

Project Dissertation

TO STUDY MARKETING STRATEGIES OF RANBAXY LABORATORIES LIMITED

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2K13/MBA/73

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CERTIFICATE FROM THE INSTITUTE

This is to certify that the Project Report titled “**To Study Marketing Strategies Of Ranbaxy Laboratories Limited**”, is a bonafide work carried out by Mr. Sumit Kumar of MBA 2013-15 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfillment of the requirement for the award of the Degree of Masters of Business Administration.

Signature of Guide

Signature of Head

Seal of Head

Place:

Date:

DECLARATION

I Sumit Kumar, student of MBA 2013-15 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that Final Semester Dissertation Report on **“To Study Marketing Strategies Of Ranbaxy Laboratories Limited”** submitted in partial fulfillment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This Report is not being submitted to any other University for award of any other Degree, Diploma and Fellowship.

Sumit Kumar

Place: Delhi

Date:

ACKNOWLEDGEMENT

It is well-established fact that behind every achievement lays an unfathomable sea of gratitude to those who have extended their support and without whom the dissertation would never have come into existence.

I express my gratitude to **Delhi School of Management, Delhi Technological University** for providing me an opportunity to work on this dissertation as a part of the curriculum.

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Also I wish to thank all the respondents who gave me some of their valuable time to fill up the questionnaires, without which the project study wouldn't have been a success.

EXECUTIVE SUMMARY

The project is based on the marketing strategies adopted Ranbaxy Laboratories Limited and studying the impact of their advertisement on customers. The main objective of this research includes examining the sales & marketing strategies adopted by Ranbaxy Laboratories Limited to outcast its competition. Also, this study explores the factors that attract customers towards Ranbaxy Products. This research is based on both primary and secondary data. Primary data was collected through questionnaire survey. Ranbaxy Laboratories Limited, headquartered in India, is an integrated, research based, international pharmaceutical company, producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across geographies. It is ranked amongst the top ten generic companies worldwide. The company is India's largest drug manufacturer, as well as a top global generics producer.

The brand has trying to change the scenario of advertisement and promotion in Indian Healthcare Industry and aggressively active in-context of brand awareness and consumers experience. Through last decade an effervescent transformation has been occurred in the consumer perceptions about the way advertising and marketing have been used to existing and innovative products. All these advancements are made possible just because of latest technology that has quickly improved the increase of using digital media for communication, particularly the internet. In the present scenario, large amount of companies are dreadfully looking towards internet marketing to achieve, capture and sustain consumers for developing a strong association and advance the level of brand reliability with their existing and prospective customers. Internet is the primary component of digital media. It helps in creating the connection between the computers which helps in the information processes. Customers can get all the information and has increased the level of competition because customers have easy access to the information which allows them to compare the products and chose the best among them.

TABLE OF CONTENT

1. Introduction	1-17
1.1 Introduction of the Project.....	1
1.2 Objectives of the study	17
2. Literature Review	18-20
3. Methodology.....	21
4. Data Analysis.....	22-43
4.1 Data analysis.....	22-39
4.2 Findings and Recommendations	40-42
4.3 Limitations of the study.....	43
5. Bibliography.....	44
6. Annexure	45-47

List of figures

Figure 1: Mission & Values	03
Figure 2: Manufacturing and Ground Location	05
Figure 3: Ansoff's Product-Market Expansion Grid	14
Figure 4: Age of respondent in years	22
Figure 5: Gender of respondent	23
Figure 6: Occupation of the respondents	24
Figure 7: Income of the respondents	25
Figure 8 : Branded and non- branded Health care product	26
Figure 9: Frequency of the purchase of the Pharmaceutical product	27
Figure 10: The different parameters in purchasing of the Health care solution.....	28
Figure 11: Brand Loyalty	29
Figure 12: Age of the consumers (Pharmaceutical Respondents).....	30
Figure 13: Occupation of the respondents (Pharmaceutical Respondents).....	31
Figure 14: Number of Family members	32
Figure 15: Income per month of the respondents	33
Figure 16: Pharmaceutical Users	34
Figure 17: Awareness about the Ranbaxy Products	35
Figure 18: Best medium of the advertisement for Ranbaxy.....	36
Figure 19: Rating of Ranbaxy products	37
Figure 20: Pharmaceutical Advertisement	38
Figure 21: Attributes of Ranbaxy Products	39

CHAPTER 1: INTRODUCTION

1.1 Introduction to the topic

Ranbaxy Laboratories Limited, headquartered in India, is an integrated, research based, international pharmaceutical company, producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across geographies. It is ranked amongst the top ten generic companies worldwide. The Company has world class manufacturing facilities in 9 countries on ground presence in 49 countries and its products available in over 125 countries across the globe.

Ranbaxy was incorporated in 1961 and went public in 1973. For the twelve months ended December 31, 2009, the Company's Global Sales were at US \$1340 Mn. Overseas markets accounted for around 80% of global sales. The Company's largest market, USA with the sales of US \$ 380 Mn, while Europe and BRICS (Brazil, Russia, India, China, South Africa) countries contributed US \$194 Mn and US \$ 477 Mn to global sales.

Ranbaxy Laboratories is quite the rainmaker in India's pharmaceutical business. The company is India's largest drug manufacturer, as well as a top global generics producer. Anti-infective amoxicillin and ciprofloxacin, and cardio drug simvastatin are among Ranbaxy's top sellers; all come in several administration forms. The company also addresses gastrointestinal, musculoskeletal, and central nervous system disorders, as well as diabetes, pain, allergies, and HIV/AIDS. Its R&D focus includes new forms of existing drugs and metabolic disease treatments. The company also has a groundbreaking anti-malarial candidate in late-phase trials. Japanese drug maker Daiichi Sankyo owns a controlling stake in Ranbaxy.

Ranbaxy Laboratories Limited is an integrated, research based, international pharmaceutical company, producing a wide range of quality, affordable generic medicines. Ranbaxy is ranked amongst the top ten global generic companies and has a presence in 23 of the top 25 Pharma markets of the world. The company is headquartered in India. It has presence in 49 countries, with manufacturing facilities in 11 and a diverse product portfolio.

Ranbaxy was incorporated in 1961. Bhai Mohan Singh was the founder of the company. He bought the company from his cousins Ranjit Singh and Gurbax Singh. Ranbaxy's name is a fusion of Ranjit and Gurbax's names. Ranbaxy went public in 1973. Ranbaxy's first joint venture was set up in Lagos

(Nigeria) in 1977. In 1985, Ranbaxy Research Foundation was established and Stancare, Ranbaxy's second pharmaceutical market division started functioning. In 1987, production started at Ranbaxy's Toansa Plant (Punjab) and with this Ranbaxy became India's largest manufacturer of antibiotics/antibacterials. In 1988, Ranbaxy's Toansa Plant got US FDA approval. In 1990, Ranbaxy was granted its first US patent, for Doxycycline. In 1993, Ranbaxy set up a joint venture in China. In 1994, Ranbaxy established regional headquarters in UK and USA. In the same year its GDR was listed in Luxembourg Stock Exchange. In 1995, Ranbaxy acquired Ohm Laboratories, a manufacturing facility in the US and inaugurated state-of-the art new manufacturing wing at Ranbaxy's US subsidiary Ohm Laboratories Inc. In 1997, Ranbaxy crossed a sales turnover of Rs. 10,000 million.

In 1998, Ranbaxy entered USA, world's largest pharmaceutical market, with products under its own name. In the same year, Ranbaxy filed its first Investigational New Drug (IND) application with the Drugs Controller General OF India for approvals to conduct Phase 1 Clinical trials. In 1999, Ranbaxy commenced trials for its NCE. In 2000, Ranbaxy acquired Bayer's Generic business in Germany, and entered into Brazil, the largest pharmaceutical market in South America. In 2001, Ranbaxy set up a manufacturing facility in Vietnam. In 2003, Ranbaxy launched Cefuroxime Axetil after approval from USFDA. It was the first approval granted to any generic company for this product. In 2003, Ranbaxy and Glaxo SmithKline Plc entered into an alliance for drug discovery and development. In 2004, Ranbaxy acquired a wholly-owned subsidiary RPG (Aventis) SA and began operations in France as a Top 10 generic company. In 2005, Ranbaxy launched operations in Canada and acquired generic product portfolio from

EFARMES of Spain. In 2006, Ranbaxy acquired Be Tabs pharmaceuticals of South Africa, unbranded generic business of GSK in Italy & Spain, and Terapia of Romania.

Major Achievements of Ranbaxy

- India's largest pharmaceutical company.
- Received The Economic Times Award for Corporate Excellence for 'The Company of the Year 2002-2003'.
- Ranbaxy is among the elite club of Million Dollar Companies.
- Ranbaxy received India's first approval from USFDA for an Anti Retroviral (ARV) drug under the U.S. President's Emergency Plan for AIDS Relief.

