

SALES EFFICIENCY AMONG THE MAJOR PHARMACEUTICAL COMPANIES IN BANGLADESH-A STUDY ON SQUARE PHARMACEUTICALS LTD. BANGLADESH

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Abstract

With the improvement in global marketing strategy and technologies, similar to other industries, pharmaceutical industry also had join in the process of maximizing profits in the challenging global market. Efficiency, activeness etc. of the Marketing Representatives is directly correlated to the company's sales growth. The essence of a good pharmaceutical sales representative is communication. This paper tried to know existing sales techniques of major pharmaceuticals companies of Bangladesh. It also tried to compare efforts of Medical Representatives among major pharmaceuticals companies. This study found very good performance of Square Pharmaceuticals Ltd and suggested to improve logistic support, training facilities, arranging more programs etc. to improve the existing situation.

Key words: *Marketing Techniques, Medical Representatives, Pharmaceutical industry, Drug Policy Ordinance, Export marketing.*

Introduction

Pharmaceutical industries adopted marketing toll with some controlled practices initially. But with passage of time, pharmaceutical marketing became like fast moving consumer goods (FMCG) and all the concerns regarding patient safety and health were neglected. The definition of pharmaceutical marketing is “activities focused on making physicians as well as the general public aware of new and existing pharmaceutical brands, pharmaceutical marketing can include giveaway samples, detailed product literature, disease management programs, and support material for patients, internet initiatives, and events/meetings for physicians” (MASOOD I, IBRAHIMMIM, HASSALIMA, AHMEDM)

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The rise of the pharmaceutical sector of Bangladesh

In Bangladesh the pharmaceutical sector is one of the most developed hi-tech sectors which is contributing in the country's economy. After the promulgation of Drug Control Ordinance -1982, the development of this sector was accelerated. The professional knowledge, thoughts and innovative ideas of the pharmacists working in this sector are the key factors for this development. Due to recent development of this sector it is exporting medicines to global market including European market. This sector is also providing 97% of the total medicine requirement of the local market. Leading pharmaceutical companies are expanding their business with the aim to expand export market. Recently few new industries have been established with high tech equipments and professionals which will enhance the strength of this sector. (www.pharmadu.net)

Regulatory authorities

Two organizations, one government (Directorate of Drug Administration) [http://www.ddabd.org/ordinance_1982.htm Directorate of Drug Administration] and one semi-government (Pharmacy Council of Bangladesh) [http://www.ddabd.org/ordinance_1982.htm Pharmacy Council of Bangladesh], control pharmacy practice in Bangladesh. The Bangladesh Pharmaceutical Society is affiliated with international organizations International Pharmaceutical Federation and Commonwealth Pharmaceutical Association. [<http://www.pharmadu.net/bps/companyinfo.htm> Bangladesh Pharmaceutical Society]

The availability of life saving pharmaceutical products by their very nature plays a prominent role in the well being of a society. Within this context, the pharmaceutical industry plays a prominent role especially in the process of discovery and development of new pharmaceutical products, rapid and safe development of these products and finally the production and distribution of safe and efficient products. (MASOOD I, IBRAHIMMIM, HASSALIMA, AHMEDM)

The scenario of pharmaceuticals industry can be depicted in two parts before the Drug policy Ordinance, 1982 and after the Drug Ordinance, 1982. Before 1982, there were 177 licensed pharmaceutical manufactures in the country but local production used to be dominated by the big multinational drug companies which manufactured the lion's share about 75 per cent of the products, 25 medium-sized national companies manufactured another 15 per cent of the products. 133 small local companies produced the remaining 10 per cent. (Alam, Pervez and Hossain).

Profile of Square Pharmaceuticals Ltd. Bangladesh

Square Pharmaceuticals Ltd. is a renowned company in Bangladesh. It is a flagship company in the pharmaceutical industry, which has reached this mountain of success by fighting many potential competitors like BEXIMCO Pharma, INCEPTA, ACME, RENETA, OPSONIN, SK+F, SANOFI-AVENTIS etc. It initially started as a Partnership in 1958. It was incorporated as a Private Ltd. Company in 1964 and converted into Public Limited Company

in 1991. Its initial public offering started in Dhaka and Chittagong stock exchange simultaneously in 1995. Their mission is to produce and provide quality & innovative healthcare relief for people, maintain stringently ethical standard in business operation also ensuring benefit to the shareholders, stakeholders and the society at large. (www.reportbd.com)

Square Pharma has four each subsidiary and associate companies. The subsidiary companies are Square Spinnings Ltd, Square Cephalosporins Ltd, Square Biotechs Ltd and Square Multi Fabrics Ltd. On the other hand, the associate companies are Square Textiles Ltd, Square Knit Fabrics Ltd, Square Fashions Ltd and Square Hospitals Ltd.

