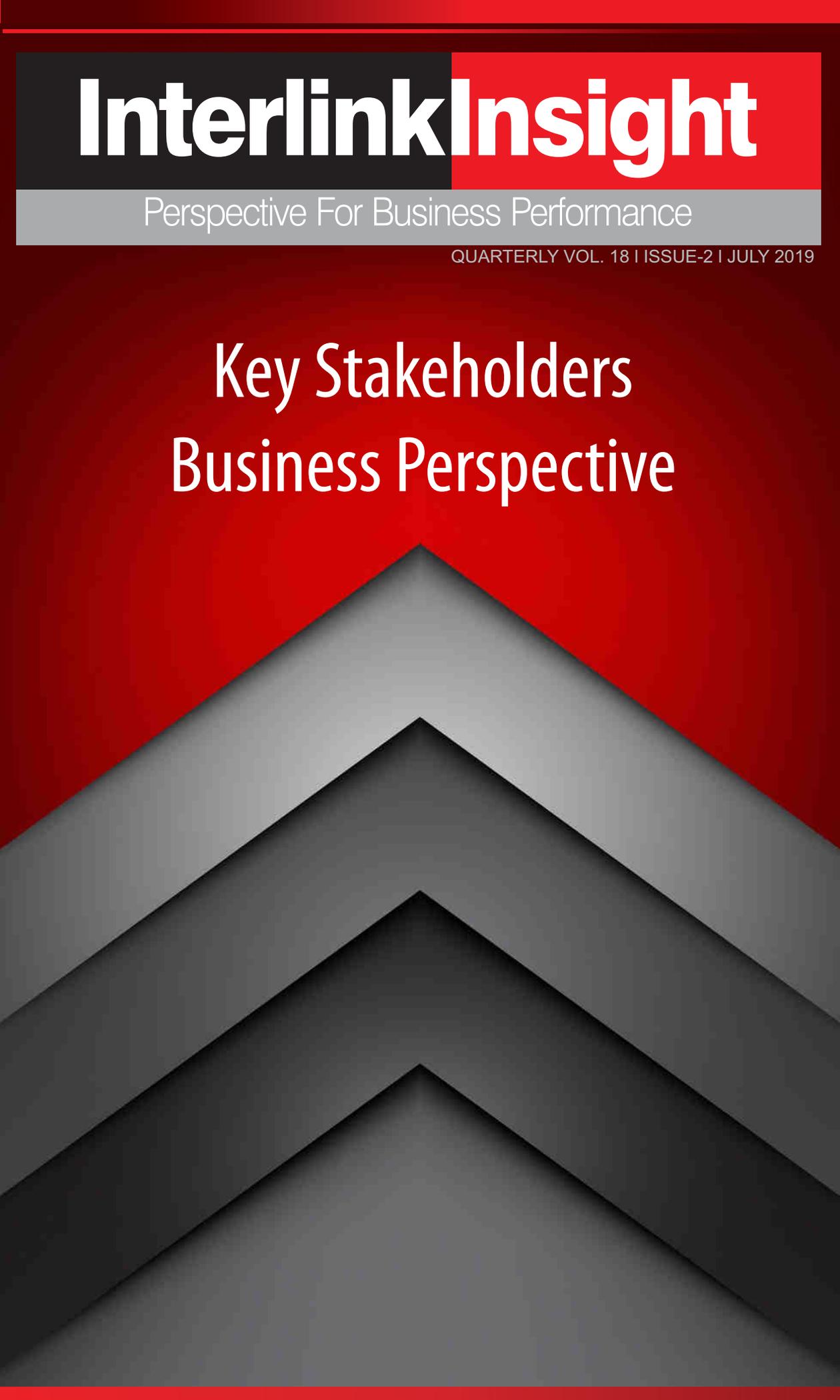


InterlinkInsight

Perspective For Business Performance

QUARTERLY VOL. 18 | ISSUE-2 | JULY 2019

Key Stakeholders Business Perspective

The background of the cover features a series of overlapping, upward-pointing chevron shapes. The top-most shape is a light gray, and as the chevrons overlap downwards, they become progressively darker, creating a sense of depth and movement. The top and bottom edges of the cover are solid red, framing the central design.



FROM THE PUBLISHER'S DESK

Dear reader,

Wish you a welcoming second quarter of FY 2019- for progressive results.

During this challenging time what matters are: **CEO's initiatives!**

Initiatives like aligning with **Industry issues and perception, overall business inclusive of API's, work culture in the market, digitization in marketing** are essentials for existing business.

Reviewing nutraceutical business and attending to sports nutrition market seems to be a right step at this moment.

Beyond pharma and nutra, what plays a major role is healthcare in hospital segment, thus let us also make hospitals save cost and be profitable.

This Interlink Insight issue covers all these aspects and brings fresh outlook to a reader.

Wish you best of reading.

Dr. R. B. Smarta
Managing Director

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CEOs Initiatives- Stakeholders Perspectives



In this digital era, traditional pharmaceutical and healthcare practices are altering. Various new business models are coming up with health care services, putting customer satisfaction as priority. Studying stakeholder perspectives, few key action points are mentioned in article.
By *Dr. R. B. Smarta*

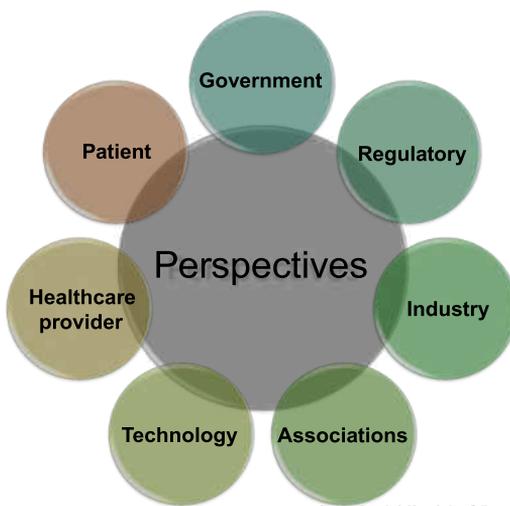


Today, pharma industry is growing at 11% per annum. After demonetization and GST implementation, the industry has gone through churn and finally has shown double digit growth. Well, as compared to the growth five years ago which was 15%, the current rate growth is less and still industry is trying to regain its value. In this situation how a Chief Executive should march ahead?

Although Resources are limited but data science and artificial intelligence are penetrating the market. There is a need to strengthen existing capabilities and to expand boundaries for markets like nutraceuticals. It is cited that CEOs point policy uncertainty and regulations as the threat to grow. Secondly, in this digital world, lot of data is created, but in reality, this raw data is not used appropriately to take decisions. Apart from this rising cost of resources and strategizing the product towards affordability are few concerns of CEOs.

Perspectives of stakeholders:

Looking at global dynamics, stakeholders, government, regulatory bodies, industry, associations, technology, healthcare providers and patient perspectives will play crucial role in understanding unmet needs and provide direction towards consumer needs.



Source: Interlink Knowledge Cell

Fig. 1: Perspectives to be considered

1. Government: Stimulating and framing forward looking policies for better support by government would fortify exports. Looking at industrial output, a wave of biosimilars is likely to hit the market. Thus, Indian regulators need to proactively prepare legal and regulatory framework for Bio-pharmaceuticals and address the concerns of safety and efficacy before the issue of compliance arises.

2. Regulatory: Regulatory implies to compliance with policies and quality. India being one of the top five markets, need to be part of globally accepted regulations like PIC/s for further growth. It's high time to deliberate and move forward to meet

the global standards and to follow the stringent regulatory compliance which is in the interest of public health. India already has the observer status at ICH, hence the next goal of CDSCO would be to harmonize the guidelines internationally with respect to Quality, Safety and Efficacy of Medicines and actively participate in various working groups on various technical matters.

Additional approval of Phyto-pharmaceuticals as drugs has provided a new opportunity for pharmaceuticals.

3. Industry: Industry needs to look at cost, compliance, competition, independence in Intermediates, innovations & pharma emerging product areas with opportunities. Today rationalization of cost seems to be the mantra for Indian pharma companies. As high spend on R&D related to generic is not profitable, industry is competing on low-cost generics. Most of the domestic players are shifting towards manufacturing of complex generics and biosimilars, as they are aware of competition in generics. Also, many pharma exporters are facing compliance issues with USFDA, getting hassle free regulatory approvals is on priority.

4. Associations: Associations need to emerge as facilitators with all stakeholders for growth. Also training and skills development will be a good tool to solve employability issue. Academic labs and industry collaboration will develop core strength of this industry.

5. Technology: Advanced analytics (AA) globally has led to 10% rise in clinical trial productivity, 30% improvement in manufacturing yield and output level, 15% less deviation in quality compliances, 20% increased output in supply chain and 30% improved sales force conversion rate. In 2017, some Indian pharma players applied AA at pilot scale. Thus, in coming years it is expected that they will advance its application on larger scale.