Mission & Values



Figure1: Mission & Values

Community Participation

It was recognized that over 70 percent of the deliveries in RCHS service areas were conducted at home by either untrained or improperly trained 'dais'. On one hand, lack of skills was causing many neo-natal deaths while on the other these 'dais' acted as counselors to pregnant women and enjoyed easy accessibility and acceptability. Thus, as a strategy, two-phase intervention was planned where the RCHS Medical officers were trained to train the 'dais' in the first phase and training of 'dais' from the community was done in the second phase.

RCHS has established community based local groups like health committees, women groups and other interactive groups like "dais", "anganwari" workers, volunteers, adolescents and breast-feeding support groups to promote community involvement and self-sustainability.

Scientific approach

RCHS firmly believes in a focused and integrated approach to the basic issues of health care that are elementary and directly responsible for the state of community health in RCHS service areas. With a view to plan future strategies for need based interventions, RCHS regularly monitors and records all vital events such as live births, infant deaths, maternal deaths and abortions etc. For example, the main causes of infant and maternal mortality as identified in RCHS areas are Low Birth Weight, Diarrhea, Pneumonia, Birth Asphyxia, Hypothermia, and Anemia in pregnancy including obstetrical causes like Sepsis or Haemorrhage. Special attention is given to promote ORS in Diarrhea and early diagnosis and appropriate treatment of Pneumonia. Focused work with precise risk groups like pregnant women, lactating mothers, newly married eligible couples and adolescent girls to prevent low birth weight and anemia in pregnancy, including referral services for dealing with obstetrical emergencies are some of the steps taken in order to bring down the infant and maternal mortality rates in RCHS areas.

Road ahead

In the future there are plans to develop more need-based programs with emphasis on educating and empowering communities through knowledge, access to information and provision of quality services. The aim remains to improve their quality of life and achieve sustainable human development.

Manufacturing and Ground operation location-



Figure 2: Manufacturing and Ground Location

Worldwide Operations

Global Pharma Companies are experiencing an ever changing landscape ripe with challenges and opportunities. In this challenging environment Ranbaxy is enhancing its reach leveraging its competitive advantages to become a top global player.

Driven by innovation and speed to market we focus on delivering world-class generics at an affordable price. Our unwavering determination to achieve excellence leads us to new global benchmarks. Our people have consistently risen above all challenges maximized opportunities and positioned Ranbaxy as a leader in the global generics space.

Ranbaxy's global footprint extends to 46 countries embracing different locales and cultures to form a family of 50 nationalities with an intellectual pool of some of the best minds in the world.

Ranbaxy has an expanding international portfolio of affiliates, joint ventures and representative offices across the globe with a presence in 23 of the Top 25 pharma markets of the world. Ranbaxy has robust operations in USA, UK, France, Germany, Russia, India, Romania and South Africa, and is strengthening its business in Japan, Italy, Spain and several other markets in the Asia Pacific. While the Company is aggressively pursuing its internationalization strategy it has also gained market leadership in India, leveraging its strong brand building skills. A balanced geographical presence coupled with a strong product flow from a wide therapeutic range serve as the business building blocks of the Company.

Growth through acquisition is one of Ranbaxy's stated strategies. The Company has successfully concluded 15 acquisitions since 2004, including 8 in 2006 (4 in Europe, 1 in the US, 2 in India and 1 in South Africa). Ranbaxy will continue to look at target acquisitions in US, Europe, India and emerging markets based on value and synergies that can be unlocked from such transactions.

Ranbaxy tied up with Pharma Ltd (Natco) as business partners for its Yemen operations. Pharma Ltd is one of the pioneers in the Healthcare sector in Yemen. Ranbaxy has robust plans for the Yemen pharmaceutical market and will focus on therapy areas such as Anti-infectives, Gastro-intestinal, Cholesterol lowering and Anti-Allergic therapeutic categories.

Ranbaxy is the first Indian Company to have established such a major presence in the Middle East with a strong presence in 11 countries. The Company has a strong product pipeline with 160 approvals till date in the Region.

UAE is the single largest market for the region where Ranbaxy enjoys the distinction of being the largest generic company with 20 products. Two of them feature among the top 50 pharmaceutical products in UAE. Ranbaxy is ranked 12th and also the fastest growing amongst the Top 15 pharmaceutical companies in UAE including the originators.

In Oman, Ranbaxy is the No. 1 company in the private sector for the past three years.

Ranbaxy additionally enjoys the unique distinction of being the First Indian Company to be registered in Saudi Arabia and to receive the Centralized GCC registration. Other Middle East countries where Ranbaxy has a presence are Kuwait, Bahrain, Qatar, Lebanon, Iran, Iraq, Jordan, Syria and Afghanistan.

Research & Development (R&D)

Ranbaxy's continued focus on R&D has resulted in several approvals in developed markets and significant progress in New Drug Discovery Research. The Company's foray into Novel Drug Delivery Systems has led to proprietary "platform technologies," resulting in a number of products under development.

Ranbaxy views its R&D capabilities as a vital component of its business strategy that will provide the company with a sustainable, long-term competitive advantage. The company today has a pool of ~1,100 scientists who are engaged in path-breaking research.

With the commissioning of its new R&D centre in August 2005, Ranbaxy now has in place, a total of three modern state-of-the-art multi-disciplinary research facilities, in the same campus at Gurgaon (near New Delhi), India. While two centers focus on the development of generics and Novel Drug Delivery Systems (NDDS) research; the third center, is dedicated to New Drug Discovery Research (NDDR).

Amongst the pharmaceutical companies in India, Ranbaxy has the largest R&D budget with an R&D spend of over 7% of sales. The Company plans to progressively increase its investment in R&D in the coming years. The robust R&D environment within the company for both drug discovery & development and for generics is designed to bring into sharper focus, the unique needs of both equally.

The company's NDDS focus is mainly on the development of NDA/ ANDAs of oral controlled- release products for the regulated markets. The Company's first significant international success using the NDDS technology platform came in September 1999 when Ranbaxy licensed its once-a-day Ciprofloxacin formulation, on a worldwide basis to Bayer AG.

The Company is focusing on expanding its platform technologies and developing newer prescription products based on them. Ranbaxy's in-house NDDS programs are primarily focused on the oral segment. Inhalation (patented devices) and trans-dermal patch (patented adhesive polymers) programs are also being pursued through collaborations.

The focus areas for drug discovery at Ranbaxy are anti-infectives, urology, respiratory/ inflammatory and metabolic diseases. Presently, the Company has 10 programs in the area of NDDR including one NCE in Phase-II clinical trials. The Company has received approval to commence Phase I studies in India on its NCE molecule for Dyslipidemia. In addition, the Company also has a number of other pre-

clinical leads in the anti-infective, inflammatory, metabolic diseases and urology segments.

Collaborative Research

Networking in R&D is key for accelerated progress. Have developed major strengths in the areas of Chemical Research, Bio-equivalent generics and Novel Drug Delivery System (NDDS). Taken initiatives to create infrastructure and capabilities in the area of New Drug Discovery Research. Have state-of-art research and development Facilities at their R&D Center.

NCE Pipeline

- 4-6* molecules in preclinical stage
(* 2molecules in collaboration with GSK)

- 1 Molecule in Phase III Clinicals :
 - Anti-Malaria

Major Alliances/ Collaborations

- Drug Discovery & Clinical Development – GlaxoSmithKline

- Drug Discovery & Clinical Development – Merck

- Cipro OD Technology Out Licensed - Bayer

- Statin molecule out licensed to PPD, USA

Focus

New Drug Discovery Research (NDDR)

- Metabolic Diseases

- Respiratory/ Inflammatory

- Anti-Infectives
- Oncology

Ranbaxy also has a global alliance in the area of drug discovery and development with GlaxoSmithKline Plc. Presently two research programs have been initiated which are progressing well. From March 2015 the total management is under Sun Pharma.

Marketing Strategies of Ranbaxy

SWOT Analysis

Strengths

- Excellent Reverse engineering skills
- Low cost of manufacturing and R&D.
- Availability of huge scientific pool.
- Strong research base and high rate of product introduction.
- Well diversified product portfolio.
- Strong distribution network.
- Presence in global market

Weakness

- In-house legal and financial skill base not in line with rapid international expansion. This has been evident in the recent litigations that Ranbaxy has been involved in over its block buster product Simvastatin. Ranbaxy had challenged the global giant Pfizer for six month exclusivity in US and other advanced markets.
- Rigid Top down managerial style and other HR issues.
- Not an established Ethical drug segment player as yet.

Opportunity:

- Large potential generic market owing to drugs going off patent (US \$ 80 billion worth blockbusters are getting off patent by 2010)
- Research potential in new age health concerns e.g. STD & Urology.
- Few strong market still untapped e.g. Japan
- Pharmaceuticals and bulk drugs identified as thrust areas for exports by government.
- Only 30percent of the population have access to modern facilities.
- The rising income level of the population in India concomitant with increased health awareness will result in an increase in the amount spent on health care.