The company's present export market covers Myanmar, Nepal, Kenya, Libya, Mauritius, Papua New Guinea, Somalia, Sri Lanka, Vietnam, Yemen, Ukraine, Bhutan, Cambodia, Mozambique, Afganistan, Tanzania, Costa Rica, North Korea, Belize, Hong Kong, Mouritania and Philippines. (Bangladesh economy, 2009)

The conglomerate's gross turnover, net turnover, gross profit and net profit after tax showed 18.51 per cent, 18.93 per cent, 21.94 per cent and 36.78 per cent rises respectively against the previous year.

The company's gross turnover, net turnover, gross profit and net profit after tax rose to Tk 11.33 billion, Tk 9.82 billion, Tk 4.14 billion and Tk 1.89 billion respectively.

The company's number of shareholders grew 49.13 per cent in 2008-09 against 2007-08.

There were 47,258 shareholders in the year ended March 31, 2009. (Annual Report, 2009)

Methodology

The study used both primary and secondary data. Primary data collected from field survey using structured questionnaire. Secondary data collected from annual reports of different pharmaceuticals companies, related papers, newspapers and website. 40 doctors from five areas (Dhanmondi, Uttara, Central Hospital, and BSMMU) of Dhaka city was drawn as samples. Areas were selected purposively. Interviewers interviewed 10 doctors each randomly from selected sampling areas.

Objectives

1. To know existing sales and market share of major pharmaceuticals companies of Bangladesh.
2. To know and compare sales techniques of major pharmaceuticals companies of Bangladesh.
3. To find out problems of Square pharmaceuticals Ltd, Bangladesh Ltd regarding sales techniques.
4. To recommend some suggestions to overcome those problems.

Discussion and Findings

Similar to other profit driven industry, pharmaceutical industry also had join the band wagon in the process of maximizing profits in the current era of challenging global market. The following market share and later on sales of major companies tell the story.



Source: www.thefinancialexpress-bd.com

Square Pharmaceuticals has retained the top position with its local sales figure reaching Tk 10.70 billion in 2009 in the country's Tk 55.0 billion pharmaceutical market followed by Incepta Pharma, according to IMS data released a few days back.

IMS is a US-based and the world's number one market research organisation, which has been providing pharma market intelligence to more than 100 countries over the past 50 years.

The market share of Square Pharmaceuticals, established in 1958 in the country's pharma market, was 19.48 per cent in 2009, the data prepared by IMS said.

Industry insiders said Square Pharmaceuticals has retained the number one position in local sales thanks to its better market penetration and good product basket.

Sales of Incepta Pharma, established in 1999, stood at Tk 4.52 billion in 2009 and it grabbed a market share of 8.24 per cent during the period. Leading local pharma players are clients of the market research organisation IMS.

Meanwhile, the growth of Beximco Pharma, which suffered much during the immediate-past caretaker government's tenure, was much more better in 2009 than that of the 2008 and 2007. The company has grown by 27.15 per cent in 2009 taking a market share of 7.72 per cent.

Beximco Pharma's position in the country's top 10 pharmaceutical companies was the third in terms of sales. Its total sales were Tk 4.2 billion in 2009.

Pharma experts said that both Beximco Pharma and Incepta are now in neck-and-neck position as both the companies have attained around 27 per cent growth in the country's pharma market.

An insider working for Incepta said: "The business growth of local pharmas has remained worse during the second and the third quarters, but it regained during the fourth quarter."

Acme Laboratories took the fourth position in ranking. Its sales were Tk 2.64 billion in 2009. Opsonin Pharma Ltd., established in 1956, ranked the fifth by local sales worth Tk 2.61 billion in 2009 and its market share of 4.76 per cent. Opsonin's growth during the period was 29.34 per cent.

Eskayef took the sixth position with sales of worth Tk 2.52 billion and it grabbed a market share of 4.59 per cent.