6. Healthcare providers: Healthcare providers who diagnose and advise patients are evolving themselves with help of IoT. Looking at new business models, technology based remote healthcare will grow in near future. As patients are more empowered, their preferences to influence healthcare choices will be crucial.

7. Patients: For pharma, patient is the king! Hence, initiatives taken for patient centricity and patient satisfaction are been welcomed in every country. As patient experience is a part of healthcare choice, a consumer engagement model has significant role.

Perspective of potential new market: Nutraceuticals (Nutra)

After establishing and introducing new legislation through FSSAI on Nutra, consumer demands for Nutra having specific health benefits will increase. Human lifestyle is basically divided into four stages; childhood, adulthood, working life and

life after retirement. If we look at the diet and consumption of food, then we will come to know that people are accepting western lifestyle along with their food habits, also because of use of pesticides and insecticides the nutrient quality of food is hampered. Indian traditional food is based wholesome food in terms of nutrients and cooking styles, but its replacement with other 'fad' foods has created many lifestyle problems. With this nutrition status, Nutra can be considered as one of the health survivors for Indian population.

Leveraging factors for Nutra industry:

Nutra stakeholders needs to leverage the following factors:

1. Nutra Ecosystem:

There is a need to form an ecosystem for growth of Nutra industry. Nutra industry needs such kind of ecosystem whereby ideas would be incubated and commercialized, the entire process is monitored and tracked under guidance of key leaders for successful results. This will create a foundational way for emergence of a nutraceutical segment. The idea generated will get incubated and channelized in this ecosystem. This incubation process will provide ecosystem that will incubate emerging ideas and lead towards prototyping to pilot to certification, testing, regulatory clearances, financial support and finally commercializing. This platform will provide platform in the fields of wearable technologies, IoMT, Nutraceutical, Biotech and AI, it is a complete entrepreneur incubation hub furnishing towards convergence technologies. This will eventually reduce the stress on systems and bring down out of pocket expenses.

2. Export of Ingredients:

The Indian Nutra industry is mainly focused on exports. With the legacy of knowledge of Ayurveda and biodiverse zone, Indian Nutra market is well known for exports of ingredients. From the total market of USD 4 Bn, 90% of the revenues of the nutraceutical ingredients companies come from exports. For the export of Nutraceutical ingredients, India should focus on country wise dominance of therapy areas, if we take an example of USA where focus is on Heart Health and Weight Management segment. Likely, for Australia the focus is on Bone health.

Hence Indian Nutra stakeholders should understand the need of every niche health area for exports of ingredients.

3. Social marketing and awareness:

Although India is considered to be potential market in terms of population, awareness towards consumption of Nutraceuticals is lacking. Hence social marketing can be used to develop such awareness for maintaining people's behavior and creating awareness. Social marketing is a proven tool for influencing consumer behavior in a sustainable and cost-effective way.

4. Stance of Nutraceuticals for better acceptability and growth:

As we have seen earlier, on one hand market is flooded with Nutraceutical products but on other hand acceptability for the word “Nutraceutical” is not there. Hence this has been always challenging for the stakeholder to increase their market share. This situation can be changed if; Nutraceutical percolates through the more acceptable segments of health like “Supplementation to food” or “Supplementation to the medicines”, etc.

Challenges to be looked upon:

Pharma industry is experiencing single digit growth as it has been facing issues in domestic as well as global market. Though, many opportunities exist, a structured business model and well-planned growth initiatives has to be executed. Looking at pharma statistics itself it states that reinvigoration is today's need, as it will also help in achieving aim of vision 2030. Following are some of the reasons for reinvigoration;

1. Lack of stability in pricing and policies:

The uncertainty in domestic pricing policy has created an unfavorable environment for investments and innovation. The government is streamlining the processes to cease illegal activities and implement smooth procedures to ensure availability, accessibility and affordability of drugs. The FY20 Q1 showed market growth at 7.9% which is the lowest in past five years as per the AIOCD data. This has challenged the profitability of pharmaceutical companies. Volumes have been dropped for the second consecutive month in June and grew by just 0.7% in the June quarter. It looks to be that, to gain profit, domestic companies are trying to curtail the competition and invest in profitable drug portfolio in US. Though this will increase R&D cost but if market attractiveness is studied carefully and the appropriate segment is tapped then high ROI can pay off liabilities. It is expected that the product offtake figures will stabilize as industry adjusts to GST and accordingly plans its balance sheet.

2. Limited innovation capabilities:

Indian pharma innovations has been declined due to less investment on R&D sector. Plus, government has provided limited funds for research ecosystem. In addition, the talent pool having advanced skills is limited to 2000 PhD students in pharma institutes, whereas compared to 15000 PhD students in US. Pharma has to take efforts to redirect their research to niche unmet medical segments and provide treatment at affordable prices to sustain with high profits. The industry and associations have come up with initiatives like collaboration of industrial projects with government research institutes.

3. Dependence on external markets for intermediates and APIs:

As we know, China government has increased the prices of API by almost 50%. Due to lack of infrastructural facility, India is unable to seize this opportunity and leverage API manufacturing. The domestic production of API valued approx. USD 11 billion in 2016. This market would grow at CAGR 9% during the period of FY 2016-2022. Out of this, more than 30% of API are exported to US, UK, Japan, etc. In FY 2016,

API market of India had 8% market share in global API market. Looking at the imports, 57-60% of the APIs are imported from China. Remaining imports are done from countries like Italy, Germany, Malaysia, and others. This indicates that there is huge scope for the domestic API market to grow. As per recently published article in Pharmabiz, India is dependent on China for intermediate APIs since it saves 15-20% of cost on importing raw materials from China.

4. Indian pharma's eroding competitive advantage in US generics market:

Exports of generics, specifically to US, was one of key reasons for double-digit growth of top Pharma companies. However, because of price erosion, the decline in prices has been observed by 8% annually between 2015 and 2018 in generic segment. The reason for this price erosion is consolidation of stakeholders and competition in key molecules.

5. Increased scrutiny in quality compliance while exports:

India has gone through 840 FDA inspections as compared to 593 in China in 2016. As Indian pharma industry is expanding in global market, quality of drugs plays critical role. Upgrading the quality standards and setting up drug testing laboratories near ports are some of the initiatives that government is already aiming at.

CEOs Initiatives:

As we all know, "Actions speak louder than words", let's look at following initiatives that can leverage growth.

1. Quality culture and quality delivery:

Developing your staff to focus on delivering quality services should be primary goal. Basic but critical steps to maintain awareness of quality includes planning, implementation, monitoring and tracking.

2. Industry- Academia collaboration:

Collaboration of industrial projects with research institutes can reduce the R&D cost and thereby also enhance the skills of future researchers.

3. Apply technology and data management tools:

Looking at digital transformation, using data management tools is essential to convert raw data into knowledge and apply in decision making.

4. New business model considering HCP & Patients:

With digitization comes in online health applications. As we are aware of the fact that there are countless health applications that allow doctor and patient interaction, providing remote healthcare services. Thus, one must consider the changing business models and align the services accordingly to earn maximum benefits.

5. Explore new market opportunities:

Leverage remodeling factors of Nutra industry to increase the market size for any stakeholder substantially. If all the factors in the Nutra ecosystem are taken into consideration starting from awareness among consumer to the innovation in delivery formats, the forecasted double digit CAGR would be no longer impossible!

Depending on the strengths, networking and constraints of each organization, CEOs can adapt all or a few initiatives to accelerate their business performance.

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Besides being a consultant, he has been teaching at IIM, prestigious management institutes, Pharmacy College, Pharmacists Associations, guiding PhD students and written as many as 7 Books on Management, Pharma, Nutra, Foods domain, and many articles in prestigious journals/magazines.





Applying Lean management principles to Emergency Department



Applying lean management would result into sustainable growth due to realignment of services and processes towards patients' and staffs satisfaction. It further reduces unnecessary cost burden to patients, staffs and environment and also facilitates continuous improvement for innovative services leading to benefits of patient as well as profitability.

– By Interlink knowledge cell.



Lean thinking in emergency department:

Globally, healthcare systems are under pressure to improve quality and patient outcomes using evidence-based interventions. Many health-care organizations are turning to industrial improvement approaches, such as the Lean Management System, 5-S model, Six sigma, etc; to enhance quality and safety. The critical part of emergency department is the 24*7 working hours during which it is almost overcrowded. Thus, minimizing the non-relevant and non-required items/ activities from the system and reducing the waste would prove to be beneficial, and this is what lean management aims towards.

Lean thinking is a visual state of mind, whereby the focus is on the task and nothing else is encouraged. Lean management in healthcare system was applied way back in 2004 at Mason Hospital, Virginia, USA, to improve their process methodology. A study also reveals that few hospitals in USA in 2009 implemented lean system to improve the quality of healthcare services, out of which 60% applied in emergency department.