Threat:

- Biotech industry is \$ 40 billion industry, going to be \$100 billion by 2010. (Biotech medicines are going to surpass the conventional ones) – Little thrust on this area
- Continuing uncertainty in the ethical segment
- Global Competition
- The pharmaceutical products are subject to high degree of technical obsolescence.
- Introduction of product patent in India in post GATT era.
- Exports of bulk drugs are vulnerable to the various changes in the international market.
- China with its large manpower and higher economies of scale poses a threat.

Formulations

A formulation is a medicine processed out of one or more bulk drugs. It also contains other ingredients like binders for improving cohesiveness and fillers to provide acceptable size. They are in the form of tablets, capsules and injectable. The major players in the formulation segment are MNCs. The production of formulations has witnessed tremendous growth from a level of Rs. 1,945 crores in 1985-86 to Rs. 12,068 crores in 1997-98.

Intravenous Fluids

They are critical life-saving pharmaceutical preparations, where the quality of the product is of great significance. These pharmaceutical preparations aid in quicker replenishment of body fluids resulting in faster recovery of the patients suffering from various ailments. Till the 90's mainly small units manufactured these fluids and so this segment of the industry was forced to adjust with poor quality standards resulting from archaic technologies and inadequate facilities of the small manufacturers. But for the past one decade, this segment has received a tremendous boost because of the increase in the demand for health care facilities.

Market Segmentation of the Pharmaceutical Market

The Demographic Dimension

The demographic dimension includes customer shared sociological-economic traits such as age, sex, educational level and family size.

The Generic Dimension

This generic present in a number of formulations. One example is that all formulations containing "rifampicin" will add up to the total "rifampicin" market and not necessarily to the anti- T.B. market.

The Therapeutic Group Dimension

These therapeutic products aimed at relieving and curing the same symptoms or diseases. For example, all products aimed at relieving, treating and curing "asthma" come under one "anti-asthmatic" therapeutic group.

The Competitive Dimensions

The extent of competition (the no. of competitors) and the portion the other players are enjoying in the geographical areas align with their growth rate, all this parameter will help in determining the attractiveness or unattractiveness of the market.

The Fifth Dimension

Timing is also playing major role and we know that the company which come up with right product at right time will give the company a competitive edge over other player. . The company whose products are effective but match the timing factor will have to suffer the loss. Timing is also important for planning product deletion and harvesting strategies. Be aware of the stage and rate of product obsolescence in the market.

Three Major Segments

Following are the three major segments in the Pharmaceutical market:

1. The “consumer market” or the “prescription market” which comprises of customers and households that visit doctor who are practicing for the treatment of their problems (diseases/Symptoms).
2. The other is the “institutional market” consists of the Multi-specialty hospitals in the public and private sectors that purchase products for distribution among their employees and the government hospitals including medical college and hospitals that provide free treatment to the needy one.
3. Last is the industrial market, which hold huge drugs which are used in formulations.

In order to segment a pharmaceutical market effectively, one should understand the process of transactions and the inter-relationships of the marketing channel clearly.

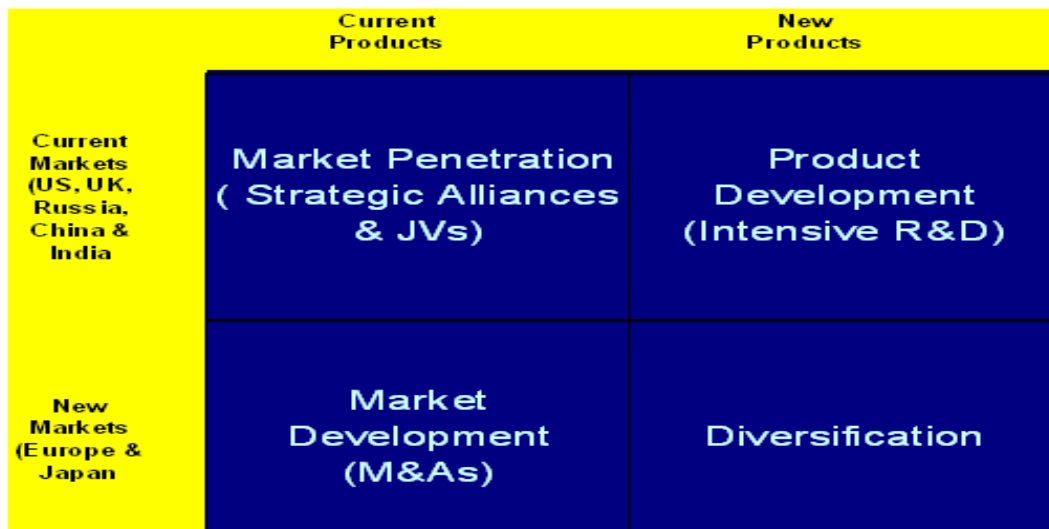


Figure 3 Ansoff's Product-Market Expansion Grid

Ranbaxy's Recent Decisions

Market Penetration through Alliance and Joint Ventures

- Zenotech
- Glaxo Smith Kline
- Medicines for Malaria Venture
- Bayer
- Ranbaxy-Nippon Chemiphar JV

Ranbaxy Laboratories (Ranbaxy) and Orchid Chemicals & Pharmaceuticals (Orchid) have announced their agreement which will share different geographical locations and therapies for both finished dosage formulations and active pharmaceutical ingredients (APIs). This agreement will enhance the relationship between these two companies.

The drop in equity holding was caused by the sale of 56 lakhs shares by a couple of lenders with whom the promoters had pledged seven million free shares. Promoters had borrowed Rs. 80 crores from India Bulls Financial Services and Religare Enterprises to help them raise their stake percent in the company from 17 percent to 24 percent. They had bought fifty lakh shares from the market during March-April 2007.

Product Development through Intensive Research

- 8-10 molecules in pipeline
- Launched 2 NDDS Urology products in India recently
- Osonide inhaler for treatment of Asthma launched

Making the market development through M&A

- Terapia
- Ethimed
- Be Tabs
- Mudogen
- Senetek's Autoinjector

Diversification

- Entry into biosimilars with Zenotech
- Ranbaxy promoter group company Religare, joined hands with Dutch insurance group Aegon to step into the domestic life insurance market

Ranbaxy Vision & Aspirations

The Company's vision is to achieve significant business in proprietary prescription products by 2014 with a strong presence in developed markets. It also aspires to be amongst the Top 5 generic players with US \$9 Billion in sales, by 2014.

The Company will have eyes on increasing its momentum in the generics business in its key markets of US, Europe, BRICS and Japan through organic and inorganic routes. Ranbaxy's

endeavor is to be a leader in the generics space and also to build a strong proprietary prescriptions business based on the Company's NDDS and NCE (New Chemical Entity) research outcomes.

Proposed Strategies

- Inorganic growth through Merger & Acquisition.
- Joint venture with International companies to gain access to global markets.
- Make use of cost advantage to develop new therapeutic molecule by reducing cost from US \$ 300 Mn to US \$ 100 Mn
- Building legal and financial skill base.
- Alliances with reputed Institutes for research
- Increase expenditure on R & D
- Earn from generic & invest in ethical
- Establishing manufacturing unit for bulk pharmaceuticals in China to take advantage of low cost of production.
- Balanced geographical mix to reduce risk.
- Carrying out contract research.
- Improved Communication in the organization and decentralization

Corporate Social Responsibility

As a global leader in pharmaceuticals Ranbaxy take pride not only in providing products that enable people to live healthier and fuller lives, but also in giving back to the society. At Ranbaxy, Corporate Social Responsibility and concern for Environment, Health and Safety are a part of the corporate DNA.

CSR commitment is a manifestation of Ranbaxy determination to improve the quality of life for the community at large. Over the years Ranbaxy has ensured that its environmental

footprints are minimal. Its concern for environmental safety is superseded only by their commitment to enhance employee and community safety.

Being an innovation led pharmaceutical company; They encourage scientific endeavors through Ranbaxy Science Foundation that offers annual Research Awards aimed at recognizing and rewarding excellence in original research work.

1.2 Objective of the Study

- To examine the sales & marketing strategies adopted by Ranbaxy Laboratories Limited to outcast its competition.
- To evaluate the customer feedback obtained from various primary and secondary sources in explaining the marketing strategies adopted by Ranbaxy Laboratories Limited.

