Lecture 14.

Pharmaceutical marketing concept. Marketing research. Directions and methods of comprehensive marketing research of the pharmaceutical market (ABC analysis, VEN analysis, STEP analysis, SWOT analysis, Three-level product analysis (TAT), Product life cycle analysis, BCG matrix, Using the unique advantages of a product analysis (UDT), Ansoff matrix).

Main issues to be discussed at the lecture:

1. Marketing research: definition, purpose, objects of marketing research.
2. Drawing up a marketing research sampling plan.
3. Characteristics of research tools
4. Stages of marketing research.
5. Marketing research methods:
   5.1. ABC analysis,
   5.2. VEN analysis,
   5.3. STEP analysis,
   5.4. SWOT analysis,
   5.5. Three-level product analysis (TAT),
   5.6. Product life cycle,
   5.7. BCG matrix,
   5.8. Using the unique advantages of a product analysis (UDT/УДТ),
   5.9. Ansoff matrix.

1. Marketing research - a systematic determination of the range of data required in connection with the marketing situation facing the company, their collection, analysis and reporting of the results. In the first step, the marketing manager and the researcher must clearly define the problem and agree on the objectives of the study. The market can be researched on hundreds of different parameters, but such information collection is too expensive, so if specific benefits are expected from the research data, then it must be directly related to the problem facing the company and requiring a solution.

After this, the manager must formulate the objectives of the study. These goals could be:

1) exploratory and involve the collection of some preliminary data that sheds light on the problem, and possibly helps to develop a hypothesis;

2) descriptive and provide, for example, a description of certain phenomena;

3) experimental and involve testing a hypothesis about some cause-and-effect relationship, for example, that a decrease in price will cause an increase in turnover.

The researcher may collect primary or secondary data or both.

Primary data is information collected for the first time for a specific purpose.

Secondary data is information that already exists somewhere, having been collected previously for other purposes.

Collection of primary data. To collect primary data, it is best to develop a special plan that requires a preliminary plan of action regarding research methods, research tools, sampling plan, ways of communicating with the audience.

Collection of secondary data. Research usually begins with the collection of secondary data. They include internal (profit and loss statements, reports on previous research) and external (publications of government agencies, periodicals, books, services of commercial organizations), and other sources.

Secondary data serves as the starting point of the study. They have the advantage of being cheaper and more accessible. However, the information the researcher needs may simply not be available. In this case, it will be necessary to collect primary data at a much greater cost of money and time.

There are three ways of collecting primary data, namely **observation**, **experimentsurvey**.

Observation is a method of collecting primary data where the researcher directly observes people and situations.

Experimental research requires selecting comparable groups of subjects, creating different environments for these groups, controlling time components, and establishing the degree of significance of observed differences. The purpose of such research is to reveal cause-and-effect relationships by eliminating conflicting explanations for observational results.

When properly controlled, this method provides the most convincing data. Marketing managers can rely on the conclusions of an experiment to the extent that its design and execution exclude alternative assumptions that might also explain the results.

A survey is somewhere halfway between observation and experiment. Observation is best suited for exploratory research, experiment is best for identifying cause-and-effect relationships, while survey is most suitable for descriptive research. Surveys are conducted to obtain information about people's knowledge, beliefs and preferences, their level of satisfaction, as well as to measure the strength of their position in the eyes of the audience.

2. Drawing up a sampling plan.

A sample is a segment of the population intended to be representative of the population as a whole. The marketing researcher must develop a sampling plan that ensures that the population selected is adequate to meet the objectives of the study. To do this, you need to make three decisions:

First: who to interview? The answer to this question is not always obvious. The researcher must decide what information he needs and who is most likely to have it.

Second: how many people need to be interviewed? Large samples are more reliable than small ones, but a researcher does not need to survey more than 1% of the population to get accurate answers.

Third, how should sample members be selected? To do this, you can use the random sampling method. You can select them based on their membership in a particular group or category, such as age group or residence in a particular area. Or the selection may be based on the researcher's intuition that these individuals might be good sources of information.

How to contact sample members? By phone, by mail or through a personal interview? All methods are useful, but depending on the goals set for us.