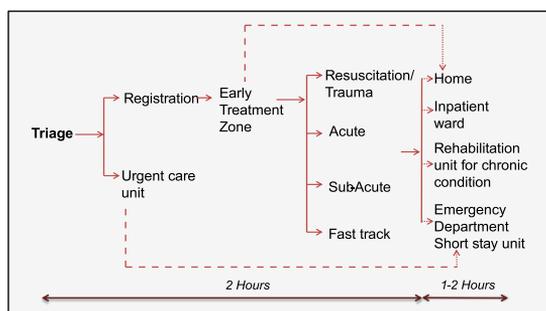
Essence of emergency department:

The emergency department is characterized as a critical department in hospital setting and is occupied by varied patient types. Various countries have applied National Emergency Department Inventories (NEDI) survey as a standardized method to benchmark the characteristics of emergency department.

Overcrowding in emergency departments is a global problem and has been recognized as a national crisis in some countries as it hampers the objective of the service to patients. The improvement, in terms of cost of care, the quickness of service, handling crowd, swiftness in triage process and most importantly, patient safety are now widely accepted by means of patient centricity. The workflow of the emergency department should be planned in such a way that the staff could attend immediately to unscheduled and unexpected patient inflow.

One survey showed that varied number of emergency departments has high annual visit volumes and long length-of-stay, and most of them are overloaded.

There is no doubt that the emergency department is the most complex clinical department in modern hospital infrastructure. It is always intended to have well designed infrastructure and depending on the condition of the patient and whether the patient is with occupier or not priority of formalities and treatment needs to be decided. Nothing is more crucial than saving life!



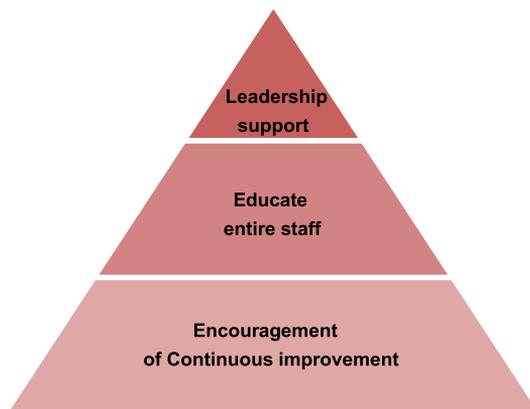
Source: Overcrowding in emergency departments: A review of strategies to decrease future challenges

Fig. 1: Emergency department process flow

Emergency department process flow:

Many a times, disparity between capacities of the emergency department, requirement of triage process, diagnostic tests and consultation with doctor affects the patient flow to a greater extent. In addition, some studies have recognized overcrowding as the major reason for adverse patient outcome, delayed treatment, prolonged length of stay and hospital readmission.

Well, to solve those issues revisiting the workflow of the entire process of emergency department is a prerequisite and needs integrated and collaborative support from all healthcare professionals involved in emergency department.



Source: Interlink Marketing Consultancy
Fig.2: Pyramid of enabling Lean management

Not only does lean management not only reorganizes services and systems for patients it also indirectly affects employees. Streamlining the work processes directly affects the staff and helps them in managing their work pressure accordingly. Lean is implemented in particular context and success of lean depends on how it fits into the system.

Let's look at principles of lean management that enables to understand the basic concept of lean.

5 Lean management principles:

• Define value

The first stage is to define the value of your products and services as per customer requirements which is directly proportional to beneficiary in terms of footfalls. It is supreme to determine the actual or latent needs of the customer. To better understand the Lean management principles we should start with defining "customer value". Value is what the customer is keen to pay for. Sometimes customers may also be unable to express it. This is particularly observed when it comes to novel products or technologies. Applying to recent trends, AI and machine learning are something that needs to be perceived by patients. There are various ways like focus group interviews, surveys, footfall analysis, demographic information and web analytics that can lead you to know your customers preferences.

• Map the value stream

In this step, the objective is to use the customer's value as a reference point and to

identify all the other factors those contribute to these values. Those activities that do not add value to the patient are considered waste and should be eliminated. The waste can be differentiated into two categories: non-value added but necessary and non-value but unnecessary. The later part is pure waste and should be eliminated while the former should be reduced as much as possible depending on the patient preferences & reducing the cost of production of that particular product or service.

• Make the process flow

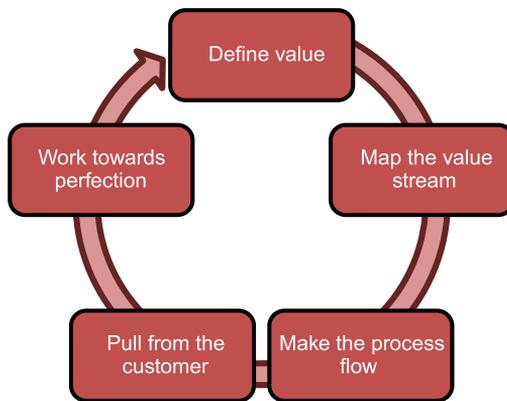
Once elimination of non-value added services or products is done, ensure that the rest of the process is smooth. Strategies to ensure that process runs smoothly, following steps can be included like breaking down major steps into two three subsequent steps, leveling out the workload amongst the staff, creating cross-functional departments, and training employees to be multi-skilled, talented and adaptive to environmental changes.

• Pull from the customer

The aim of applying a pull-based system is to limit inventory to required things and work in progress. Also assurance of the availability of required materials and data at appropriate time for a seamless process of work is necessary, as it enforces “In-time” delivery. Pull-based systems are always prioritized based on the needs of the end customers.

• Work towards perfection

Once the process is set in order by implementing first four steps, the fifth step of chasing perfection is of utmost importance. It makes Lean management thinking as an integral part of the organization and lends a continuous process of upgrading accuracy and precision in organizational culture. Every employee should endeavor towards exactness while providing service to the patient. One should always remember there is no limitation to learning, and it is a steady process.



Source: Interlink Marketing Consultancy

Fig.3: 5 Lean management principles

The 5 Lean management principles create a background for well-organized and active organization. It allows managers to reduce inefficiencies, deliver better value to customers, create efficient workflow and develop a continuous improvement culture. This will encourage competitive environment, increase the value, decrease the cost to run business and indirectly increase their profitability.

Implementing lean in Emergency department would start with cleaning up cluttered

spaces by removing or replacing unnecessary items. This would free up the space across the overcrowded department and facilitate smooth movement.

A small study conducted in hospital showed that average length of stay is approximately 1 hour and 41 minutes. Various factors govern the length of stay starting from time required for registration process; time invested by patient's kin in taking decision, doing financial arrangements, to submit documents. Further time taken by consultant to attend the patient, even the waiting time for radiology investigations or other laboratory reports are time consuming and stressful.

Table I: Time required for various processes (in minutes) from experience of lean in Emergency department;

Process	Before (Time in mins.)	After (Time in mins.)
Consultant waiting time	21	16
Final waiting time	29	19
Bloodsample result time	69	28
Radiological investigating result time	32	15
Admission waiting time	30	20
Length of stay	123	72
Patient satisfaction	86%	98%

Source: Lean thinking in emergency department, Taraknath Taraphdar, presentation at EMCON, Jaipur, November 2017.

Environmental issues in Emergency department:

The main issue and concern of emergency department is overcrowding. Hospital managers need to examine their operational procedures to resolve this concern. Once the reason for overcrowding is known, then tackling it won't take much time. The standard time an individual spends in emergency department is 5-6 hours. The care provided to inpatient and emergency department should be the same and the processes should ensure safe and qualitative care.

The Staff plays a major role in up-gradation of the organization. Taking into account the operational realities, techniques, and relatively inflexible culture it is challenging to implement Lean management. Many a times hospitals are not aware of lack of resources or training of soft skills which may reduce time required for interaction. The in-patient department is often trained for usage of new devices, but emergency department tends to get overlooked as a different entity, though the staff may have advantage to provide care in emergency department. Enabling staff with proper training and resources can eventually contribute to other goals such as improved services and reduced waiting times.

Unique culture of hospitals:

Although many hospitals share common problems of overcrowding, it is important to remember that each hospital has its own environmental issues depending upon culture. Morality of employee may seem to be a minor issue, but if staff is unhappy then this could hamper service to patient and may escalate and conclude to staff inefficiency that could badly affect image of hospital. In this case, management leadership should be firm enough to take decisions to establish processes and improve inefficient practices.

Learning and actions for Emergency department:

Lean management by employing following actions can improve efficiency and patient satisfaction;

- 1. Replacing traditional nurse-** Based triage with team of triage including physicians has been proved to be beneficiary as it could discharge more number of patients that too without admission.
- 2. Introducing Initial care unit-** Depending on the flow of patient, high/low flow strategy can be implemented when there is overcrowding and some of them with may get treated in initial care unit.
- 3. Apply primary diagnostic test-** Another way to tackle overcrowding is to employ a waiting room that allows treatment by the time primary diagnostic tests results are revealed.

