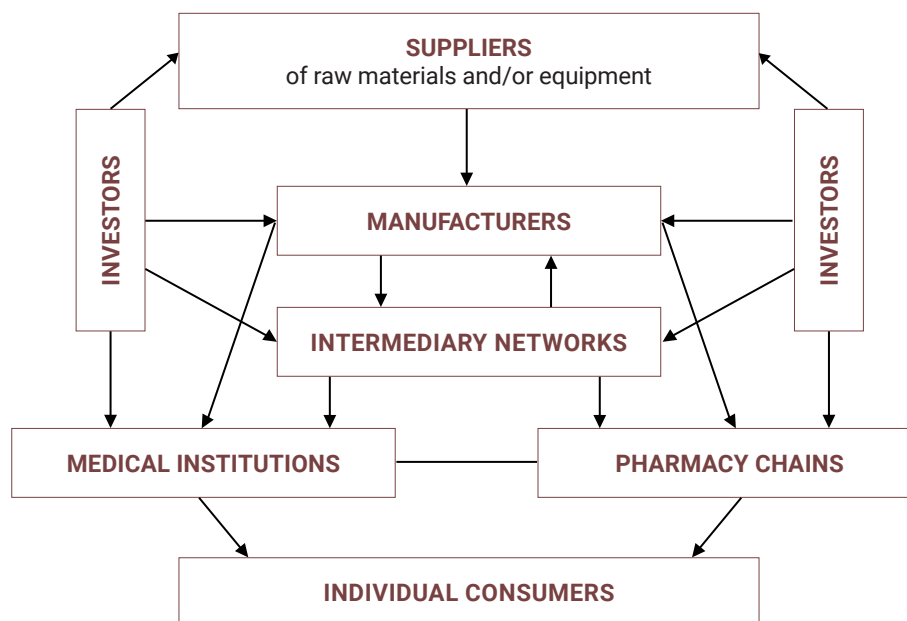


Figure 2. Interaction of pharmaceutical market entities

Source: developed by authors

All subjects of the pharmaceutical market (suppliers, manufacturers, intermediary and pharmacy chains, medical institutions, investors, and individual consumers) interact with each other, exchange not only products of manufacturers of the pharmaceutical industry and money but also knowledge and experience, which are the basis of innovative potential and innovative development of the pharmaceutical market.

The use of marketing in the pharmaceutical industry is of particular importance as the area of attracting new customers and retaining existing ones, introducing loyalty programmes and increasing sales of products [5]. In modern conditions, the role of marketing research in all industries that are directly related to a person and his safety is considerably increasing. It is important to cooperate with pharmaceutical companies which are similar not only within one country but also with manufacturers from other countries. This collaboration will reduce the cost of research, long-term and complex trials, and introduce them into everyday medical practice.

Based on [15], several forms of marketing application in the pharmaceutical industry are proposed.

The first form – marketing is used in enterprises sporadically (advertising, propaganda, market research, public relations). In this case, enterprises do not have structural divisions engaged in marketing.

The second form – marketing is used periodically as a set of its tools. Enterprises have various structural divisions (including marketing departments).

The third form – marketing is constantly used as a mandatory part of enterprise management.

The company's management independently decides on the implementation of the marketing form, but today most pharmaceutical industry manufacturers do not implement the third form since all functions related to marketing are performed by intermediary networks.

Conclusions

The use of marketing by pharmaceutical companies has its own specifics, creative ideas for product promotion will not only increase profits but also attract new investors to ensure innovative development. In further research, it is planned to consider the international experience of cooperation between pharmaceutical companies.

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Специфіка маркетингу фармацевтичної галузі

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Анотація. У статті обґрунтована актуальність та необхідність дослідження специфіки маркетингу підприємств фармацевтичної галузі. Метою статті є визначення специфіки та особливостей сучасного фармацевтичного маркетингу. У статті використано методи аналізу, групування та системного підходу. Наведено риси сучасної фармацевтичної галузі країн з ринковою економікою. Визначено сучасні тенденції та особливості розвитку світового фармацевтичного ринку. Розглянуто ключові проблеми фармацевтичного ринку України та пріоритети його розвитку з урахуванням доцільності використання маркетингових інструментів. Серед визначених пріоритетів важливого значення мають підвищення конкурентоспроможності продукції і підприємств фармацевтичної галузі за рахунок якісних змін та нововведень; забезпечення інноваційного розвитку промислових підприємств цієї галузі; застосування креативних підходів. Наведено особливості фармацевтичного маркетингу. Поєднано інтереси суб'єктів сучасного фармацевтичного ринку у «комплекс», що охоплює два рівня, мікро- та макро-. Досліджено взаємодію основних суб'єктів фармацевтичного ринку. Розглянуто основні форми застосування маркетингу у фармацевтичній галузі. Наукова новизна роботи відображено у пропозиціях авторів щодо поєднання інтересів усіх суб'єктів сучасного фармацевтичного ринку у певний комплекс, який охоплює два рівня; побудови графічного відображення усіх можливих зв'язків між суб'єктами фармацевтичного ринку. Практична значущість статті полягає у можливості впровадження пріоритетів розвитку фармацевтичного ринку в нашій країні з урахуванням доцільності використання маркетингових інструментів. Зазначено, що більшість виробників фармацевтичної галузі не впроваджують третю форму, тому що усі функції, пов'язані з маркетингом виконують посередницькі мережі. Перспективи подальших досліджень полягають у вивченні міжнародного досвіду співробітництва підприємств фармацевтичної галузі, детальному розгляді світових тенденцій фармації

Ключові слова: фармацевтичний ринок, попит, форми застосування маркетингу, суб'єкти фармацевтичного ринку, маркетинг