CHAPTER 2: LITERATURE REVIEW

Mastakar, 2008, B. Bowonder, Nrupesh Mastakar Strategic business leadership through innovation and globalization (2008), A case study of Ranbaxy Limited. Ranbaxy Laboratories Ltd. (RLL) is the largest pharmaceutical company incorporated in India. It is also amongst the top league globally and is ranked 9th largest generic company worldwide. Ranbaxy is also credited with the tag of true Indian multinational. The company traces its roots to a chemist shop in Delhi. It is one of the first Indian pharmaceutical companies to start a joint venture abroad. Rapid growth of Ranbaxy is attributed mainly to its focused research and joint ventures in India and abroad. It is also innovation and market driven, with a strong distribution network.

Yadong Luo¹ and Rosalie L Tung (2007) International expansion of emerging market enterprises: A springboard perspective. In this article, we present a springboard perspective to describe the internationalization of emerging market multinational corporations (EM MNEs). EM MNEs use international expansion as a springboard to acquire strategic resources and reduce their institutional and market constraints at home. In so doing, they overcome their latecomer disadvantage in the global stage via a series of aggressive, risk-taking measures by aggressively acquiring or buying critical assets from mature MNEs to compensate for their competitive weaknesses.

Kalpna Chaturvedi, Joanna Chataway & David Wield (2007) Policy, Markets and Knowledge (Kalpna chaturvedi, 2007): Strategic Synergies in Indian Pharmaceutical Firms. This paper addresses the question of how Indian pharmaceutical firms have transformed themselves from reverse-engineering firms focused on the domestic market to research-driven firms with global presence. It analyses the crucial and changing role of national, then international, innovation and regulatory policies and their impact on growth, performance and technology evolution of Indian pharmaceutical firms. The paper argues that although public policy increased market turbulence, it also provided new opportunities for firms to expand and build new technology, knowledge and market capabilities. From the 1950s Indian firms have pursued a variety of research, marketing and internationalization strategies to tackle changes prompted by policy, markets and knowledge complexities.

L.R. Foulds, M. West, Kalpna Chaturvedi, Joanna Chataway, (2006) Strategic integration of knowledge in Indian pharmaceutical firms: creating competencies for innovation, In this Article,

Trade liberalisation and changes in the Intellectual Property Rights (IPR) have fashioned new dynamics in the pharmaceutical industry across the globe. Firms are forced to bring changes to their research, innovation, technology and marketing practices by a reconfiguration of their competencies and resources. The most common strategic concern that Trade Related Aspects of Intellectual Property Rights (TRIPs) has raised for Indian firms is the perceived need for R&D and technological strength. For firms that have given little attention to research and innovation in the past, this transition is very difficult. Indian firms have responded to these changes in novel and complex ways.

Jaya Prakash Pradhan Overcoming Innovation Limits Through Outward FDI (Pradhan, 2008): The Overseas Acquisition Strategy of Indian Pharmaceutical Firms. (2008). A host of strategic government policies including a process patent regime led to the rise of Indian pharmaceutical firms with significant process development capabilities. With policies getting liberalized overtime and a product patent regime in place, now firms' survival crucially depends on their abilities to develop new products and brand creating exercise. Indian pharmaceutical firms with their inadequate product development capabilities are clearly at serious risk. In this context, an increasing number of Indian pharmaceutical firms are observed to be using acquisition as a strategy to overcome their limited innovation strength by accessing new products and their technologies, skills and new markets. Overseas acquisitions represent both challenges and opportunities for Indian pharmaceutical firms aspiring to emerge as global entities based on advance technologies.

Sunny Li Sun (2006) Internationalization Strategy of MNEs from Emerging Economies: The Case of Huawei. With the current rise of multinational enterprises (MNEs) from emerging economies (EE), more attention is now being directed to EE MNEs and what drives the internationalization of these companies. In this article we aim to provide more insights into the strategies and development of EE MNEs by conducting an in-depth study of a Chinese high-tech company in the communications equipment industry: Huawei. Our case study proposes that EE MNEs (1) tend to nurture their capability in the domestic market as a base before internationalization; (2) prefer to enter markets with fewer barriers in cultural, technological, economic, and institutional distances to accumulate experience and move up the value curve; and (3) use inward and outward linkages to complement their strengths and offset their weaknesses in the global market. Our study on the internationalization patterns of EE MNEs enriches and broadens current MNE theory.

CHAPTER 3: RESEARCH METHODOLOGY

Research Methodology: Research design or research methodology is the procedure of collecting, analyzing and interpreting the data to diagnose the problem and react to the opportunity in such a way where the costs can be minimized and the desired level of accuracy can be achieved to arrive at a particular conclusion.

In this project the data are collected with help of primary as well as secondary sources.

Primary data: The primary data are collected through survey and informal interview with the consumers. The number of the respondents participated in the data collection were 100 and the area of study where the survey has been conducted was national capital region. The sample size consists of customer visiting pharmacy and the general customer roaming around the shopping area.

Secondary Data: Secondary data is collected from the websites (internet), reading online magazines, several documents and report which are published annually or quarterly.

A Proper methodology has to be carried in order to reach the objective of the research. All the information and data required to make this project are collected through personal visit to primary sources and secondary sources.

CHAPTER 4: DATA ANALYSIS & DATA INTERPRETATION

General Consumers

1. Age of the respondents?

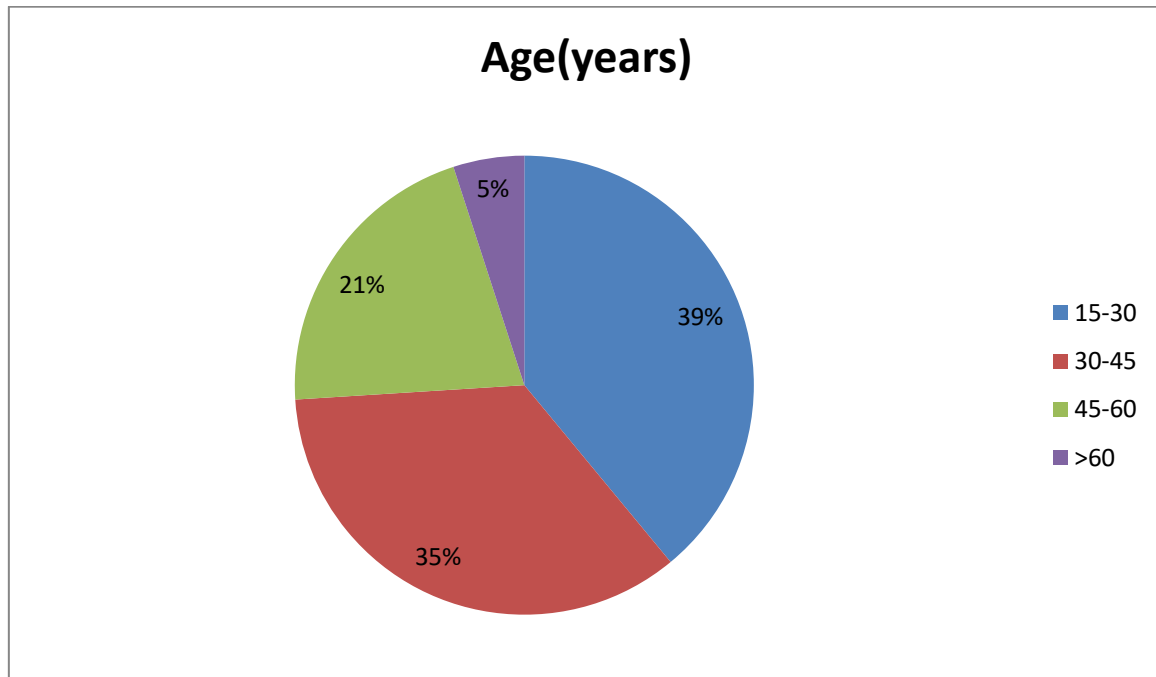


Figure 4: Age of respondent in years

It is clear from the graph that the main respondents are belonging to 15 – 30 and 30-45 age-groups. This age group is mainly the youth and decision maker of the family who are aware of the current market trends in the society. This age group mainly tries to update themselves through different medium which may television, newspapers, social media etc.