Telephone interviews are the best method for gathering information as quickly as possible. During the interview, the interviewer has the opportunity to clarify questions that are unclear to the interviewee. Three main disadvantages of telephone interviews: you can interview only those with whom you have a connection, the conversation should be short in time and not be too personal, and a relatively low number of possible respondents.

A mailed questionnaire may be a better means of contacting individuals who either will not agree to a face-to-face interview or whose responses may be influenced by the interviewer. However, postal questionnaires require simple, clearly stated questions, and the return rate and response rate for such questionnaires is usually low. The exception is E-mail, where the response speed is almost instantaneous.

Personal interview is the most versatile of the three survey methods. The interviewer can not only ask more questions, but also add his own personal observations to the results of the conversation. The personal interview is the most expensive of the three methods and requires more extensive administrative planning and supervision. There are two types of personal interviews: individual and group.

Individual interviews involve visiting people at home or at their place of work or meeting them on the street. The interviewer must secure their cooperation, and the conversation itself can last from a few minutes to several hours. In some cases, the interviewee may be given a small gift as compensation for their time spent.

A group interview involves inviting 6-10 people for several hours to talk with a specially trained interviewer about a product, service, organization or some other marketing problem. The presenter must be highly qualified, objective, knowledge of the topic and industry in question, and the ability to understand the specific dynamics of group and consumer behavior. Otherwise, the results of the conversation may be unhelpful or misleading. Interviewees are usually paid a small monetary reward for participating in the conversation. The conversation usually takes place in a pleasant atmosphere. The facilitator encourages a free and relaxed exchange of views between the interviewees in the hope that the dynamics of group behavior will reveal their true feelings and thoughts. The statements are recorded manually or using a voice recorder and then studied to try to understand how, for example, consumers make purchasing decisions. Group interviews are becoming one of the main marketing research tools to gain a deeper understanding of the thoughts and feelings of consumers.

3. Characteristics of research tools.

When collecting primary data, marketing researchers have a choice of two main research instruments, which are questionnaires and mechanical devices.

Questionnaire is the most common research tool for collecting primary data. In a broad sense, a questionnaire is a series of questions to which the respondent must answer. A questionnaire is a very flexible tool in the sense that questions can be asked in many different ways. The questionnaire requires careful development, testing and elimination of identified shortcomings before its widespread use.

The most common mistakes are asking questions that cannot be answered, that people will not want to answer, that do not require an answer, and the absence of questions that should definitely be answered. Each question needs to be tested in terms of the contribution it makes to achieving the results of the study. Questions that are simply of idle interest should be omitted, since they delay the procedure and get on the interviewee's nerves.

The form of the question may affect the answer. Questions can be **open** or **closed**. And depending on these questions, there are also two types of questionnaires: **open and closed**. **A closed question** includes all possible answer options, and the respondent simply selects one of them. **An open-ended question** is structured in such a way that it gives respondents the opportunity to answer in their own words. Open questions are posed in a variety of forms. Open-ended questions are especially useful at the exploratory stage of research, when you need to determine what people think without measuring how many of them think in a particular way. On the other hand, answers to closed questions are easier to interpret and tabulate. Questions should be tested before widespread use.

Sequence of questions also requires special attention. The first of these should, if possible, arouse the interest of the respondents. Difficult or personal questions should be asked at the end of the interview, before the interviewees have time to withdraw into themselves. Questions should be asked in a logical sequence. Questions that classify respondents into groups are asked last because they are more personal in nature and less interesting to the respondents.

4. Stages of marketing research.

Collection of information/

Once you have developed your research project, you need to collect information. This is typically the most expensive and most error-prone phase of the study. There are four major problems that arise when conducting surveys. Some respondents may not be at home or at work, and attempts to contact them will have to be repeated. Others may refuse to participate in the survey. Still others may respond biased or insincerely. And finally, the interviewer himself may be biased and insincere.

When conducting experiments, researchers need to be careful to ensure that experimental and control groups match each other, not to influence participants by their presence, to give instructions in a completely uniform manner, and to ensure that all other conditions are met.

Analysis of collected information

The next stage of marketing research is to extract the most important information and results from the totality of the data obtained. The researcher summarizes the data obtained in tables. Based on these tables, indicators such as frequency distribution, average levels and degree of dispersion are derived or calculated. Then the researcher, in the hope of obtaining additional information**,** processes the obtained data using statistical techniques and decision-making models used in a marketing information analysis system.