The sales of pharmaceutical products of Reneta Pharma were nearly Tk 2.50 billion in 2009 and its market share was 4.54 per cent.

The pharma company has grown 25.63 per cent in 2009.

Advance Chemical Industries (ACI) ranked the eighth in the country's pharma market with local sales worth Tk 2.46 billion taking a market share of 4.48 per cent.

Aristopharma and Drug International took the ninth and the tenth positions respectively in the country's pharma market, the data added. The sales of Aristopharma products were Tk 2.23 billion and Drug International's were Tk 2.13 billion.

Industry insiders said: "The individual market shares of local pharma companies including Acme, Opsonin, Eskayef, Renata, ACI, Aristopharma and Drug International remained almost the same during the 2009 period."

They also said: "The market shares of the seven companies fluctuate frequently, but ironically they remained almost the same at the end of the year."

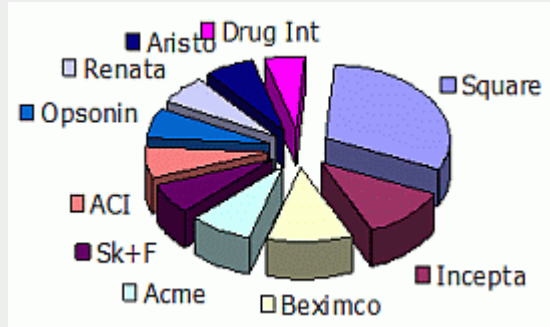
However, the growth and sales of multinational pharmaceutical companies remained steady during 2009.

Sanofi-Aventis (market share 2.97 per cent) ranked the top among the multinational pharmaceutical companies followed by GlaxoSmithKline (2.24 per cent). Sandoz (1.65 per cent) took the third position.

The market size of Bangladesh, with nearly 250 pharmaceutical companies, has grown by 16.83 per cent in 2009 to Tk 54.93 billion coming above the same period in 2008. The pharma market was Tk 47.02 billion in 2008, and during the period the market growth was 6.68 per cent.

According to a June 2009 Business Monitor International (BMI) report, Bangladesh had a domestic pharma market worth BDT 59,330.7 million in 2008(US\$ 858 million, Islamic Dinars 550.6 million - a unit of the Islamic Development Bank.) Most significantly, the growth rate and investment environment has been deemed highly attractive.

Bangladesh's largest Pharma Companies (by sales '08)



Top 10	Sales in \$ Mn
Square	\$138.7
Incepta	\$ 52.1
Beximco	\$ 49.0
Acme	\$ 36.3
Eskayef	\$ 32.1
ACI	\$ 31.3
Opsonin	\$ 29.7
Renata	\$ 29.1
Aristopharma	\$ 28.8
Drug International	\$ 23.4

Source: http://dinarstandard.com/intraoic/Beximco_Pharma100509.html

From the above it is clear that Square lists the top and Incepta second and Beximco third in sales.

Brief about major pharmaceutical companies is given below:

SQUARE

Distinguish pharmaceutical companies: SQUARE is a more effective and outstanding company than others. Because of it has been remained the best qualitative employees and staffs. Maximum personnel are higher educated and each of the MRs having MSC degree. They are more responsible about their assignment and mentally and physically working hard than other companies. Similarly, its MRs is more vigilance and the depth of product knowledge is also updated than other companies. As a pharmaceutical company, SQUARE tries to ensure the all requirements such as quality people, quality plant (hi-tech; cGMP etc.) and finally giving more emphasis on export oriented products.

BEXIMCO

No doubt about it that it is obviously the most effective company in its activities because of its well-known and established field forces. They are well trained and training period is more lengthy than the others company. Again also, The Beximco is always being tried to produce the best qualitative product and its sources of raw materials are comparatively different and very strong and sophisticated. Moreover its manufacturing procedures are followed by advance technology in competing with others company. For that reason, Beximco produces world class product and ensures all health protections

INCEPTA

Incepta is an only pharmaceutical company in Bangladesh which has been skyrocketed escalating the market share and well-rapport with the doctor's science in 1999. Because it has efficient marketing field forces and they are highly-educated and knowledgeable about the products and market. Their visit frequency to doctors is higher than other companies. Thus, it has divided its field forces in different segmentation. Such as it has special field forces who are always concentrating to the small territory and large numbers of field force are covering the remained territory up to marginal level. As a result, it is being able to optimally serve the doctor. Similarly, the doctors are getting frequent service by their marketing field force.