2. Gender

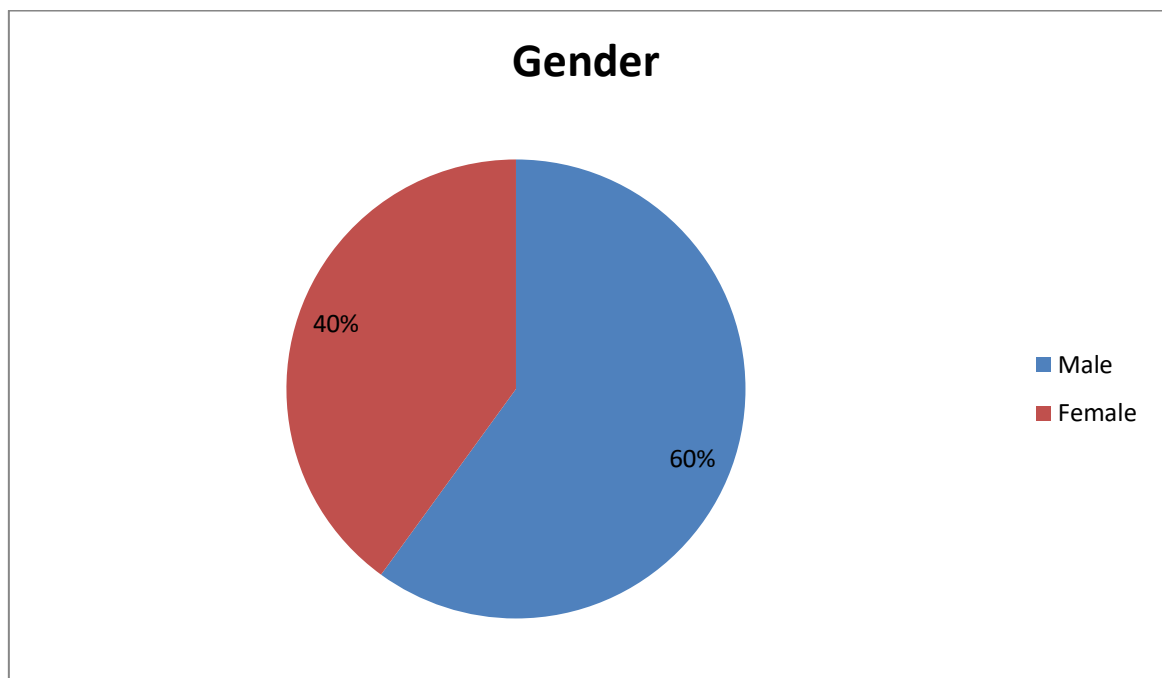


Figure 5: Gender of respondent

We tried to reach different section of the society to collect equal response from both gender but at the time of collecting the data the shopping areas are not having too many female. It is clear from the survey that female was 40 percent and male was 60 percent.

3.Occupation of the respondents:

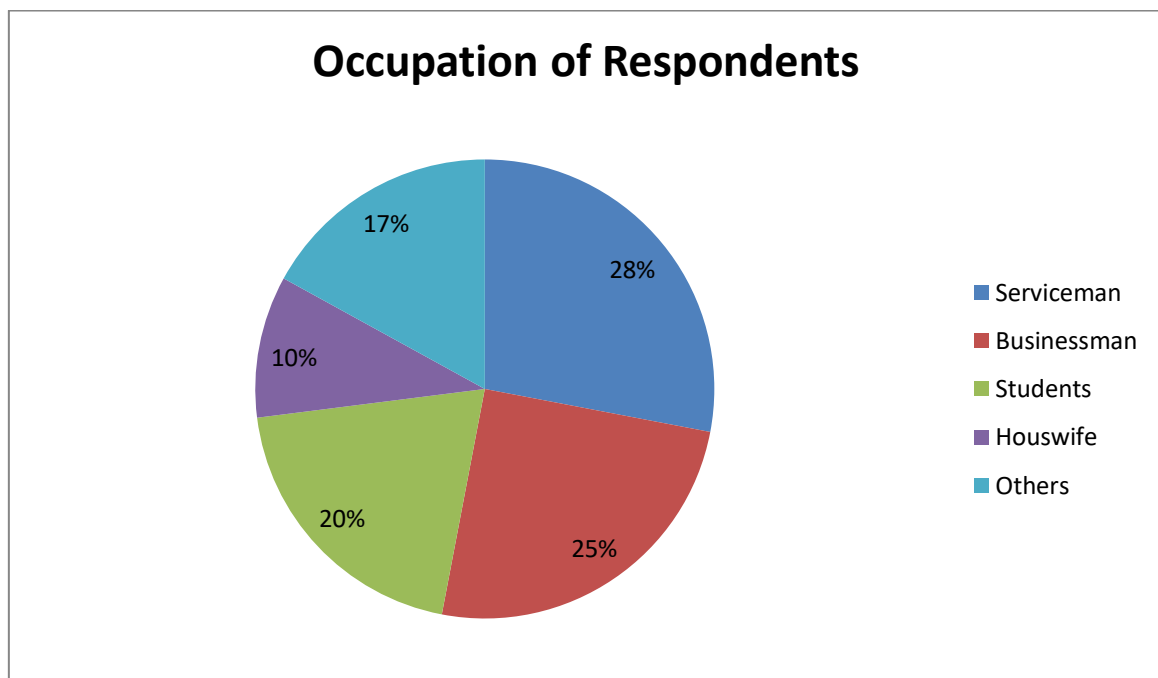


Figure 6: Occupation of the respondents

This is done so as to gain more knowledge about the different section of the society. It is cleared from the graph result that 28 percent people are service man including working in Private Company. While 25 percent is businessman. While 20 percent is college going students. Housewife portion is 10 percent. The servicemen, businessman and the students cover almost 75 percent population. This graph gives a clear idea about which category a company needs to focus so as to expand its market share in the marketplace.

4.Income of the respondents :

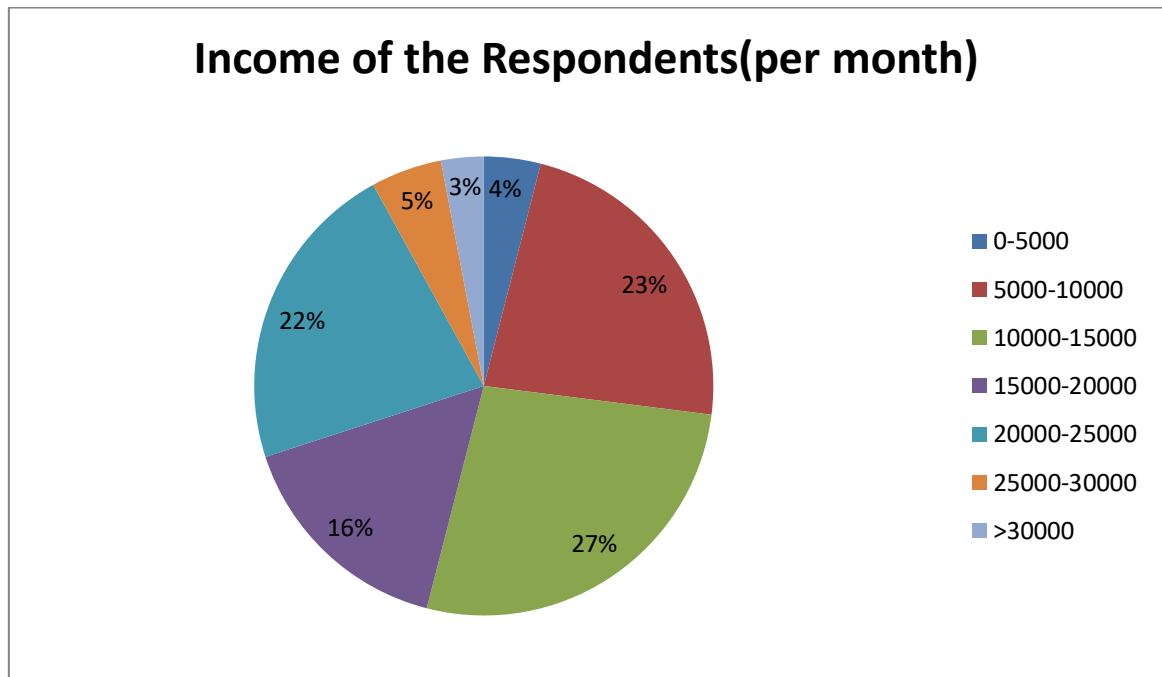


Figure 7: Income of the respondents

This is done to gain knowledge on how much person is earning so that company plan its sales and marketing strategies according to the income level of the customers. Also from the survey 27 percent are earning in between 10000-15000 per month salary while 23 percent earning in between of 5000-10000 per month. 22 percent people responded that the salary is in between 20000-250000 rupees per month. This data may get vary because salary is a part everybody is not comfortable to share.