Presentation of the results obtained

The researcher should not overwhelm marketing managers with the number and sophistication of the statistical techniques he uses. This will only confuse managers. It is necessary to present the main results needed by the company's management to make major, urgent marketing decisions. Research is useful when it helps reduce the uncertainty faced by marketing professionals.

5. Marketing research methods

In order to create a company development strategy, situational analysis is used, which is a set of methods that help determine the company's place in the surrounding business environment, identify its strengths and weaknesses, and find the features of the product that affect business development.

Situational analysis includes several subtypes of marketing and economic analyses, all of which ultimately help create a large report for creating a company development strategy.

Let's consider the key methods of marketing research of the pharmaceutical market (ABC analysis, VEN analysis, STEP analysis, SWOT analysis, TAT analysis, life cycle analysis, BCD matrix, UDT, Ansoff matrix).

5.1. The basis of **<u>ABC analysis</u>**(from the English **Activity Based Costing** - cost analysis based on the type of activity) is based on the Pareto principle. Taking into account the fact that 80% of the company's total sales volume is achieved through no more than 20% of products and, on the contrary, 80% of all products provide no more than 20% of turnover, the pharmacy assortment can be divided into three groups**:A** includes products whose sales volume accounts for up to 80% of the total volume, **group B** includes up to 15% of the total volume, and **group C** includes products that account for 5% of total sales. This group also includes goods that were not sold at all during the analyzed period and are in stock at the time of analysis. It is advisable to focus efforts on the most profitable products of category A, ensuring: constant availability and absence of defects, priority display, priority recommendation during pharmaceutical consulting, formation of the optimal price. In addition, ABC analysis in pharmaceutical practice can be useful not only for assortment management, but also for optimizing product stock standards: the maximum stock rate that is recommended for goods of groups A, B and C: **group A - 6–7 days**. group **B – 12–15 days, group C – 20–30 days.**

Based on the ABC analysis, it is possible to create a map of the layout of pharmacy display cases. To do this, use analysis by categories "position - sales amount". Obviously, the shelves need to be stocked with products that bring in 80% of the profit.

Using the Pareto principle, you can determine which tasks you should concentrate on in order to achieve maximum results: you can optimize your efforts by focusing on 20% of tasks that bring 80% of results

<u>5.2 VEN analysis</u> allows you to assess the rationality (reasonableness) of spending financial resources. To do this, all medications prescribed to patients are divided into three categories: V (Vital), E (Essential), N (Non-essential).

Allows you to determine priority drugs in accordance with international practice of dividing them into three groups:

1) vital (Vital): important for saving life (for example, vaccines); having a life-threatening withdrawal syndrome that is constantly necessary to maintain life (insulins, steroids, antibiotics)

2) necessary (Essential): effective in the treatment of less dangerous but serious diseases

3) secondary (Non-essential): for the treatment of "minor" diseases; drugs with questionable effectiveness; expensive with symptomatic indications.

ABC/VEN analysis is a method of medical and economic analysis that allows you to assess the quality of pharmacotherapy and drug provision of a medical institution.

The results of ABC/VEN analysis allow us to answer the following questions:

1. Is it advisable to spend financial resources on medicines in a particular medical institution?

2. What steps need to be taken to streamline drug procurement.

3. Which drugs should be considered first for inclusion (exclusion) in the formulary list.

4. Do the financial costs correspond to the data from the analysis of the morbidity structure?

5. For which medicines were excess and insufficient funds allocated?

5.3. STEP analysis (from the English S - social, T - technological, E - economic, P - political) is understood as an approach to identifying social, technological, economic and political factors that have a direct or indirect impact on the organization and its work.

STEP analysis is a tool for planning a company's strategy for the long term. The time period for which the forecast is developed ranges from 3 to 10 years. In this case, it is possible to update the forecast annually.

STEP analysis allows you to identify important external factors, analyze them, assess the impact and develop a strategy that most fully corresponds to forecasts about the impact of the external business climate.

It is impossible to do without STEP analysis, since it:

- Reveals opportunities for starting a business and possible threats.