A continuous improvement in mindset is essential to reach the company's goals. The term "continuous improvement" means incremental improvement of products, processes, or services over time, with the goal of reducing waste to improve workplace functionality, customer service, or product performance. Lean is founded on the concept of continuous and incremental improvements on product and process while eliminating redundant activities. "The value of adding activities are simply only those things the customer is willing to pay for, everything else is termed as waste, and should be eliminated, simplified, reduced, or integrated".

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Multiple Models for Improving API Business



Today the market dynamics are such that, besides core capabilities, all other related trades are outsourced. API manufacturing is an integral part of such outsourcing. Though there are various business models that entrepreneur can apply, but due to cost containment, Contract manufacturing seems to be reliable and effective. - By [Interlink Knowledge Cell](#)



Pharmaceutical industry is one of the competent industries with global market value at nearly 176.3bn USD in 2018. Active Pharmaceutical Ingredients (API) industry is one of the fastest growing amongst pharma sector. At the time of the independence the bulk drug industry investment was just Rs. 10 crore, which led to production of few bulk drugs valued at only Rs.26 crore. United States is the largest market of pharmaceuticals, followed by Europe, Japan, Canada and Australia, the nations that are known as developed markets. Rest of the revenue is from China, India, Russia and Brazil – the emerging pharmaceutical markets. As per report by Acumen research and consulting, North America is high value market due to high prevalence rate of diabetes and cancer. Additionally, aged population fuels the market with almost 15% of population age above 65 that supports the market growth.

The domestic API industry is valued at nearly USD 11 bn. This domestic market is expected to grow at CAGR of 9% during the period of FY 2016-2022. However, according to the market report, China and Japan are fastest growing market with CAGR 8.2%. Although China and India are leading manufacturers of APIs, almost two-third of the generated value is exported. Further, more manufacturing companies are expected to set up plants to capitalize growing market opportunities taking advantage of low-cost labor in Asia Pacific region.

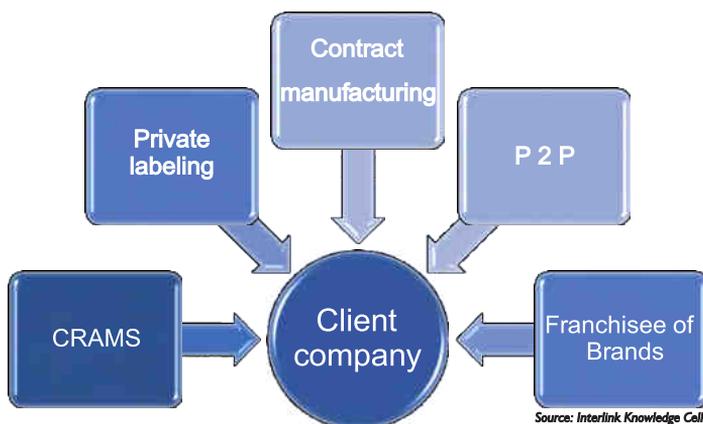


Fig. 1: 5 ways to look while developing business models for APIs

Manufacturing landscape:

There are more than 3000 API manufacturers across globe. Out of 64% of the manufacturers are local players and they are capable of supplying the APIs to domestic markets or less regulated markets only. Another 17% of API manufacturers are capable to get regulatory approvals and have the potential to export their stock to regulated markets. Remaining 18% are established players and have capability to supply to regulated markets such as US and EU. Big pharma companies account for just 1% of API manufacturers.

Those API manufacturers who can supply to highly regulated markets are based in US, EU, Japan, India and China. The upcoming emerging countries like Brazil, Russia, South Korea are dependent on imported APIs for manufacturing finished drugs. The pharma emerging markets are looking forward to encourage domestic

production of APIs by means of various initiatives, but the pace of development is relatively slow.

Opportunities:

Therapy wise: Conventionally, API market has been controlled by anti-infectives, diabetes, cardiovascular, analgesics and pain management drugs. With innovation in R&D technologies, the demand is shifting towards complex molecules that can be used in formulation of novel products and targeting niche therapeutic areas. Application wise, cardiology segment ranked first in API market because of environmental reason. This segment is projected to witness a CAGR of 6.05%. It was estimated that, every year 6 lakh people die because of heart diseases in the United States, i.e. one in every four deaths, as per the Centre for Disease Control and Prevention states.

Business models:

Irrespective of manufacturing place, APIs contract manufacturing is preferred because of the cost issue. The expenses of in-house production and R&D, coupled with specific targeted niche products and requirement of regulatory requirements keeping affordability in mind have contributed to the growing incidence of outsourcing. Thus, outsourcing to firms in emerging markets is particularly profitable.

Apart from contract manufacturing, other business models that are followed in industry are CRAMS (Contract Research and Manufacturing Services), Private labeling, P 2 P (Principal to Principal) and Franchisee of brands.

CRAMS allow to earn by means of two ways; one from R&D and other from manufacturing facilities. By implementing P 2 P business model, the client company can earn by means of three ways; manufacturing cost, negotiation benefits and inventory carrying cost. Well, by applying any of these 3 models; contract manufacturing or CRAMS or P 2 P, the marketing and sales to domestic or international market is done by parent company only.

Another two business models that exist for API business are private labeling and franchisee of brands.

In case of private labeling, the client company can earn by means of R&D expenses, manufacturing cost and S&M of new molecule in either domestic market or international market. In case if company is having contract with parent company for manufacturing of same drug that is supplied in domestic market, then client company can brand and sell the same product in international market at its own risk. Similarly, franchisee of brand model allows the client company to earn from R&D, manufacturing expenses, S&M cost; but the brand is own by parent company.

Outsourcing the APIs business at later stages of development through the appointment of client company can potentially improve operational efficiencies throughout the value chain. Simultaneously, a well-adjusted product portfolio provides a stable way in expanding sales and reducing risk. Cost effectiveness is not the only key parameter that needs to be considered, but looking at differentiated and niche product portfolio that can target environmental needs can create a great impact.

Driving factors:

Major factors that contribute the growth of API contract manufacturing are as

follows;

1. Accessibility and availability of skilled labor at economical prices
2. Advantageous government policies and tax benefits
3. Environmental resources at cheaper rate
4. Support of Advanced technologies

Other aspects such as increasing need to focus on core activities, increasing need to fasten the drug development process and considerable reduction in time-to-market will further provide growth opportunities towards this market.

India advantage:

The increasing price and regulatory pressure in developed markets are leading many global pharma players to reduce their internal load in R&D, manufacturing and are investing in contract manufacturing and research services (CRAMS), and are outsourcing the manufacturing business to emerging countries. This helps MNCs to reduce companies cost and invest in core profit making activities. India having advantage of economical labor cost is chosen as a preferred nation for such MNCs seeking effectiveness of cost and time. Country's CRAM services offer 30-40% of cost saving when compared to western markets of US & EU.

Besides, at global level apart from US, India is the only country that has large number of USFDA approved manufacturing plants for generics. Some leading Indian pharma companies make almost 50 per cent of their turnover by means of from exports to US and Europe. India is favored destination for contract manufacturing because of low investment requirement in production, R&D and authorized national laboratories that direct the industry forward to a higher level.

The unpredictable nature of India's regulatory system, including restrictions on pricing and licensing are key challenges that global drug companies are facing while gaining entry in Indian market.

Way ahead:

Changing circumstances would compel International buyers to look at only one matrix which is basically a cost vs quality. As APIs are part of econometrics model whereby, API becomes an input and formulation becomes an output, cost, compatibility, quality and safety becomes crucial to define final price for formulations.

Anything which imbalances, this basic matrix becomes an overwhelming obstacle for API business. In order to be balanced always, usage of multiple models depending on situation would be a best collaborative way for maintaining this cost vs quality balance.

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About author:

Interlink Knowledge Cell comprises of a team of experienced subject matter experts in various domains like Pharma, Nutra, Biotech, Animal Health and Wellness, to provide insights and business perspectives focused on Business Performance Management, Marketing, Sales and Training areas.





Review of Natural Ingredients Business



Natural ingredients have multifaceted applications in many growing industries such as pharmaceuticals, food, personal healthcare, cosmetics and obviously Nutraceutical. Applications of these ingredients could be at different levels. They could be at active ingredient level, excipients level, additives level or applied in flavors and colors. – By Dr. R. B. Smarta, Ms. Shruti Patil and Interlink Knowledge Cell.



Multiple Industries:

The scope for natural ingredients is wide and can be applied at multiple levels. In fact, pharmaceutical industry is getting integrated through natural and nutraceutical ingredients in mainstream of their business as the business is changing towards health. In case of pharmaceuticals, natural ingredients like amino acids, polysorbate, vitamin and mineral mix, herbal extracts, vegetable extracts, enzymes, slimming agents, joint health improving agents, etc. are consumed at different levels.

In case of Vit E you would observe its usage and applicability of in multiple industries.



Source: Interlink Knowledge Cell

Fig. 1: Multifaceted Vitamin E

Food Industry:

In case of food industry production and consumption of range of package foods and beverages are catching up the market share, use of many ingredients as emulsifiers, sweeteners, flavors and food enhancers, and preservatives would increase.