SK-F

It is SK-F which has multinational heritage-based company and producing trusted antibiotic medicine on which the doctors are only confident. Moreover, its MRs visiting frequency to the doctors is satisfactory but they are not able to extend their market field forces because of lack in potential strategy. As a result, they are being suffered low sales of product. Similarly, it has remained small range of product by when it is not able to fulfill the doctors' requirements.

OPSONIN

Opsonin is one of the best pharmaceutical companies in the Bangladesh. It is always trying to ensure the medical support of both doctors and patients like other pharmaceutical companies. But its some products did not acquire the reliability from the doctors like SQUARE and Beximco. As a result, it practices paying-off strategy for stimulating the doctors.

ACME

Market coverage is almost higher than other companies. Nevertheless, it has wide range of products because they are always trying to compete with other outstanding companies. In addition, its marketing strategy is very well and it has a massive marketing field forces because of caring out door to door marketing at the root grass level such as local area, Union and Upazila, etc. (Alam, Pervez and Hossain)

Survey results:**Three classifications of major companies of Pharmaceutical Industry in Bangladesh:**

Effectiveness of sales techniques by marketing representatives of different pharmaceuticals companies

SQUARE	BEXIMCO	INCEPTA
5-6 = good = 29	5-6 = good = 22	5-6 = good = 19
3-4 = satisfactory = 8	3-4 = satisfactory = 12	3-4 = satisfactory = 18
2-1 = poor = 3	2-1 = poor = 6	2-1 = poor = 1
SK-F	OPSONIN	ACME
5-6 = good = 6	5-6 = good = 5	5-6 = good = 4
3-4 = satisfactory = 10	3-4 = satisfactory = 15	3-4 = satisfactory = 17
2-1 = poor = 24	2-1 = poor = 20	2-1 = poor = 19

Frequency of visit of MRs of different companies

SQUARE	BEXIMCO	INCEPTA
5-6 = good = 27	5-6 = good = 23	5-6 = good = 18
3-4 = satisfactory = 11	3-4 = satisfactory = 13	3-4 = satisfactory = 18
2-1 = poor = 2	2-1 = poor = 4	2-1 = poor = 4
SK-F	OPSONIN	ACME
5-6 = good = 7	5-6 = good = 6	5-6 = good = 3
3-4 = satisfactory = 10	3-4 = satisfactory = 12	3-4 = satisfactory = 16
2-1 = poor = 23	2-1 = poor = 22	2-1 = poor = 21

Knowledge of MRs of different companies

SQUARE	BEXIMCO	INCEPTA
5-6 = good = 26	5-6 = good = 22	5-6 = good = 22
3-4 = satisfactory = 12	3-4 = satisfactory = 15	3-4 = satisfactory = 15
2-1 = poor = 2	2-1 = poor = 3	2-1 = poor = 3
SK-F	OPSONIN	ACME
5-6 = good = 6	5-6 = good = 6	5-6 = good = 3
3-4 = satisfactory = 4	3-4 = satisfactory = 16	3-4 = satisfactory = 18
2-1 = poor = 30	2-1 = poor = 18	2-1 = poor = 19

Detailing approach capacity of MRs of different companies

SQUARE	BEXIMCO	INCEPTA
5-6 = good = 24	5-6 = good = 21	5-6 = good = 26
3-4 = satisfactory = 13	3-4 = satisfactory = 13	3-4 = satisfactory = 13
2-1 = poor = 3	2-1 = poor = 6	2-1 = poor = 1
SK-F	OPSONIN	ACME
5-6 = good = 8	5-6 = good = 5	5-6 = good = 6
3-4 = satisfactory = 11	3-4 = satisfactory = 20	3-4 = satisfactory = 10
2-1 = poor = 21	2-1 = poor = 15	2-1 = poor = 24

