Feature: The "Balancing Act"

Indian consumers display varying levels of motivation for achieving good health & wellness via holistic methods. This is making the pharma industry a dynamic environment and marketers increasingly have to employ a "balancing act" while reaching out to various consumer groups. CubeX's Business Manager, Sreedevi Yallamrazu, analyses the growth strategies adopted by prominent consumer healthcare companies in India, which are the subject of the company's new report, *Getting Bigger & Better: Success Strategies of Leading Consumer Healthcare Companies in India*.

India: Opportunities for growth strategies

The Indian consumer healthcare market presents many opportunities for growth owing to the expanding influence of the middle class and rapid urbanisation. It is witnessing the entry of new players, such as Glenmark and Cipla's CHC subsidiary, as well as the trickle-down effect of consolidations at a global level. This can be seen in the GSK-Novartis j-v, which has made GSK a bigger entity in India owing to the addition of Novartis' OTC brands – including Voltaren topical analgesic and Otrivin topical decongestant – to its product portfolio. The introduction of the new pharmaceutical pricing policy has also shaken up the regulatory scenario, which, despite bringing a raft of medicines under price control, could ultimately lead to more accessibility, enhancing the strength of the Indian pharmaceutical market as a volume player. The growth strategies adopted by prominent CHC companies in India can be analysed across five key functions outlined below.

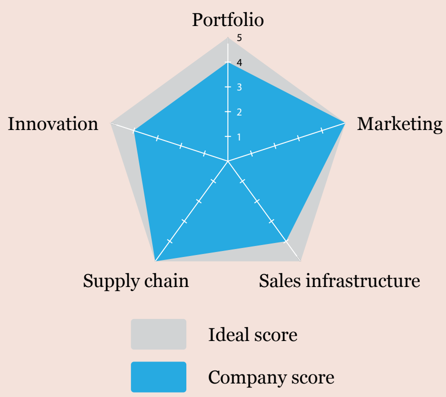
Portfolio

Most domestic companies – including FMCG players as well as CHC divisions of pharmaceutical companies – tend to offer a relatively wide basket of products, ranging from OTCs to condoms, medicated soaps and artificial sweeteners. On the other hand, multinationals such as J&J and RB field a combination of personal care and healthcare products owing to their FMCG style of functioning, wherein the healthcare portfolio is largely based on local acquisitions. For example, RB's acquisition of Paras Pharmaceuticals in 2010 included OTC brands Moov topical analgesic, ItchGuard antipruritic and RingGuard antifungal. However, the overall scope of their portfolio is quite restricted, with prime focus on niche or unexplored segments, such as specialised oral care in the case of GSK, to drive brand sales and profitability.

Marketing

Pharmaceutical companies such as Sun Pharma – which acquired Ranbaxy in 2015 – have successfully showcased the concept of "Rainbow Marketing" by increasing a brand's equity across all stakeholders (doctors, pharmacists and consumers). It is one of the key success factors for the company's Volini topical analgesic and Revital multivitamin, which have a strong ethical heritage as well as extensive consumer A+P.

India: Company ratings graph



The report covers 10 companies: Pfizer, Abbott, Mankind, Piramal, J&J, Sun-Ranbaxy, GSK CH, RB, Dabur and Emami. Each one is evaluated according to each criteria and scored out of five, which is presented in a graph.

FMCG companies, including Dabur and Emami, predominantly focus on consumers and follow a 360° marketing model that relies on traditional A+P, celebrity endorsements and social media, as well as on-the-ground promotions with high levels of consumer engagement. However, these companies are also starting to incorporate professional advocacy and quantifiable claims for their brands to build credibility.

Sales infrastructure

While pharma companies can effortlessly leverage their strength with healthcare professionals, they face shortcomings in trade management. As they do not have a separate trade sales force, medical representatives usually meet doctors as well as retailers. In recognition of the growing importance of the retail channel, some companies are now creating separate sales teams to better cater to both sides.

FMCG companies tend to rely on outsourced teams for doctor detailing, which can create challenges in building a scientific background for the brand. This is barring some exceptional companies such as GSK Consumer Healthcare, which still uses an outsourced team but is effective owing to the company's heavy focus on expert marketing over the years. In terms of channel management, the sales teams are well structured, especially for catering to the needs of modern retail outlets, which can provide the desired level of visibility and increased product offtakes. FMCG companies have also built a good presence across urban and rural areas through committed initiatives and by offering a customised portfolio at lower price points.

Supply chain

Pharma companies generally offer allopathic medicines sold primarily through pharmacies, but they are beginning to expand product portfolios with natural formulations to avoid regulatory restrictions. Recent examples include antacids Digene Fizz (Abbott) and Pepmelt (Sun Pharma). FMCG companies have wide distribution across pharmacies and mass market outlets owing to the strength of their product portfolio, which includes a large number of ayurvedic brands. Many have also gone a step further and set up online stores, tied up with e-commerce portals, or appointed exclusive distributors to create seamless sales channels for consumers' convenience.

Innovation

In most successful companies, the emphasis on innovation is high to build the franchises of existing brands and to launch new products and formats to create customised solutions for consumer segments. Other areas of focus include packaging and product claims, as well as the optimisation of operational functions to increase the companies' bottom line, as well as the topline.

Hybrid model: Creating the perfect "Balancing Act"

Companies such as Ranbaxy (prior to its acquisition by Sun Pharma) and GSK launched their consumer healthcare businesses as a separate subsidiary. Using the Rx heritage of the brands, they adopt strategies to orient the brand towards consumers. Many a time, pharma companies miss out on this strategic imperative as the necessities of a consumer healthcare business differ from the Rx model where the healthcare professional is the key consumer and often the sole influencer.

A hybrid business model effectively incorporates the strengths of pharma businesses with those of FMCG to give a greater thrust to the brand's potential. As such, it is beneficial to add innovation to the business strategy and provide the necessary resources for efficient functioning. It is also essential to keep fine tuning as consumers' needs change quickly in an evolving market such as India. The title of Marshall Goldsmith's bestseller, *What got you here, won't get you there*, aptly sums this up.

CubeX is the Strategic Consulting & Business Intelligence division of Sorento Healthcare Communications, Nicholas Hall's Network Partner in India. If you would like to find out more about CubeX – which has expertise in consumer healthcare & wellness – please write to reports@cubex.co.in.