As emulsifiers, lactose and lactose syrup, molasses, seaweed extracts, pectin and starches, tapioca, sago, arrowroot starch, rosin products, chickpeas and broad & horse beans, kidney beans, onions, tomatoes, garlic, carrots and olives, vegetable saps and extracts are showing good growth.

Flavoring agents in beverages, dairy products, bakery, savory and convenience foods will need to abide by the new rules.

The worldwide emulsifier industry was expected to exceed a volume of 2.5 million metric tons in 2017. Emulsifiers are used not only in food and beverage products but also in the personal care industry. Consumers are readily opting for natural emulsifiers. The market is also being driven by the trend of fat replacement in food products and product innovation.

Personal Healthcare Industry:

In personal healthcare industry natural, organic and Ayurvedic ingredients are

preferred in different types of formulations. As per Nielsen report (2017), consumption of such ingredients is growing fast as much as 1.7 times. Applications at active ingredient level are more predominant in personal care products in comparison to other level of applications in various industries. This industry is expanding beyond moisturizing agents and sun protection to anti-pollutant and anti-oxidant protection.

Globally many active ingredients are getting replaced by natural ingredients as the evidence and science behind these ingredients is getting available at efficacy level as well as this makes a lot of sense at commercial level also.

In Indian context market is getting developed in I, II, III tiers cities.

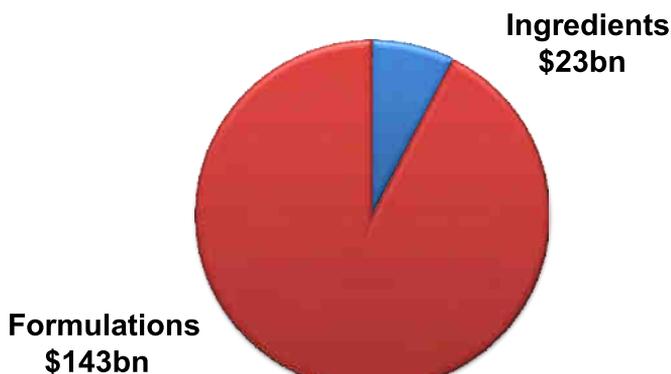
Cosmetics Industry:

In cosmetic industry the preference for natural ingredients is particularly strong among consumers, who have been exposed to traditional Ayurvedic and Chinese medicines.

As most of the cosmetic products are changing their market definition to skin health and other appropriate domains, there is need for replacing synthetic ingredients and also preventive agents as many are looking for natural, active as well as preventive agents. As a result, there is a need for developing R&D, product development, rigor of regulatory needs such as human studies, clinical trials expertise in cosmetics and also overall skin care and ageing market.

Nutraceuticals Industry:

In case of Nutraceuticals industry, besides food and beverages, functional foods and dietary supplements take major charge of applications as well as consumption. Processed foods and beverages like cereals, soups, food fortifiers, fortified juices and other similar products have direct consumption as active ingredients of Nutraceutical ingredients.



Source: Food as Vector for Nutraceutical Ingredients Chatterjee et al.2015

Fig. 2: Global Nutraceutical Market Scenario

Formulations market has dependence on Nutraceutical ingredients which was amounted to USD 25 bn in 2015 to the tune of almost 15-20% of its total formulations and as the formulations grow role of ingredient with its growth would further increase.

USA and Western Europe account for 77% of the total volume and China and Japan are following the trend, the ingredients are also traversing in the same direction. Probiotics and fatty acids derivatives dominate this market along with herbal and non-herbal extracts.

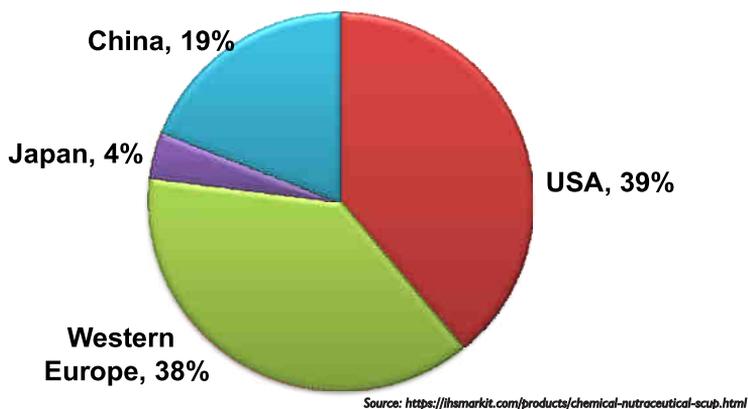


Fig.3: Country-wise Dominance

In case of such extracts high technology places a very important role in maintaining quality, safety and traceability as these are the two major corner stones in making ingredients further grow in this domain as well as in other industry domain.

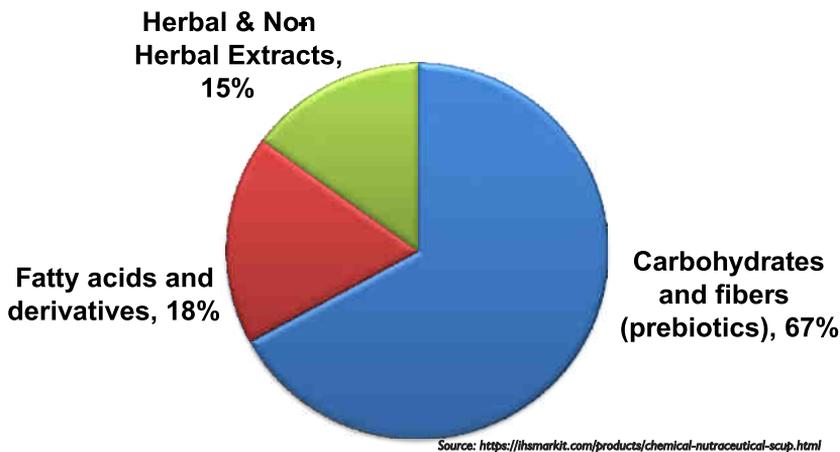
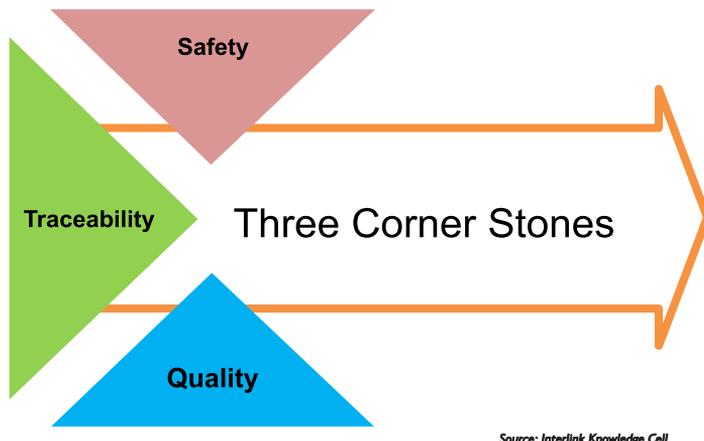


Fig.4: Share of Nutraceutical Ingredients

Innovations:

Obviously, innovations which will improve bioavailability and also novel delivery system would further improve the differentiating factors for industry. From industry point of view the demand for right mix of different ingredients is also becoming more common as it becomes convenient for manufacturers to provide desire level quantity in safety, quality and traceability.

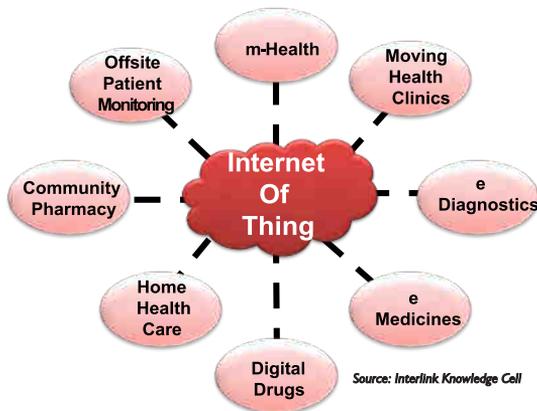


Source: Interlink Knowledge Cell

Fig. 5: Three Corner Stones of Natural Ingredients' Market

IoT:

Other way of looking at these applications and consumptions, primary source of information could be through internet of things as you can get direct feedback from consumers through what they say on social media and other digitally powerful media.



Source: Interlink Knowledge Cell

Fig. 6: Internet of Things

Recent data from Nutraceutical world reveals that, 20 key health ingredients have already made head-way in the hearts of the consumers as they reveal what they feel.

Ingredients Journey:

Being a fascinated journey from creating something in the laboratory and seeing as well as visualizing its ramifications on different industries for their applications give tremendous satisfaction and perhaps this may lead to quantum jump in business for

few ingredients as it has already happened for lutein, spirulina, lycopene, vanillin, as all these ingredients have grown in different dimensions.