- Orients in the development trends of the business environment, which contributes to correct corporate behavior.

- Identifies projects with a high probability of failure, regardless of company actions.

- Creates an objective picture of the external environment when entering unfamiliar markets or when developing new niches.

Using this methodology, an objective assessment of the real capabilities of the enterprise and the prospects for its further development are obtained. Small projects can be created on

intuitive grounds and personal assessment of the surrounding business environment. For medium and large businesses, a clear understanding of the external situation is necessary.

Often small companies do not take into account the impact of the general market situation on business results. An unfavorable market environment, poor economic growth, political and social obstacles can lead to the failure of an investment project. It is in such situations that STEP analysis allows you to prevent significant losses and abandon unreasonable initiatives.

5.4. SWOT is a method by which the features of a product and external influences on it are studied. For each company product you need to fill out a table consisting of four blocks.

- Strengths (product strengths). Here you can write down the competitive advantage of the product, the connections of the company founder, and special competencies in the team. That is, what makes a business stand out.

- Weaknesses (weaknesses of the product). Describe the negative features of the product or business. For example, heavy debt load, the need for large ongoing support costs, special requirements for personnel and, accordingly, the difficulty of hiring.

- Opportunities (opportunities that the external environment offers). These are market trends, legislative relaxations, government support, bankruptcy of major competitors.

- Threats (threats in the external environment). At this point, you need to take into account factors that could potentially harm the product. For example, a market decline, special political decisions, a production crisis.

SWOT analysis does not require the use of any special economic or marketing tools - such tables can be compiled by the head of the company based on independent analysis.

External factors, both threats and opportunities, must be sought in legislation, market research, the actions of competitors, the discovery of new technologies, and social trends.

To analyze internal factors, they study staff behavior, ask employees for their opinions, conduct customer surveys, and look at sales data.

5.5. Three-level product analysis (TAT) was proposed by F. Kotler as a multi-level model; it distinguishes:
- the product by design is the main benefit or service;
- actual product: properties, quality, packaging, external design, brand name;
- goods with support: installation, guarantees, supplies, lending, after-sales service.

The essence of a product is meeting the needs of consumers (solving their problems).

For medical and pharmaceutical products, the essence of the product is to meet people's needs for diagnosis, treatment, prevention of painful conditions, strengthening the body, improving health, restoring performance, and improving the quality of life.

The actual product is the form that the product takes. It has five characteristics: quality, design, consumer properties, packaging, brand name.

For drugs, consumer properties are the presence of components of active substances, pharmacotherapeutic action, dosage forms, dosage of the drug, etc. Quality is confirmed by certificates, design characterizes the corporate style, and the brand name is the proprietary name of the drug; The actual product also includes the manufacturer's reputation and information support for the product.

Added goods are various additional services that a pharmacy provides to the consumer in addition to the goods: information and consulting services, certificates of medicines; home delivery and more.

For example: a product - the drug "Supradin" - a multivitamin preparation, contains vitamins, microelements and minerals, produced in dragees, capsules and "effervescent" (soluble) tablets, manufactured by Roche.

The essence of the product: satisfying human needs for vital vitamins, minerals and microelements in case of insufficient supply from food, in painful conditions, heavy physical and mental stress.

Actual Item:

- multivitamin complex, contains 12 vitamins and 8 microelements and minerals;

- three dosage forms: dragees, capsules, soluble "effervescent" tablets;

- dragees and capsules are packaged in 30 pcs per course of treatment; "Effervescent" tablets, 10 pcs.;

- primary packaging: blisters with individual cells for dragees, a glass jar for capsules and a metal round case for "effervescent" tablets;

- secondary packaging: for pills and capsules - a box to protect against the influence of adverse environmental factors (light, air oxygen, humidity, etc.);

- the primary and secondary packaging contain labeling data and the composition of the complex in order to protect the consumer from possible misuse;

- the packaging has a bright, noticeable yellow color with a brown hexagon, which contains the name of the product;

- has a patented name "Supradyn", meaning "best" complex;

- Roche is a world leader in the production of vitamins;

- can be bought at a pharmacy without a doctor's prescription.

