
Launch of a new pharmaceutical product

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Abstract:

The aim of our research is to analyse pharmaceutical marketing in new product launches and to look at the problems in applying the marketing mix for new medicines, as well as the effectiveness of B-to-B communication in the context of a new product launch.

We used a qualitative approach, conducting semi-structured interviews with key opinion leaders and board members such as heads of marketing departments. The results show the importance of the relationship between the organisation and these professionals, as well as the relationship between the marketing department and healthcare professionals: doctors and pharmacists

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1. Introduction:

The pharmaceutical industry is a sector based on innovation and the search for new molecules. In previous years, this market was renowned for its stability and regularity. However, the emergence of new generic drugs, which seek to take the place of old and expensive drugs, has created a certain amount of competition and contributed to increasing sales (Meslem, Boukerch, 2020).

Launching a new product is a strategic decision that requires the collaboration of all departments, particularly the market marketing department. However, this decision has never been easy, as the risk of failure is just as great.

With this in mind, our problem revolves around the following question:

"How did Saidal go about launching a new product, azithromycin?"

Two sub-questions arise from this main question:

- What communication strategies were used during the launch of azithromycin?
- Was the launch of azithromycin successful?

Research context and objectives

The pharmaceutical industry is a strategic industry. Operations in this sector are controlled by the state in order to protect the consumer, reduce the importation of medicines from abroad and encourage local production, i.e. the production of Algerian generics.

Despite the efforts made by the Algerian government to regulate the generic drugs market, by introducing measures such as reference pricing, the right of substitution, revised sales margins and financial incentives, Algerian consumers are still reluctant to buy them.

The aim of our research is to analyse pharmaceutical marketing in the context of new product launches and to identify problems in the application of the marketing mix for new drugs, as well as the effectiveness of B-to-B communication in the context of a new product launch. In our research we will look at :

- Pharmaceutical marketing and all related concepts
- The Algerian pharmaceutical market.
- The role of the marketing department in the pharmaceutical industry

2. The theoretical framework of the launch of new pharmaceutical product

2.1. Pharmaceutical marketing and its particularities

Pharmaceutical marketing aims to strike a balance between persuasive communication to promote drug prescribing and the provision of objective information to healthcare professionals. It encompasses the application of marketing techniques to the promotion and marketing of medicines, while complying with trade regulations and prices.

Pharmaceutical companies adapt their strategies by raising patient awareness through medical representatives, the main channels of communication. Products are mainly sold by pharmacists and prescribed by doctors. (Kandi, Hani ,2022)

Pharmaceutical marketing has a number of specific features that distinguish it from traditional marketing, including the following:

- **B-to-B marketing:** In the pharmaceutical sector, the direct relationship between the patient and the drug manufacturer is limited, as patients cannot assess their own state of health or make medical decisions themselves. Consequently, pharmaceutical marketing focuses primarily on healthcare professionals, such as doctors and pharmacists, who play a key role as prescribers. These professionals establish the link between the end consumers (patients) and the pharmaceutical companies.
- **Strict, rigorous regulation:** The pharmaceutical market is subject to strict, rigorous regulation. Medicines are not considered to be ordinary products because of their purpose in treating disease and the potential risks associated with misuse. (Meslem, Boukerch, 2020)

2.2 Launching a new product

A launch is classically defined as the start of the marketing of a new product. Communication can often precede marketing. It can also happen that the product or service is reserved for a later date. The different actions envisaged for the launch depend on the company's financial situation, the role played by the new offering in its strategy, its degree of innovation, and the competitive situation (Hamdi-Kidar, 2022)

The different launch tactics:

- **Mass launch:** It is essential to create an event around the innovation when launching a new product. This is why advertising and promotional expenditure is concentrated at this point. One option is to set a deliberately low price in order to maximise the new product's speed to market and encourage a rapid increase in sales. This strategy is appropriate when the company chooses to invest heavily in the new product without waiting for sales results, and wishes to establish barriers to entry to deal with the imminent arrival of competitors.
- **Gradual ramp-up:** this involves spreading the means of communication over a fairly long period, and seeking to increase production and communication expenditure in parallel. (Hamdi-Kidar, 2022).

2.3 The marketing mix for pharmaceutical products:

2.3.1 The product:

In the field of healthcare products, the product itself is a tangible good which may have a variable life span. Market research rarely plays a decisive role in product design. In fact, a new product often results from the discovery of the therapeutic effectiveness of a new molecule (Serre, 2014).

2.3.2 The price:

The traditional method of evaluating prices, based on accounting, is not applicable in the case of drugs, as the price of a drug is mainly linked to intellectual property rights (patent) and marketing (marketing authorisation).

The price of a new product is not intended to recover expenses incurred, but rather to finance future investments.

It should be noted that drug pricing is a complex process influenced by many factors, including market demand, reimbursement policies and existing regulations. Pricing decisions are often the result of careful evaluation and negotiation between regulatory authorities, manufacturers and healthcare stakeholders.