It is a right way to say that unlike pharmaceutical active ingredients, natural active ingredients can be branded as they are multi-faceted.

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About author:

Dr. R. B. Smarta- Founder and Managing Director of Interlink Marketing Consultancy Pvt. Ltd. Being a thought leader in Pharmaceutical, Nutraceutical and wellness industry, he has been contributing globally through Interlink Consultancy and building business performance of his clients since 33 years. Having a Master's degree (M.Sc.) in Organic Chemistry in Drugs, MMS in Marketing, PhD in Management, and FRSA (Fellow of Royal Society of Arts) London, he is-perusing his passion of converting science to Business.

Besides being a consultant, he has been teaching at IIM, prestigious management institutes, Pharmacy College, Pharmacists Associations, guiding PhD students and written as many as 7 Books on Management, Pharma, Nutra, Foods domain, and many articles in prestigious journals/magazines.

Ms. Shruti Patil, is a senior Research Associate in Interlink Consultancy and has worked on projects and more than a dozen Nutraceutical articles published in reputed magazines and also on digital media.

Having an insight of different Nutraceutical ingredients, their usage in different dietary as well as nutritional sufficiency and hands on experience on Nutraceutical and business projects, she would further like to pursue her career in Nutraceuticals based on biologics, nutraceuticals and development of this industry as business.

Interlink Knowledge Cell, comprises of a team of experienced subject matter experts in various domains like Pharma, Nutra, Biotech, Animal Health and Wellness, to provide insights and business perspectives focused on Business Performance Management, Marketing, Sales and Training areas.



Set your Sales Culture

The dropping quality of medical representatives is corroding the Indian pharma industry



Pharmaceutical business solely depends on their Medical representatives (MRs). Due to high demand and shortage in supply, today the selection criteria are ruined and the one month training is shortened to period of 7 days. Well in some super specialty segment the eligibility and quality of MRs is still maintained. It's time to regain the prestige of our sales team and help industry to grow in double digit. Redefining the scope and role of MRs using advanced technological tools will help to promote their performance which will be appreciated by doctors too. Further, they can imply various research-based assignments, like market dynamic study, therapy-based competition study and digital reporting; this will advance their market understanding and also strategize the initiatives for high sales..

– By *Interlink Knowledge Cell and Bank*



Pharmaceutical distribution and sales involve an intense interaction of science and business. It needs an extensively trained skill set. The woefully inadequate number of schools for training in skills and management functions is a crying shame. Such institutes are the need of the hour for the pharma industry in the country.

There has been a significant drop in the flow of prescriptions today as the Indian pharmaceutical industry has been witnessing a decline in the overall quality of its medical representatives (MRs). This is mainly due to lack of training and support by the industry. In today's fast-evolving industry, a basic educational qualification for becoming a medical sales representative should be mandatory. However, a significant proportion of non-science graduates—and even undergraduates in some cases—are doing the job.

In countries such as Russia, one requires to be a medical graduate to be a pharma sales representative. In the European Union, one needs to pass stringent examinations to become an MR. Once they qualify, they need to renew their certification every three years. In India there is a dire need of reforming the MR qualification processes.

Due to a high demand for MRs and a shortage of supply, there are no systematic selection criteria for candidates, and the industry recruits whoever comes its way. The industry attrition rate today is at around 20%. As a result, companies have become wary of the money spent on training MRs; the duration of training has also come down. Many companies are avoiding training altogether and putting MRs on the field for the first six months. The training process, which used to involve a good two months of rigorous coaching of concepts like anatomy, physiology, therapy, prescription generation skills etc., has now come down to a mere seven days on average.

In today's competitive world, the time spent by an MR in a healthcare professional's clinic is shrinking to barely a few minutes or seconds as there are more than 20 MRs present at a time to make a visit to a healthcare professional. Further, doctors' disposition towards an MR has changed because of the availability of the knowledge on the internet, growth of generic medicines, and transactions made by managers. The doctors, therefore, do not gain any positive outcome from this engagement. The companies are promoting freebies and gifts to doctors directly through managers.

Consequently, sales growth through the 'prescription generation' model—where an MR depended on a doctor and a doctor depended on an MR for generating a prescription—has significantly declined. The company management is responsible for the creation of a direct freebie-based relationship with the doctors. Unless doctor's this disposition changes, the entire concept of MRs will lose its identity.

The falling support for MRs has been adversely impacting sales. There has been a significant increase in return of old and expired pharmaceutical stocks from stockists, which for a few companies stands at 4-5% today, way higher than the accepted limit of under 1%.

In the near future, when a revised code of ethics becomes mandatory, the act of

providing freebies and gifts will be subject to punishment. In such a situation, companies will have to take drastic action on repurposing the utility and relevance of MRs for the sustenance of the industry.

A lot of devices and apps have entered the market that would enhance the communication of an MR with a doctor. However, Indian pharmaceutical companies are inadequately supplying their MRs with such technologies. Multinational companies are providing their MRs with these technologies, thereby improving their productivity and relationship with doctors.

Despite the odds, even after 50 years, the MR model is still working. One should not destroy the model as MRs could be still considered as the backbone of the industry. It could modify from one-on-one to one-to-many in hospitals to one-to-a-group of patients, towards a higher order. Let us not forget that the person who works in the field is only the MR. It is the MR who would generate the prescriptions and not the manager at the hospital.

Nevertheless, in this ever-evolving pharmaceutical industry, the significance of MRs is seen coming back, at least in certain super-specialty segments. For example, the demand for MRs for super-specialty and niche segments such as osteoarthritis, stents, cardiac care, brain, kidney, liver care, operation theatre-related products and the like has gone up.

The Indian pharmaceutical industry needs to simply revive the profession to its old glory. This could be best done by limiting a freebie-based promotional campaign system to the doctors, repurposing prescription generation, and a renewed focus on the reintroduction of adequate training and technological support to MR's. Let an honest and knowledge & relationship based system help the profession regain its prestige and help in furthering the ethical standards of the pharmaceutical industry.

Redefining MRs positions:

As the environmental mix and milieu is constantly changing in almost all cities in India due to migration factor, it is important to understand aspirations of new generations. Irrespective of understanding this basic fact and appointing them as MRs would cause high attrition as those would not fit in these particular 50 years old job description of MRs.

All of them are digitally savvy, ambition to make their careers; obviously they expect challenge, learning experience and space for them to grow. In order to develop this challenge, it is essential to redefine the scope and role of MRs in new technological environment as well as health care providers, patient's psychology and expectations.

Organizations can add beyond physical activities along with implementing given strategies, market dynamic study, therapy-based competition study, research-based insights study and digital reporting of this all different types of work. Besides this addition, as industry does not have consumer behavior study he could be the best arm to continuously develop Usage and Attitude (U&A) study, so that same 50 year old job gets new enabling and becomes more challenging for enabling to enter. Perhaps it will be the best step to align sales profession to medico-sales proposition and assist medico-marketing.

About author:

Interlink Knowledge cell and bank- comprises of a team of experienced subject matter experts and knowledge archives, related to various domains like Pharma, Nutra, Biotech, Animal Health and Wellness, that provide insights and business perspectives focused on Business Performance Management, Marketing, Sales and Training areas.





Shift from Traditional to GenX Marketing



What has 2019 brought new for pharma manufacturers? Looking at the union budget of 2019, there is nothing significant achieved by pharma industry. Thus, the industry seems to grow with its earlier financial planning only. For sure, there will be a huge competition in upcoming years from technological startups. Thus, new approach has to be taken up by pharma players to gain customer centric approach and innovate their way of marketing. - By Ms. Titiksha Shinde.



From new tech to innovative business models and evolving regulatory, industry experts weigh in on what changes are coming down the pipeline. In current scenario the world has stronger market dynamics than even before and a consolidation is taking place in various industries. For survival, corporations need to adapt and evolve as the world around them changes. Those who cannot adapt, will perish.

Ted Levitt in 1960 coined the term 'Marketing Myopia'. His advice was to focus on customers. And this can come only when Pharma India recognizes its real customer. Who is the customer? Is it the doctor or the patient?

Repurposing marketing process:

Marketing to healthcare providers is in three main forms: activity by pharmaceutical sales representatives, provision of drug samples and sponsoring continuing medical education. The traditional marketing process whereby the target audience was identified, transaction was stimulated and services were facilitated is altered. Now looking at the consumer needs, services are streamlined to gain their satisfaction. Digitization has changed the vision of world, today it is a period where every industry is striving hard to gain customer experience and satisfaction. Hence, it is natural that there will be additional inputs incorporated to realign the sales and marketing processes. Here is where repurposing marketing process starts.

