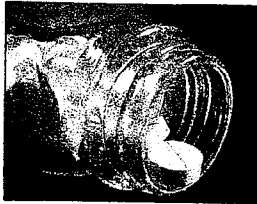


Desi pharma cos may gain as MNCs set to swallow bitter marketing pill

Rupali Mukherjee | TNN

Mumbai: Drug major GSK may have created a flutter in the pharma industry recently when it announced "revolutionary" changes to stop aggressive marketing of medicines, but the gain could well be of the domestic industry here. A cautious strategy adopted by MNCs in promoting medicines could affect multinationals, including GSK, and impact their growth prospects in the Indian market, while the benefit may flow to top domestic companies which will continue to aggressively promote medicines through their field force to doctors.

Analysts say that the top 20 domestic companies which control 50% market share may benefit from the GSK move, which is expected to resonate sharply among major MNCs operating in the country. Since direct-to-consumer advertising is not allowed, pharma companies indulge in aggressive marketing tactics to promote sales and increase pre-



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scriptions. Under a more transparent system, GSK announced that it will end direct payments to healthcare professionals for speaking engagements and for attendance at medical conferences—ending a practice which has long earned the industry notoriety.

Globally, and in India, the pharma industry has been under fire due to its aggressive marketing and unethical promotion of drugs, and the nexus it enjoys with healthcare professionals. GlaxoSmith-Kline's move comes amid a major bribery investigation in China, where it has been accused of funneling up to \$490 million to travel agencies to facilitate bribes to boost its drug sales. "The move once adopted

in India will influence Indian pharma as MNCs have 30% value market share in India and any cautious strategy could impact their growth prospects," Anubhav Aggarwal, analyst from Credit Suisse said. Novartis India VC and MD Ranjit Shahani said: "The move would be a game changer, with impact across the industry. Companies as well as the medical profession need to introspect".

At present, MNCs follow the "code of pharmaceutical practices" laid down by industry body OPPI, while the domestic industry has certain guidelines in place too. But since these are not mandatory, there have been instances when companies have been charged with unethical marketing practices. However, an executive from a domestic player feels that the code should be made mandatory so that no company flouts the guidelines.

Significantly, GSK has removed individual sales targets (i.e. number of prescriptions generated) under the

new compensation system which will be implemented across all geographies over the next two years. A GSK spokesperson told TOI: "The changes will be in place across GSK's global business by the start of 2016. These are designed to bring greater clarity and confidence that whenever we talk to a doctor, nurse or other prescriber, it is patients' interests that always come first. We recognize that we have an important role to play in providing doctors with information about our medicines, but this must be done clearly, transparently and without any perception of conflict of interest".

GSK will end direct payment to healthcare professionals for speaking engagements or attendance at medical conferences, and will fund education for healthcare professionals through unsolicited, independent educational grant routes. These changes have been informed by a similar programme successfully introduced by GSK in the US in 2011.

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