Non-reimbursable medicines and healthcare products have a free price, which is fixed in the same way as other consumer products.

Prices are not set unilaterally by the marketing director. The price is the result of a triple influence: demand / competition / margins.

2.3.3 The distribution:

The activities of dispensing pharmacies and their relationships with manufacturers and wholesalers are highly regulated in order to meet public health objectives.

Wholesaler-distributors own the stock they buy from laboratories and act as wholesalers. They are distributors because they do not process the products.

They offer pharmacists a full range of services: advice on merchandising and management, financial and legal expertise, training, etc. These services are their main means of differentiation, since prices are regulated.

2.3.4 The communication:

A company's communication policy follows several stages, from identification of the communication target to definition of the communication mix and measurement of results. If we take the example of a new reimbursed osteoarthritis drug, the various communication objectives can be summarised as follows

- **Awareness:** doctors need to be informed of the presence of this product,
- **Affection:** the new drug must be more appealing than its predecessors.
- **Action:** doctors must be encouraged to actually prescribe the drug when they are faced with a patient with the pathology in question.

In the pharmaceutical industry, the budget allocated to communication and sales promotion can represent up to 30% of sales, despite the many legal constraints involved.

3.The empirical approach:

3.1 Generic medicines in Algeria:

In Algeria, the promotion of generic drug consumption is encouraged by various measures, such as the introduction of a reference pricing system and the right of substitution. These measures are considered to be the most important tools for encouraging the use of generic drugs and reducing the financial burden of drug expenditure on social security bodies. To this end, since its creation in July 2020, the Ministry for the Pharmaceutical Industry has taken an "unprecedented" step to reduce the cost of importing medicines.

In fact, this approach has resulted in a drop in the import bill of 800 million euros in 2021 compared with the previous year, when it was 2 billion dollars.

It is essential that the Algerian authorities continue the measures already undertaken in favour of generic medicines, by putting in place new measures to encourage their use, as they play a crucial role in controlling pharmaceutical expenditure.

However, it is crucial to raise consumer awareness of the benefits of generic medicines, such as their efficacy, quality and affordability. Information and education campaigns are needed to promote a better understanding and acceptance of generic medicines, in order to encourage their more widespread use and thus reduce drug-related expenditure." (KhedimAmel, TabetderrazImane 2022)

3.2 case study of azithromycin

In our research we used a qualitative approach, conducting semi-structured interviews with key opinion leaders and board members such as marketing department managers. Our population is made up of:

- **Group 1:** employees in the Marketing & Sales department: product managers and saidal managers.
- **Group 2:** Opinion leaders (doctors).

Our sample is made up of 7 people in the marketing department of saidal and 7 doctors.

In our research we chose azithromycin, the brand name AZIMYCINE.

Azithromycin is an antibiotic used to treat various pathologies; it has also been used as part of the treatment protocol for the COVID-19 virus, due to its bacterial anti-inflammatory properties which may coincide with coronary infection.

3.2.1 The interview guidesfor group 1:

Our interview guide for Group 1 revolves around the following questions:

- What is your position at saidal?
- What is your role in the launch of azithromycin?
- What distribution channels were used for the launch of azithromycin?
- How did Saidal's medical representatives communicate azithromycin to health professionals in Algeria?

- What communication channels were used to promote this product?
- What are the results of Sidal's azithromycin promotion campaign?
- How does Sidal measure the effectiveness of its azithromycin promotion strategy?

In order to better visualise and understand the data collected and the data obtained from the verbatim interviews, we have catalogued and organised all the information in Excel.

3.2.2 The interview guides for group 2:

Our interview guide for Group 2 revolves around the following questions:

- What do you think of the products in the Sidal Group's infectiology range?
- Do you prescribe azithromycin for your patients?
 - What is the prescribing process for this new product?
 - Are there any special requirements when prescribing it?
- In your opinion, what are the advantages and disadvantages of azithromycin in terms of efficacy, safety and tolerance for patients?
- How azithromycin is currently positioned on the market compared with other products?
- How was this product promoted when it was launched in 2022?
- Have you received samples, prescribing information, leaflets or other communication material for the azithromycin product?
- How would you rate the effectiveness of the product promotion compared to other similar products?
- What are your expectations regarding the availability and accessibility of azithromycin for your patients?
- How would you rate the price of this new product compared with other similar products (550 da)?

4. Results and discussion

4.1 Results of the transcription of the group interviews¹:

The individuals interviewed in the marketing department consisted of a medical and marketing department manager, a product manager and a company manager and executive. Their missions revolve around the medical promotion of the product as well as the development of a marketing strategy and the promotion of this product.

For the launch of this product, Sidal has opted for a direct distribution circuit, i.e. from the wholesaler to the dispensary or the PHC (central hospital pharmacy), bearing in mind that Sidal has distribution centres throughout the country (east/west/centre) to ensure effective distribution of its products.