5. Branded and non- branded Health care product.

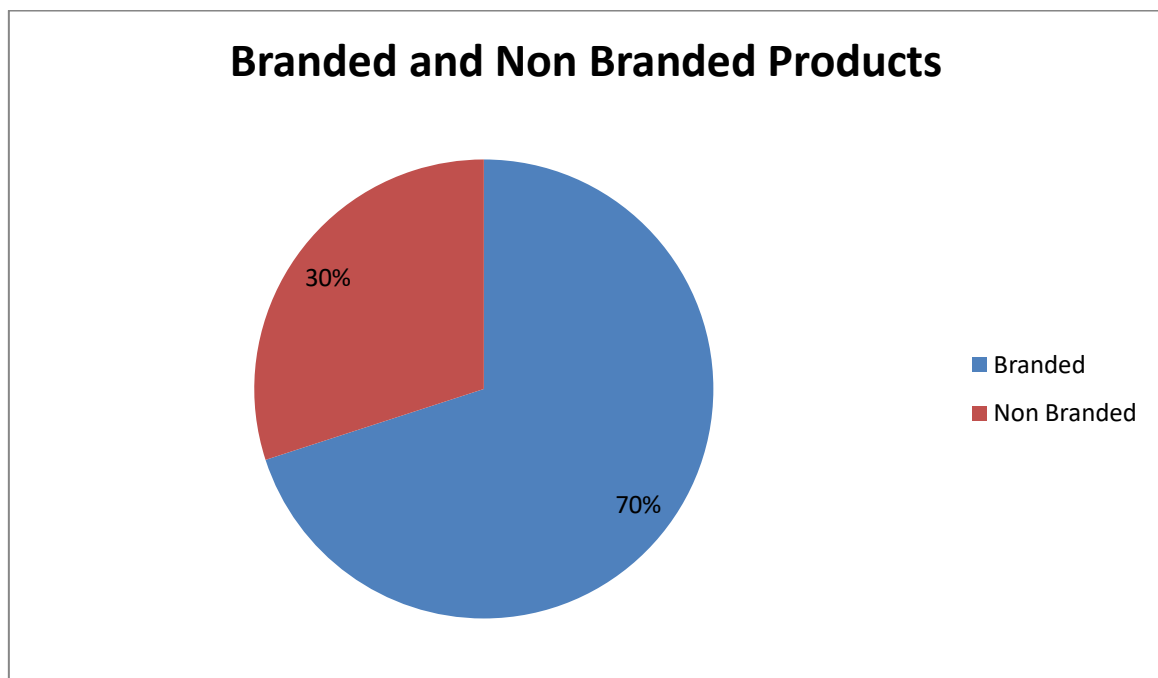


Figure 8 : Branded and non- branded Health care product

70 percent customer base prefers branded Health care solution for there own consumption or for there family over non branded Health care solution. This shows that most of the customers are looking for good quality product which increases the opportunity for Pharma Company to expand in the market.

6. Frequency of the purchase of the Pharmaceutical product

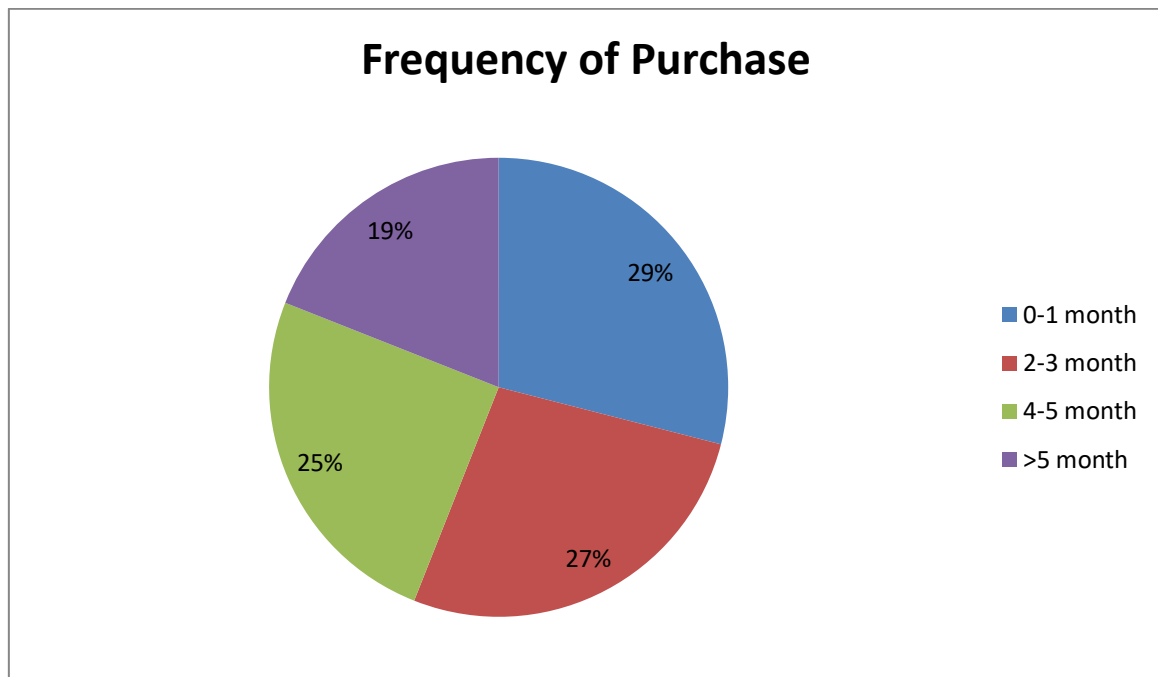


Figure 9: Frequency of the purchase of the Pharmaceutical product

Purchasing power of a person affects the company in terms of generating the revenues. From the survey it is clearly stated that 29 percent respondent buy Pharmaceutical product monthly basis and 25 percent people buy between 4-5 months. While 27 percent people purchasing Health care product with the frequency of purchase between 2 to 3 Months. It is clear that there is good demand of the pharmaceutical products in the market.

7. The different parameters in purchasing of the Health care solution:

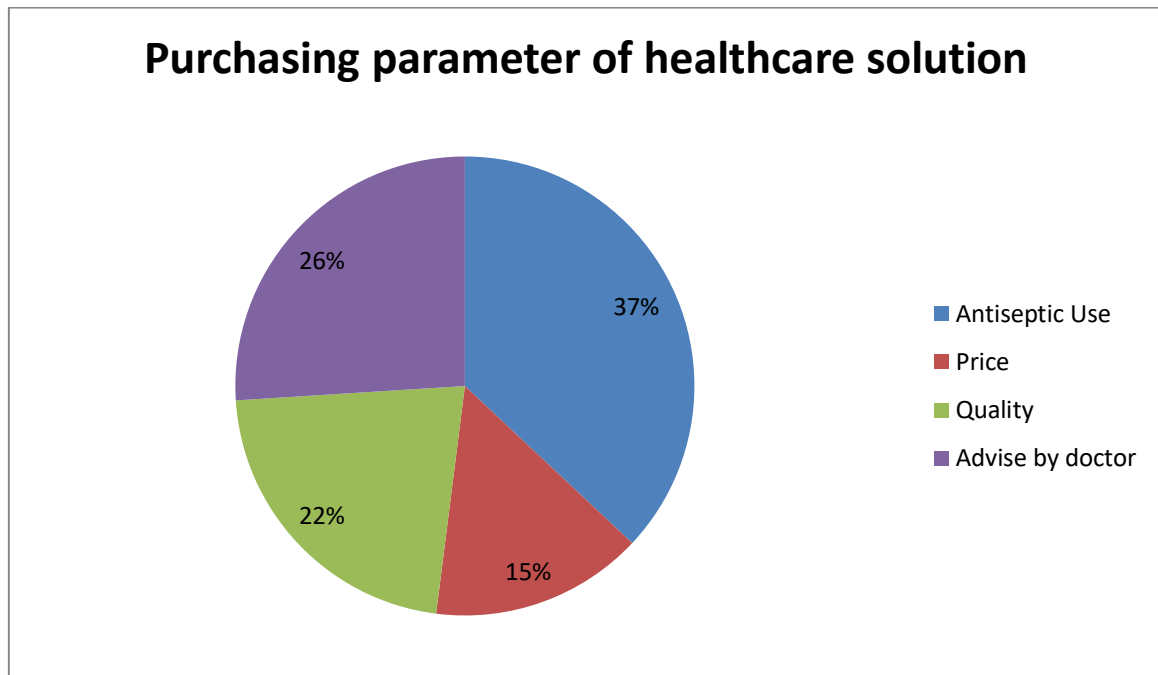


Figure 10: The different parameters in purchasing of the Health care solution

The graph shows that around 37 percent of the respondents considered antiseptic use parameter to purchase. Whereas for issue of price is 15 percent and the 26 percent people says they purchasing health solution because of the advice given by doctor. From this we can say that generally people are focusing on the antiseptic use so the company try to improve the products on the line of antiseptic use .So there is opportunity to expand in the Antiseptic segment keeping in mind the recommendations and opinions of doctors.