Reality check:

In-clinic performance actually depends on the transaction and relationship between representative and physician. Dr. Smarta, MD-Interlink consultancy has well explained this concept in recent seminar held at SIES college of management studies at Nerul, Mumbai. According to him, the in-clinic performance depends on four variables; Physician disposition, belief of representative, brand management inputs and activation mechanism strategy used by representative. But nowadays, there are many cases whereby adulteration in this system is reported. The transaction between physician and representative actually should be dependent on brand management inputs and activation mechanism, but it is noticed that it depends more on give and take relationship. Instead of putting regulation in place and using digital applications to promote the knowledge it is easier for a representative to put down brand management inputs in front of physicians. Also, targeting the audience with key segmentation and key messages is influential.

Would customer disposition and experience kill traditional pharma marketing?

Digitization is changing the choice of consumer which is further leading to transformation of market; thus, paradigm shift is observed in marketing. Earlier, "do more" and ask sales team to turn up the volume was usual way to deal with low sales, but now knowledge and experience-based marketing represent need of customer "once-and-for-all" is applied.

As technology is developing and competition is increasing some companies have already shifted their approach and became customer driven. Companies are now willing to customize products as per request of customer.

Pre-requisites for knowledge based marketing are updates related to the product competition, customers, applied technology, new technology that can alter competitive environment, its own capabilities and way of handling business. Armed

with this knowledge base, marketing can be used in essential ways to integrate customer into design process and to ensure that product not only satisfies customer needs but also fit into customer strategies, directing company to think about niche areas to use company's knowledge of channel and markets to identify market segments.

Looking at experience-based marketing, focus would be on improving interactivity, connectivity and creativity. By this, they can spend time with their customers, get their feedback through feedback analysis system, monitor competitors and can turn valuable insights into new product intelligence.

Segmentation:

Shift in healthcare cannot be managed with old methods, thus new ways has to be considered. There are various types of segmentation - geographic segmentation, demographic segmentation, psychographic segmentation, behavioral segmentation and other types of consumer segmentation. For example, market segmentation includes splitting your market into various groups of consumers depending on similar variable and then targeting them with customized marketing inputs that would meet target specific needs. This will encourage the consumer interest and in return will increase profit. They can also provide specific insights that will leverage the marketing team to develop brand management inputs and future plans.

Today it is time to transform segment generic approach to segment centric. Segment generic approach mostly follows few and isolated channels that would limit the available options, thus a new segment centric approach which allows integrated channel planning is preferable. The one-dimensional communication which was used to bring opportunistic activities is now altered to customer dialogue and feedback loops. Positioning of product was not unique compared to other products and even the messages for promotional inputs were not specific depending on the target audience. To execute segment centric method, segmentation and positioning should go hand in hand. Mostly the decisions were taken by gut feeling whereas today decisions are merely fact based. In segment generic, strict visit frequency model was executed whereas today, flexible and contact focused model is applied whereby flexibility allows field staff to plan strategic field work depending on self-planning. When digitization is right around the corner, systems and processes for IT is also streamlined. Looking at segment centric approach a central Customer Relationship Management (CRM) is self-sufficient for all functions.

Focus of repurposing pharma marketing:

Marketing includes developing a product demand and satisfying the customer's needs. Thus, it is all about tailored products to customer needs, understanding the market landscape, collating the view of customer, creating a holistic engagement strategy, etc. Four key elements play major role in repurposing the marketing process; customer potential, information need, media preferences and communication requirements.

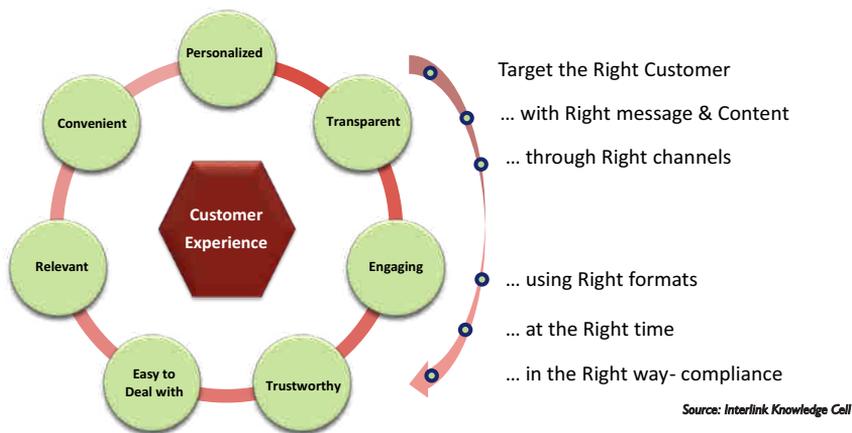


Fig.1: Key points of customer experience

Facilitation by means of e-pharmacies:

With digitization and changing business models, the e-pharmacies have made their way ahead. e-pharmacy previously were labelled as illegal, but now the draft rules define them as a business of distribution, selling, stocking, exhibiting or offering drugs for sale through a web portal or any other electronic mode. The customers prefer to order medicines over the internet, rather than personally visiting the chemist shop. Discount offers are quite useful to attract customers. Thus, the offline chemist shops are facing less customers. Well, the reason online pharmacies bid low prices as compared to offline pharmacies, is because of lower transaction and product costs, convenience and increased access for consumers, they are even accessible to remote areas. Thus, online pharmacy that provides medi-alerts like personalized medicine reminder service, home delivery with validation of prescription via licensed pharmacists are more preferable as compared to offline pharmacies. The cost and discounts that online pharmacies can offer is due to the fact that they procure medicines at low transactional costs and are obtained via centralized order processing system. These reduced prices are passed on to consumers in form of offers. Also, awareness is created on website, so that patient can seek knowledge about medicines, that they would often hesitate to discuss with physicians or pharmacists.

Essential shift:

If shift is missed out, chances of not getting Moment of Truth in creating marketing impact, on the minds of health care professionals will be lost. Looking at the competition and recent trends, altering business models as per the market need and customer centric approach would lead to good results. Your competitors soon will be from e-commerce background and their core strength is technology. So, the time has come when there is a need to change your approach and apply frame of digitalization for customer satisfaction and expectations.

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About author:

Ms. Titiksha Shinde, is a senior Research Associate in Interlink Consultancy and has worked on projects like Business Due Diligence and Go-to-Market launch (Pharma). She has assisted in writing more than 16 pharma articles published in reputed magazines like Express Pharma, Asian Hospital & Healthcare management Magazine, Pharmabiz. Also, she has individually published articles on “Briefing pharmaceutical industry and its dimensions” in In-house published magazine “Interlink Insight”. Being a post graduate in pharmaceutical analysis she has presented her major thesis in “Method Development and validation in Antimicrobial Herb”.





Know Transition of Your Consumer -Nutrisports Dynamics



Sports Nutrition is concerned with the quality and quantity of food as well as fluid taken by an athlete. These diets and formulations include minerals, supplements and organic substances such as carbohydrates, proteins and fats. The growing interest in the society in general in fitness and particularly among youth and children in sports and fitness is creating a new eco-system in Nutraceutical business sector. - By Dr. R. B. Smarta, Ms. Shruti Patil and Interlink Knowledge Cell



Two decades ago, the sports nutrition products which were available to health enthusiasts were only protein powders and amino acid tablets. In the span of 20 years the sports nutrition consumer has really evolved.

In today's scenario it is possible to get any type of sports nutrition product with any type of functionality at local health food stores or in mainstream outlets like grocery stores or is available online. This product offering has broadened the range of consumer whether they are of age 18 or 50.

The demographic of sports nutrition in the mid to late 1980s was very narrow and ranging from age group of 18 to 25 years and localized mainly in metros. This crowd consisted mostly of hardcore bodybuilders, along with pro and amateur athletes. Previously this niche group was influenced by simple marketing claim like "protein adds muscle", but as the time went new sports nutrition companies has emerged along with more attractive products, greater science and better marketing claims.

Market scenario:

The global sports nutrition market is accounted for USD 28.37 billion in 2016 and is forecasted to reach USD 45.27 billion by 2022 and is expected to grow with the CAGR of 8.1% between the forecasted period of 2017 and 2022.

Regionally the North America market has the largest share amongst others in the year 2014. Since 2014, USA continued to be the leading player which contributes USD 14,037 million.

Evolving India:

India is also emerging as a niche for the sports nutrition as there is a growing fitness and sporting trend, which resulted in sports nutrition products being popular. As GenY wants to look good hence they are taking up sporting activities.

The gym culture is growing across the country in both metros and small cities thus it serves the promotion of sports nutrition. The fitness trainers and coaches are influencing sales of such products along with the celebrity endorsement.

Previously, these products were influenced by steroids and look-a-like products. However, as consumers have started opting for the quality products the companies started to maintain the safety, quality and efficacy of the products.

Now a day several Indian pharmaceutical companies are entering this market segment. As they have realized that nutraceuticals and sports nutrition products can act as supplementary for their products.

Value proposition in sports nutrition:

Value proposition in sports nutrition is of three types:

1. Performance Driven
2. Recovery Driven
3. Energy Driven

1. Performance driven value propositions: As it has been noticed that the consumer is evolving so to meet the needs of this evolving consumer companies are offering scientifically validated ingredients for better value proposition and to see better results.