Added product:

- package insert with approved information for doctors and consumers;

- information brochures, booklets about vitamins with advertisements for the product "Supradin".

5.6. Product life cycle– the time the product is on the market. This is a concept that describes the sales of a product, profit, consumers, competitors, marketing strategy from the moment the product enters the market until it is withdrawn from the market.

An obligatory stage in market research for individual drugs is to study the dynamics of sales volume within the product life cycle (PLC), the stage at which the sales volume is located during the study period.

The product life cycle is a concept that attempts to describe the state of the sales volume of a product from the moment it enters the market until it leaves the market.

Product life cycle traditionally includes the main stages:

✓ introduction of goods to the market;
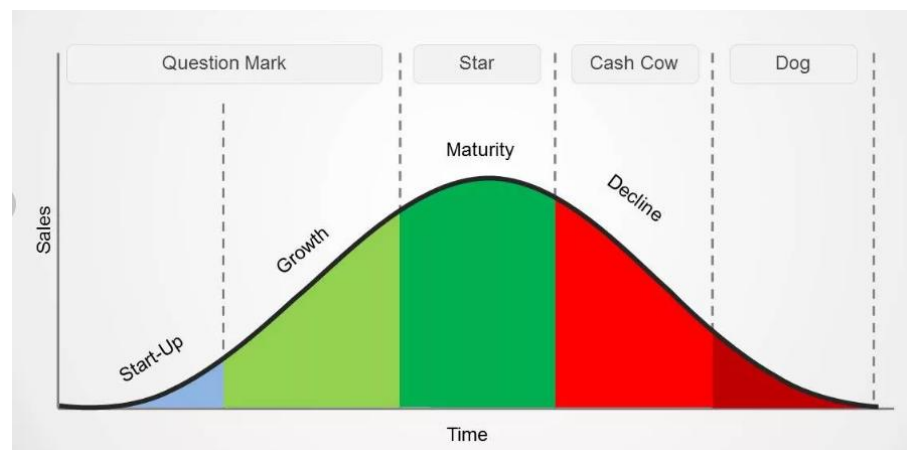
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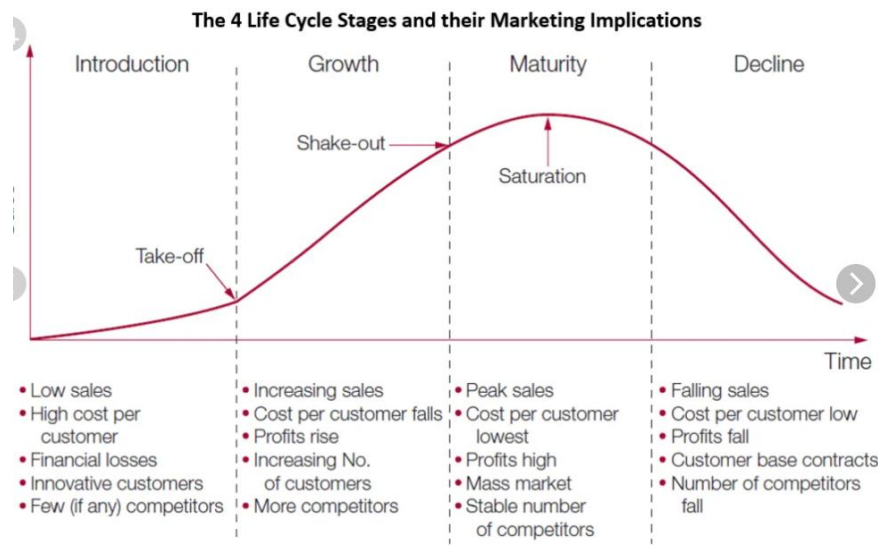
✓ decline

Figure 1. Product life cycle stages

Figure 2. Marketing implications of product life cycle stages

Different drugs have different durations of the life cycle and each of its stages: from several days to several years. The stage of the life cycle determines the volume of sales and profits, the price of the product, the presence and number of competitors, and the amount of spending on marketing and advertising.

The implementation stage is characterized by a small sales volume. There are practically no competitors because The product is new, and therefore the prices are the highest. There is no profit yet or it is insignificant because... very high marketing costs.