8. When the respondents were asked that are they very brand loyal?

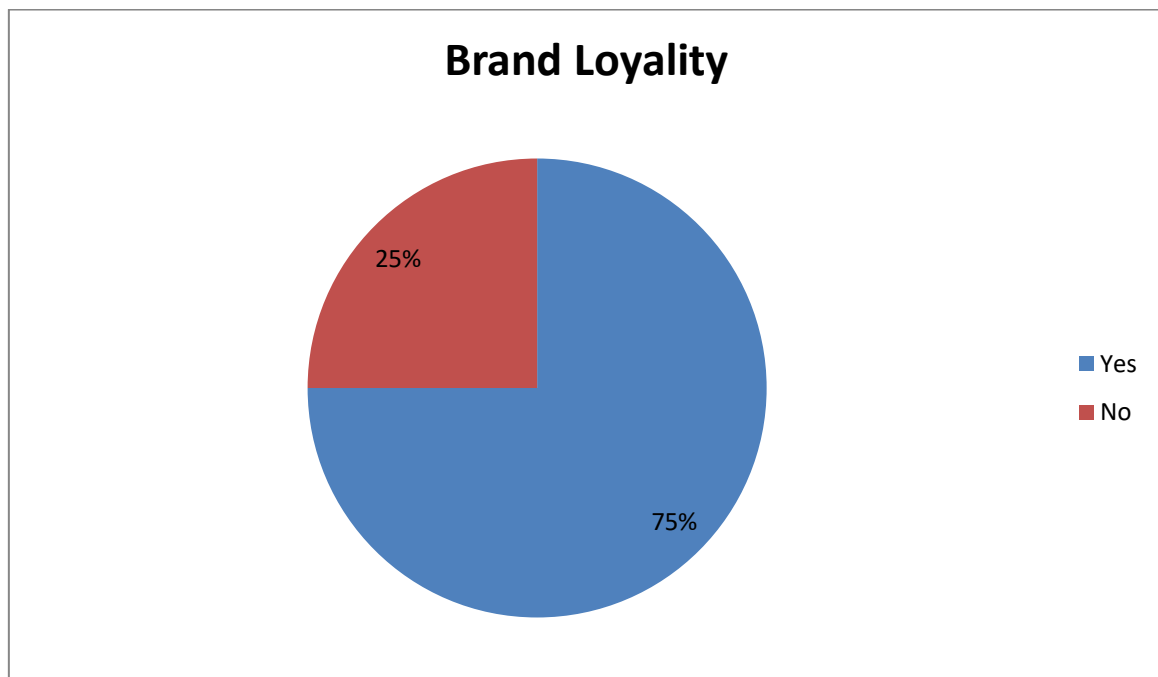


Figure 11: Brand Loyalty

Especially when healthcare segment is consider then people are very much brand loyal. Graph shows that 75 percent are brand loyal which put an intangible pressure on the company to produce best quality products to maintain their brand image in the competitive market. People always look for best quality product especially in case of purchasing a medicine from the marketplace. Respondent realize that they prefer to buy product from established brand only if that come in healthcare or hygiene

Pharmaceutical Consumers

The questionnaire which was filled by the consumers of the Pharmaceutical gave the following the following results.

1. Age of the consumers?

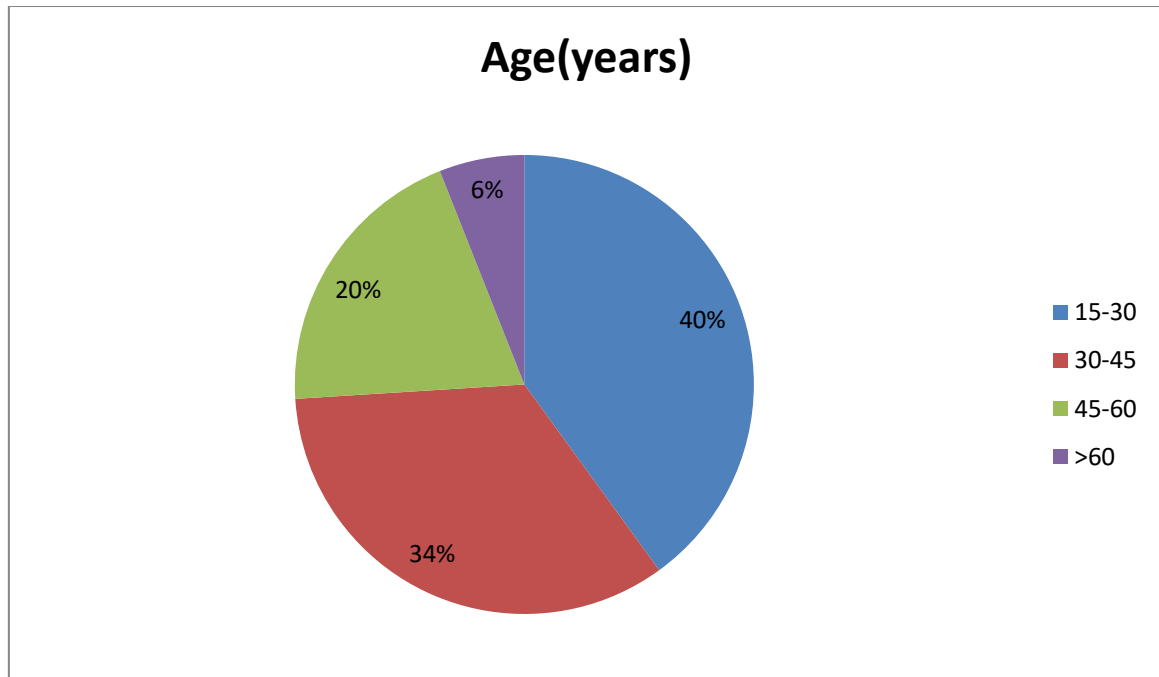


Figure 12: Age of the consumers (Pharmaceutical Consumers)

It is clear from the graph that the main respondents are belonging to 15 – 30 and 30-45 age-groups. This age group is mainly the youth and decision maker of the family who are aware of the current market trends in the society. This age group mainly tries to update themselves through different medium which may television, newspapers, social media etc. More than 70 percent population are between 15-45 years which provides an opportunity to the company to introduce new segment of drugs which will caters the need of young ones especially in the age of 15-45 years.

2. Occupation of the respondents?

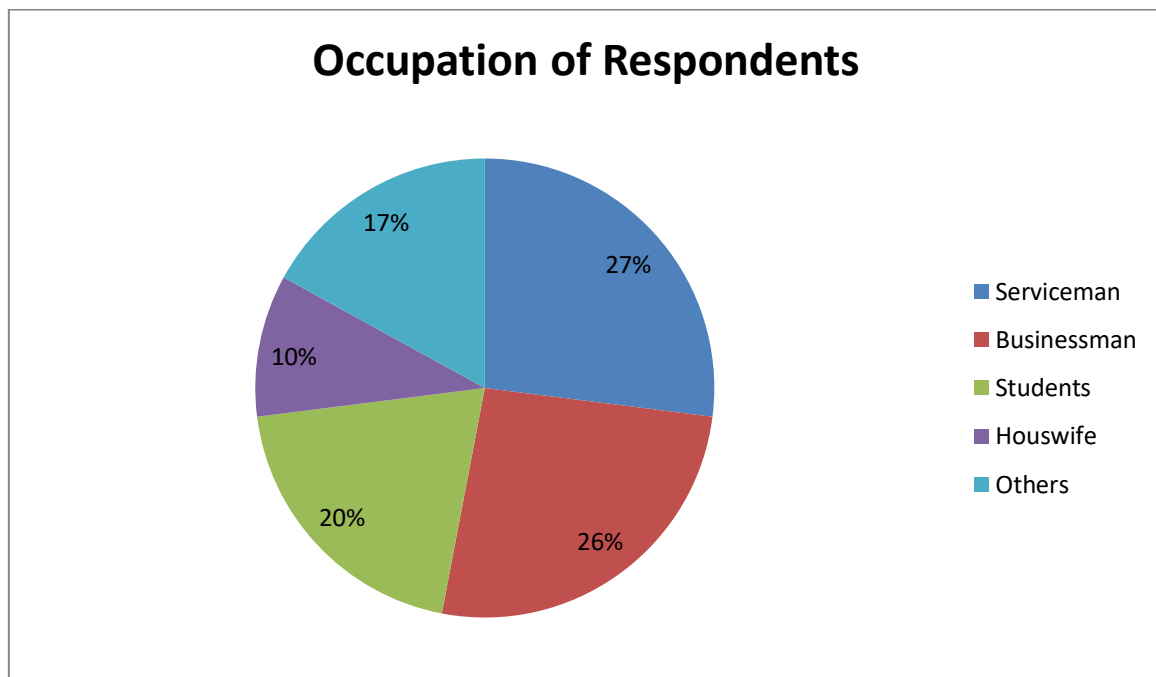


Figure 13: Occupation of the respondents (Pharmaceutical Respondents)

This is done so as to gain more knowledge about the different section of the society. Also from the result clearly mentioned that 27 percent people are service man including working in Private Company. While 20 percent are student. Housewife portion is 10 percent. The servicemen, businessman and the students cover almost 70 percent population. This graph gives a clear idea about which category a company needs to focus so as to expand its market share in the marketplace.