It is known that to increase the performance of an athlete collagen plays an important role. This main component of structural protein is made available in highly specialized collagen peptides which have been shown to decrease fat mass, increase lean body mass, and to provide more muscle strength in combination with resistance training.

Similarly, OmniActive has launched ingredient Lutemax 2020 which provides support for eye and brain function, which are both critical to performance on and off field. Additionally, OmniActive's CurcuWIN curcumin with enhanced absorption delivers the sports nutrition benefits of turmeric. Furthermore, science around ginger has demonstrated its antioxidant and anti-inflammatory activity, which are both crucial in sports performance and recovery.

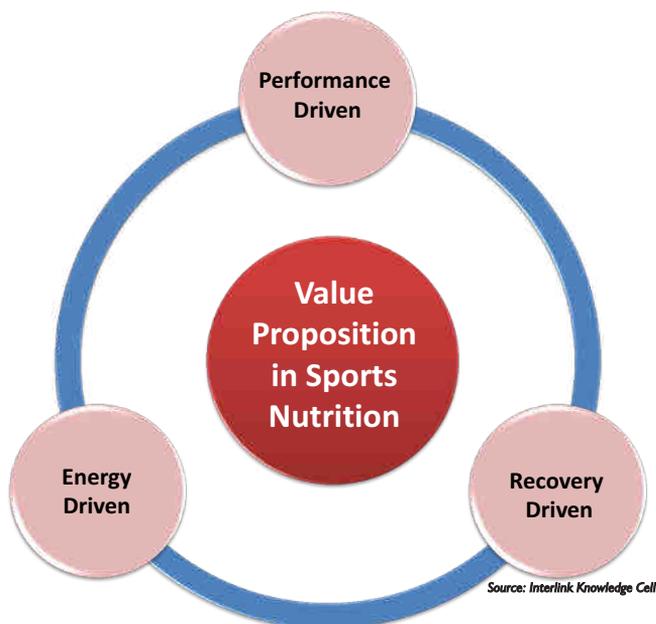


Fig. 1: Value Proposition in Sports Nutrition

2. Recovery driven value propositions: Playing hard on the field or working hard at the gym can take its toll physically, which is why supplements supporting recovery are gaining more attention.

It has been clinically proven that probiotics help to reduce inflammation after exercise. Ingestion of the anti-inflammatory probiotics supports recovery of muscles followed by muscle damaging exercise. The probiotics also reduce the baseline inflammation and improve the inflammatory response to exercise.

The product like AstaReal astaxanthin has been also found to support exercise endurance and muscle recovery. Similarly, bioavailable formulation featuring all three major curcuminoids combined with dietary lecithin has shown increasing the recovery rate of an athlete.

3. Energy driven value proposition: Sustaining the energy needed to perform on the field or at the gym is another concern driving interest in sports nutrition. Consequently, many active individuals are turning to nutritional supplements to help

boost their energy and give them a competitive edge.

Bioenergy Ribose is one key ingredient used to fight fatigue. It is a perfect ingredient for both athletes and fitness enthusiasts because it is a 5-carbon carbohydrate that is the backbone of our ATP structure and the essential component of our cellular energy production.

HP Ingredients offers the nitric oxide booster NoMax, an ingredient rich in flavanone-O-glycosides. NoMax has two compelling mechanisms of action that helps the body to produce its own energy in a more sustainable manner. OmniActive offers Capsimax capsicum extract, which supports energy production. There has been growing interest in the potential role of skeletal muscle AMPK (5' AMP-activated protein kinase) in exercise-stimulated glucose uptake as a possible target for glucose balance.

Evolution in delivery formats:

As the consumer is evolving the demand for easy delivery formats is also evolving. This leads to emergence of different delivery formats like beverages, encapsulations, etc.

Although energy drinks have dominated the market the interest has also increased in more viscous formulations like squeeze gels or highly concentrated shots. Some delivery systems are more focused on to increase the bioavailability of active ingredients. For example, microencapsulation technology (Microbac) that coats every probiotic cell in a lipid matrix, providing an improved gastro-resistance.

New consumer segments:

Once dominated by the professional athletes and bodybuilders, sports nutrition now has entered into the life of common man including millennials, exercise enthusiasts, active seniors, and weekend warriors.

If we look at the consumer then we understand that a diverse range of consumers are now potential customers. With increasing use of social media, evolving consumer and their changing demands if companies want to succeed then they should focus on understanding evolving consumer, value proposition with clean labelling and product innovation.

In addition to the Core Users (bodybuilders and athletes) and Casual Users (recreational athletes) two new types of consumers are evolving in established sports nutrition marketplace. These two types are lifestyle Users and m-Consumer Users.

Lifestyle Users are mainly GenX who invest heavily in health as they want a high-performance and they feel fitness is the fundamental aspect of life.

Second type is of m-Consumers. These people are “tech savvy” people who are engaged digitally and who decide and track their fitness goal with the help of apps, websites, etc. They are keen about customized tailor-made products.

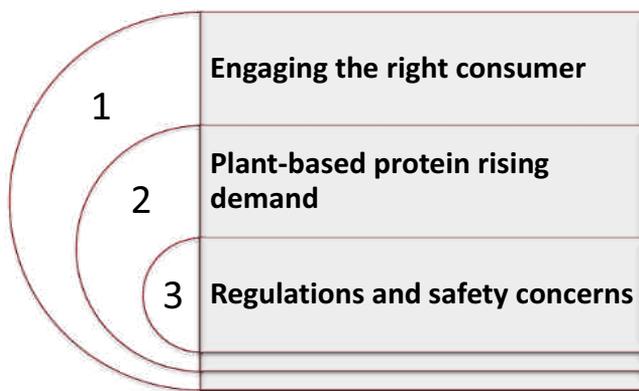
Three Challenges

I. Engaging the right consumer: Although sports nutrition companies have to

expand the product lines and to broaden the base of clients, companies also need to engage the right consumer.

This right engagement is critical in maintaining the brand loyalty by the consumers. So, the challenge is to partner with the right profile, which could influence the consumer segment.

2. Plant-based protein rising demand: When about 80% of sports nutrition comes from protein-based products, sports nutrition products will continue to lead the industry. But within this category, plant-based protein is an emerging demand for health, sustainability and animal rights reason. So, at marketplace it has become challenging for old player to satisfy this demand of consumer but for new players this will provide a first-mover advantage because the marketplace does not yet have many protein plant-based manufacturers.



Source: Interlink Knowledge Cell

Fig. 2: Challenges- Sports Nutrition

3. Regulations and safety concerns: Although, there are a greater number of regional companies in Indian market as compared to multinationals India remains behind in competition due to lack of quality of products due to non-compliance with FSSA standards and non-GMP manufacturing.

As a result, the unregulated sales of sports nutrition products have led to the situation where in professionals like gym trainers, coach without much knowledge and experience as well as increasing m-Consumers are prescribing sports nutrition products. The sales of such products are picking up by mouth to mouth publicity without much knowledge of ill effects.

Essential steps to reach new customer:

Creating or designing new products innovatively has been always happening in fitness and sports nutrition arena and how to really convert this science into business has been always challenging as consumer group is evolving.

In order to develop three prongs or even one value proposition and develop a right delivery platform usually gives lead to a segment of consumers.

At the end it has to be facilitated and the right consumer should receive this value propositions for his either performance or recovery or endurance needs.

Every organization are looking at making a good business in sports nutrition or in the

area of fitness needs to evaluate propositions, consumer segment, availability for economic gain.

References:

- Zion Market Research
- www.nutraceuticalworld.com

About Author:

Dr. R. B. Smarta- Founder and Managing Director of Interlink Marketing Consultancy Pvt. Ltd. Being a thought leader in Pharmaceutical, Nutraceutical and wellness industry, he has been contributing globally through Interlink Consultancy and building business performance of his clients since 33 years. Having a Master's degree (M.Sc.) in Organic Chemistry in Drugs, MMS in Marketing, PhD in Management, and FRSA (Fellow of Royal Society of Arts) London, he is-perusing his passion of converting science to Business.

Besides being a consultant, he has been teaching at IIM, prestigious management institutes, Pharmacy College, Pharmacists Associations, guiding PhD students and written as many as 7 Books on Management, Pharma, Nutra, Foods domain, and many articles in prestigious journals/magazines.

Ms. Shruti Patil, is a senior Research Associate in Interlink Consultancy and has worked on projects and more than a dozen Nutraceutical articles published in reputed magazines and also on digital media.

Having an insight of different Nutraceutical ingredients, their usage in different dietary as well as nutritional sufficiency and hands on experience on Nutraceutical and business projects, she would further like to pursue her career in Nutraceuticals based on biologics, nutraceuticals and development of this industry as business.

Interlink Knowledge Cell, comprises of a team of experienced subject matter experts in various domains like Pharma, Nutra, Biotech, Animal Health and Wellness, to provide insights and business perspectives focused on Business Performance Management, Marketing, Sales and Training areas.



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