Prompt service offer by MRs of different companies

SQUARE	BEXIMCO	INCEPTA
5-6 = good = 26	5-6 = good = 22	5-6 = good = 19
3-4 = satisfactory = 11	3-4 = satisfactory = 13	3-4 = satisfactory = 17
2-1 = poor = 3	2-1 = poor = 5	2-1 = poor = 4
SK-F	OPSONIN	ACME
5-6 = good = 7	5-6 = good = 6	5-6 = good = 5
3-4 = satisfactory = 8	3-4 = satisfactory = 17	3-4 = satisfactory = 16
2-1 = poor = 25	2-1 = poor = 17	2-1 = poor = 19

Detailing aids most attractive in terms of graphics and presentation of different companies

SQUARE	BEXIMCO	INCEPTA
5-6 = good = 27	5-6 = good = 23	5-6 = good = 24
3-4 = satisfactory = 9	3-4 = satisfactory = 14	3-4 = satisfactory = 12
2-1 = poor = 4	2-1 = poor = 3	2-1 = poor = 4
SK-F	OPSONIN	ACME
5-6 = good = 8	5-6 = good = 3	5-6 = good = 4
3-4 = satisfactory = 10	3-4 = satisfactory = 16	3-4 = satisfactory = 17
2-1 = poor = 22	2-1 = poor = 21	2-1 = poor = 19

Detailing aids have useful scientific information

SQUARE	BEXIMCO	INCEPTA
5-6 = good = 25	5-6 = good = 25	5-6 = good = 25
3-4 = satisfactory = 12	3-4 = satisfactory = 13	3-4 = satisfactory = 13
2-1 = poor = 3	2-1 = poor = 2	2-1 = poor = 2
SK-F	OPSONIN	ACME
5-6 = good = 8	5-6 = good = 5	5-6 = good = 3
3-4 = satisfactory = 11	3-4 = satisfactory = 15	3-4 = satisfactory = 13
2-1 = poor = 21	2-1 = poor = 20	2-1 = poor = 25

Offering of adequate samples by MRs of different companies

SQUARE	BEXIMCO	INCEPTA
5-6 = good = 25	5-6 = good = 28	5-6 = good = 18
3-4 = satisfactory = 11	3-4 = satisfactory = 7	3-4 = satisfactory = 21
2-1 = poor = 4	2-1 = poor = 5	2-1 = poor = 1
SK-F	OPSONIN	ACME
5-6 = good = 6	5-6 = good = 7	5-6 = good = 7
3-4 = satisfactory = 10	3-4 = satisfactory = 12	3-4 = satisfactory = 14
2-1 = poor = 24	2-1 = poor = 21	2-1 = poor = 19

Note: Here the study used a scale of 1 to 6 which is categorized as 5-6 = good, 3-4 = satisfactory, 1-2 = poor for 40 samples.

From the survey report it is found that square is in first position, Incepta in second and Beximco in third in all the criteria. From the survey result it is clear that SQUARE is well ahead, BEXIMCO and INCEPTA in good touch but ACME, SK-F and OPSONIN performs poor regarding sales capacity.

Problems of Square pharmaceuticals Ltd. Bangladesh

1. Existing Medical Representatives have lacking a little in detailing approach of products.
2. Existing Medical Representatives have lacking a little in promptness of service.
3. Company has lacking of offering more attractive and lucrative samples.
4. Number of Medical Representatives is inadequate to cover grass root level doctors properly.
5. Visiting frequency of Medical Representatives to government hospitals doctors are inadequate.

Recommendation

1. Company should arrange seminar or conference for the Medical Representatives or quacks more frequently.
2. Doctors' opinion, the Medical Representatives should be recruited by their personal qualification including demonstrated ability to work within a team, good spoken and written communication skills and required educational qualification.
3. Medical Representatives should be well-trained, market-oriented, caring and responsible and pay more attention to doctors' requirements
4. More frequent visit to doctors needed.
5. Company must have close monitoring to the market.
6. Company and Medical Representatives should be proactive with the changing environment.
7. Company should emphasize on internship doctors to memorize their brand name by the increasing promotional activities.

Conclusion

Selling techniques are so important in Pharmaceutical marketing because marketing representatives are key for the companies to convince doctors who suggests medicine to the patients. Along with it adaptation of message to specific person is much needed (Ali Omar). Modern marketing calls for more than developing a good product. Companies must communicate properly to their present and potential customers (Kotler Philip). Efficiency, activeness etc. of the Marketing Representatives is directly correlated to the company's sales growth. From all the side Square pharmaceuticals is well ahead in Bangladesh but to become a global player they have making further development continuously.



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