One of the most important areas of marketing activity at this stage of the life cycle is an advertising campaign. Advertising allows you to significantly shorten the stage of product introduction and bring it to the second stage - growth, characterized by obtaining maximum profits.

There are various methods that can be used to evaluate the effectiveness of an advertising campaign.

Nonparametric analysis methods are among the simplest, most accessible and have sufficient accuracy.

The second stage of life cycle is growth.

This stage is characterized by a rapidly growing volume of drug sales, which is associated not only with the high cost of the product, but also with an increase in the quantity of goods sold. Such drugs are sales leaders and bring the main profits to the company. This group of drugs is called "core" or "star", and it has good advertising support. There is active promotion of the product, a growing number of modifications of drugs (many other dosage forms, dosages and packaging) are appearing.

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The task of marketing at this stage: advertising and expansion of the sales network for the mass sale of goods.

The third stage of life cycle is maturity. This stage of life cycle is characterized by a slow increase in sales until a maximum is reached.

A large number of competitors causes prices to fall, prices are the lowest. Profits due to the fall in prices are reduced. Marketing costs are also being reduced.

The task of marketing at this stage: products at this stage do not require large advertising support costs, but require special sales promotion and maintain high profitability for the pharmacy organization.

The fourth stage of life cycle is the decline stage.

Characterized by a drop in sales volumes and low profits. Product prices are low and may increase at the end of the stage. The company withdraws from competition, the number of competitors decreases. Marketing costs are low.

Marketing objectives: extending the life cycle through advertising, improving products, changing prices, removing slow-selling goods from the market.

5.7. The Boston Consulting Group Matrix is a tool that helps companies analyze and evaluate their product portfolio, sales, or business units. It is based on two main parameters - product share and market growth rate. This approach allows companies to define strategic priorities, make investment and resource decisions, and manage their products based on their potential and competitive position. In the sections of the article we will analyze how to correctly create a **BCG matrix** for successful promotion, how to carry out calculations, types of components and stages of adapting the model to business.

5.8. Using the unique advantages of a product (UAP/УДТ) when positioning:

Using the unique advantages of a product – consumer characteristics of a product that distinguish it from similar products; are very important for goods in the presence of serious competition in the market. If a product has a using the unique advantages of a product, then the consumer chooses it; therefore, using the unique advantages of a product are the strength of the organization's product.

For a drug, this is a possible specific, beneficial effect on the body, a small dosage, low toxicity and a minimum of side effects or no side effects, the presence of several dosage forms that allow you to select a drug for a particular patient, taking into account his individual needs, determined by the course of his disease;

Positioning is based on these unique characteristics: the absence of side effects compared to drugs of the same group, a new drug, a form or more convenient packaging that this drug has not yet had, a variety of flavors (if they did not exist before), etc.

Possible positioning criteria:

• Significance for the consumer

• Uniqueness, distinctiveness compared to competitors

• Visibility, tangibility

• Copy protection

• Availability, not very expensive for the consumer characteristic

• Profitability for the company

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For drugs, this is a possible specific, beneficial effect on the body, low dosage, low toxicity and a minimum of side effects or their absence, the presence of several dosage forms, which allows you to select a drug for a particular patient, taking into account his individual needs, determined by the course of his disease; as well as other characteristics of the product.

For example: Unique advantages of the product "Supradin":

- the ability to satisfy the individual taste or preference of the consumer through various dosage forms - dragees, capsules, soluble "effervescent" tablets with lemon flavor;

- taking one dose satisfies a person's daily need for vitamins, minerals, microelements;

- it is recommended not only for weakened patients, but also for business people, athletes, teenagers, people on a diet, and pregnant women.

5.9. The Ansoff matrix is a model that describes possible growth strategies for a company in the market. The model is also called the product-market matrix. It is a sheet divided into four segments:

• existing market and existing product;

• existing product and new market;

• existing market and new product;

• new market and new product.

The company needs to understand what market and product types it operates in and select the appropriate segment. The four segments correspond to four strategies:

• Market penetration. It is a strategy to increase sales of existing products in an existing market.

- Market development. This is a strategy when you need to introduce an existing product to a new market.

- Product development. This is a strategy when you need to launch a new product in an existing market.

- Diversification. This is a strategy when a new product enters a new market.