The main mission of saidal medical representatives was to communicate azithromycin to health professionals in Algeria through medical promotion. This promotion was done by presenting the product with a dosage form and a free medical sample. All the employees questioned felt that the azithromycin promotion campaign carried out by Saidal was satisfactory.

The effectiveness of Saidal's promotional strategy for azithromycin is measured by awareness as well as internal and external sales of the product. However, in terms of promotional strategy, it is measured by indicators such as prescriptions. Finally, as the table below shows, all of the interviewees felt that the launch of azithromycin was more or less successful.

Table N°1 :The success of the launch of azithromycin

Q7	In your opinion, was the launch of azithromycin successful ?	
Name	Position	
P1	Head of medical department	Partially, due to audit of launch marketing plan
P2	Head of Marketing	In terms of medical promotion the launch was successful In terms of sales, the product launch was not successful because of unfair practices and discounts granted by other laboratories to wholesalers and pharmacies.
P3	Junior product manager	Can't answer that question
P4	Product manager	The more the less it has an average turnover
P5	Product doctor	Yes
P6	Company executive	Partially
P7	Manager	Good

Source: self-developed

4.2 Results of the transcription of the group interviews 2:

Group 2 is made up of general practitioners and specialists in pneumo-phthisiology. All the doctors interviewed found the products in the saidal group's infectiology range to be very effective.

With regard to azithromycin, they stated that they had prescribed it, especially during the covid 19 pandemic, which clearly demonstrated its role as the antibiotic of choice 1, and that it could also be prescribed depending on the reason for consultation (ear, nose and throat, dermatology, gynaecology).

All the doctors unanimously agreed that azithromycin is a highly effective short-acting antibiotic with very few side effects, and is very reasonably priced.

At the time of its launch, the product was promoted through medical representatives and awareness days by presenting various communication media for azithromycin, such as samples, dosage sheets and leaflets. However, the problem of availability lies with pharmacies, which change the prescription to another equivalent product.

4.3 Discussion of the results

For the launch of azithromycin, the communication was well developed, according to the opinions of the doctors who see that this product is evolving in the right direction, given that the majority of these doctors prescribe it to their patients and approve of its effectiveness in treating various pathologies and in addition they rank it first on the Algerian market. So, we can deduce that Saidal's communication policy to promote this drug has been very effective.

Pharmaceutical marketing is B to B, so direct communication such as face-to-face, focus groups, continuing medical education, sponsorship and post-graduate education has been very successful, given that Saidal's medical representatives have been very successful in promoting this product, given the satisfaction of doctors.

The overall objective of Saidal's communication policy was to encourage doctors to prescribe azymicine. The head of the marketing department confirmed the effectiveness of this promotion, saying that "in terms of medical promotion, the launch was a success", given that all the doctors interviewed stated that they had been prescribing the drug since its launch.

According to the head of the marketing department, the product launch was unsuccessful in terms of sales because of unfair practices and discounts granted by other laboratories to wholesalers and pharmacies. In other words, the main problem lies in the fact that when pharmacists receive prescriptions containing the name azymicine, they change it for another product, according to a specialist in pneumo-phthisiology: "The problem is that pharmacies change the prescription for another equivalent product" and "Some pharmacists demand their product and others do not".

It is therefore for these reasons that the launch of azymicine has been only partially successful, with average turnover. This is confirmed by Saidal's Head of the Marketing Department and Head of the Medical Department.

5. Conclusion:

The aim of our research was to present the process of launching a new pharmaceutical product, azymicine, while explaining the approach taken during the launch and the communication policy adopted by Saidal for the launch of this drug on the Algerian market.

Our study showed that the pharmaceutical industry operates in an environment of intense competition and rapid development. This situation is attributable to the sustained pace of technological innovation, which forces the company to renew its offering on the market in order to ensure its sustainability and remain competitive in a context of economic globalisation.

In order to maintain the success and benefits of its medicines, the company strives to accelerate the distribution of its products on the market. This success depends on the company's strategy, its competitive positioning and effective marketing.

Indeed, the launch of new products in the pharmaceutical sector is of vital importance for the whole company, and in particular for those responsible for marketing. The product is the result of collaboration between laboratories and their public

To ensure their success, pharmaceutical companies need to keep abreast of technological developments and adapt quickly to market demands. This enables them to maintain their competitive edge and respond to the changing needs of patients and healthcare professionals.

In conclusion, in a competitive and constantly evolving sector such as the pharmaceutical industry, it is essential for companies to remain dynamic, develop effective strategies and adopt appropriate marketing approaches. This enables them to maintain their competitiveness, adapt to market demands and meet customer expectations, thereby contributing to their long-term growth and success.

The limitation of our study lies in the absence of interviews with pharmacists, due to lack of time, which would have enabled us to better understand the unfair practices and discounts granted by other laboratories to wholesalers and pharmacies in the marketing of generic medicines.

We recommend that further research be carried out into the launch of generic medicines and the existing relationship between pharmaceutical companies and healthcare practitioners, what communication policy would be most effective in managing this relationship and what factors influence this relationship.

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