3. Number of Family members?

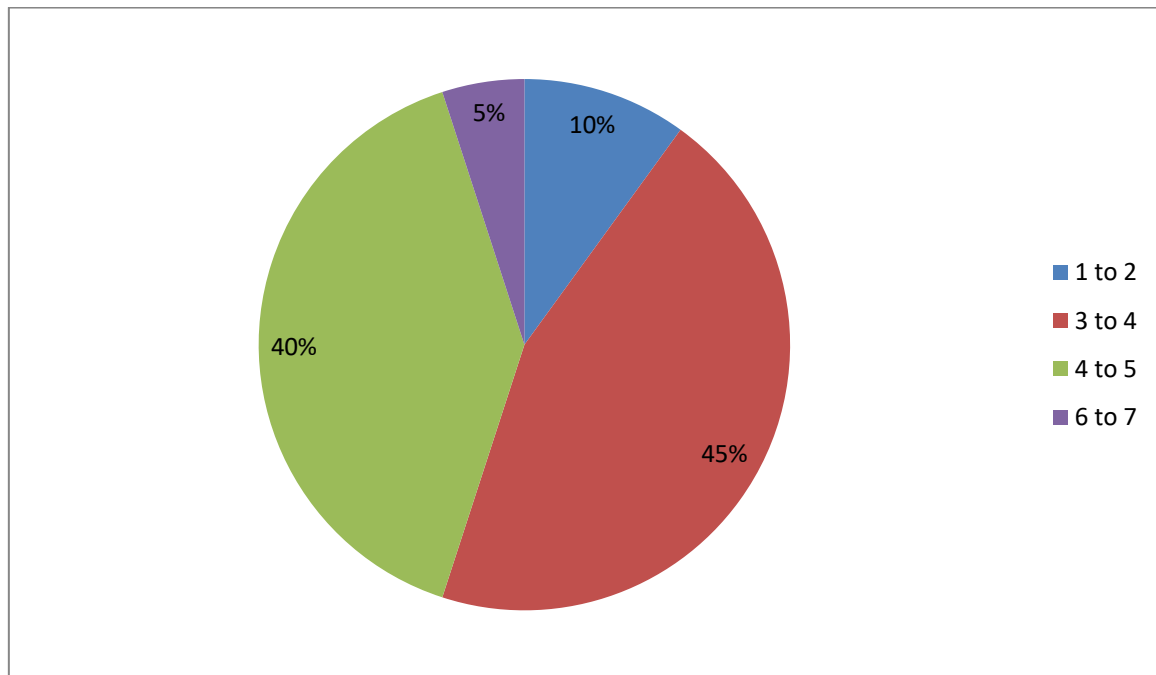


Figure 14: Number of Family members

The majority is covered by the family with the 3 to 4 persons i.e. contributed 45 percent respondent. 40 percent respondent has 4 to 5 persons per family. This question clearly shows that how much opportunity Pharmaceutical has to sell there product or how much a marketing manager try to do branding for Pharmaceutical to reach all level of house hold.

4. Income per month of the respondents?

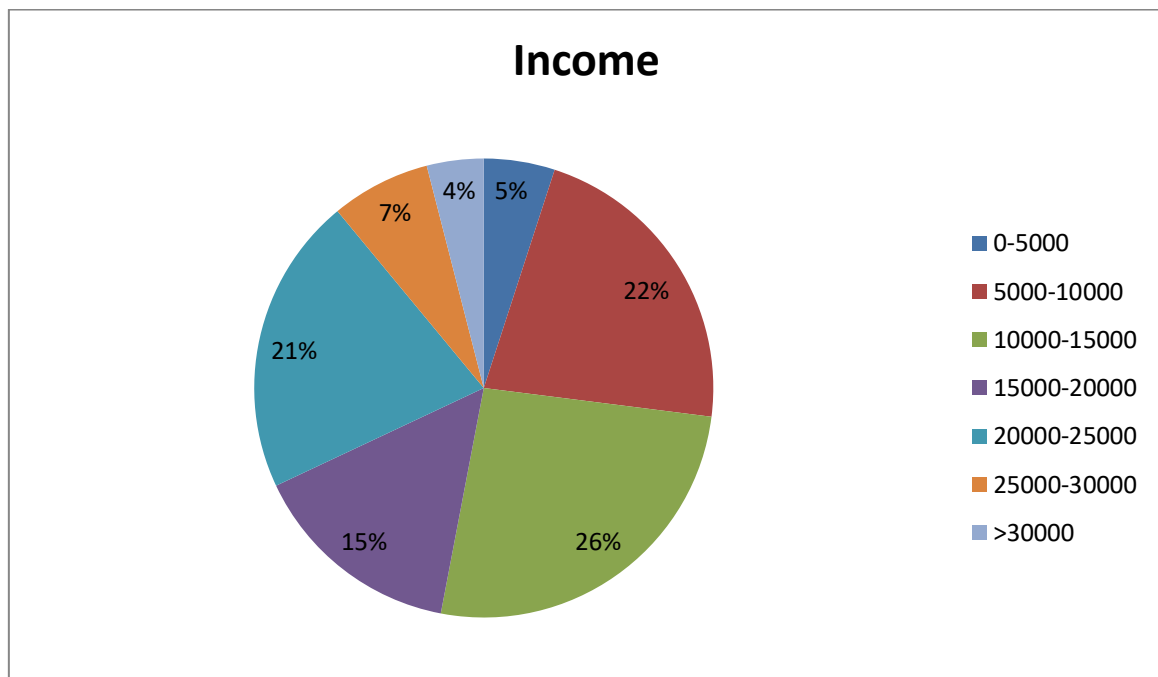


Figure 15: Income per month of the respondents

The income of the respondents is very much fluctuating. This is done so as to gain more knowledge about the different strata of the society. Also from the survey 26 percent are earning in between 10000-15000 per month salary while 22 percent earning in between of 5000-10000 per month. While 20 percent people responded that his/her salary in between of 20000-250000 rupees.

5. Are you trying Ranbaxy's product?

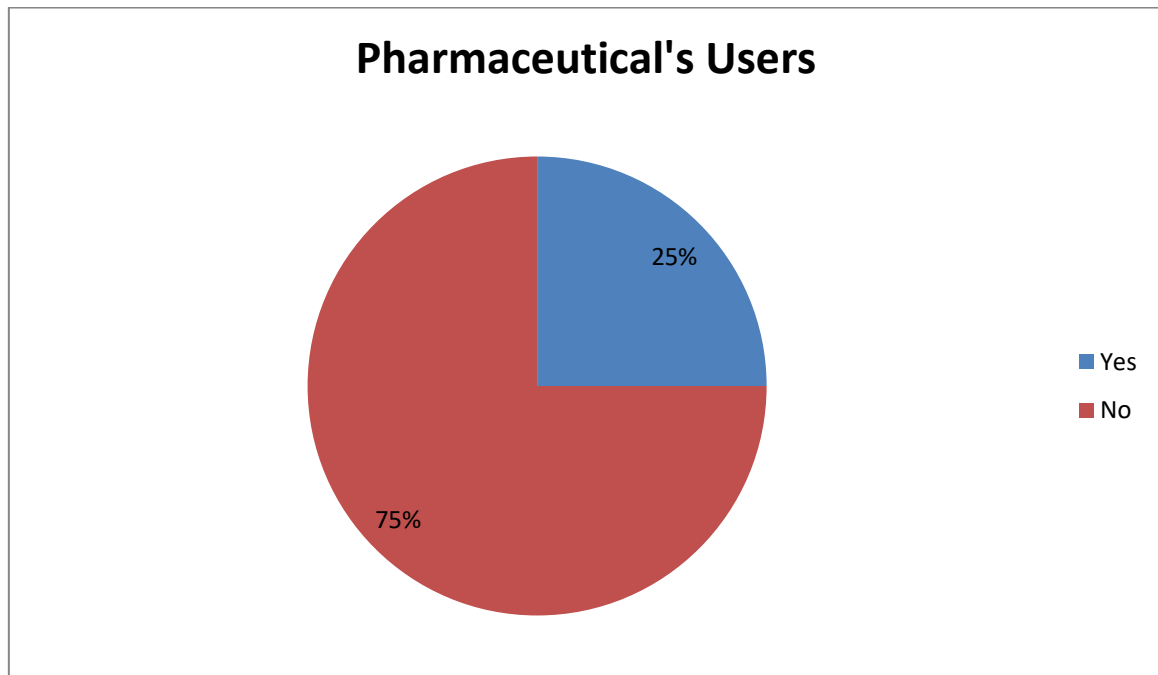


Figure 16: Pharmaceutical Users

25 percent of the respondents said that they are using Ranbaxy products. It is clear from the graph that there is scope of adding new customers to the existing customer's base and for that company have to focus on the improvement on the present existing marketing strategies. What best can Ranbaxy do with launching new advertisement campaign that they retained there customer as much as possible in coming days or they add more product to there product portfolio.

6. How the consumers come to know about the Ranbaxy?

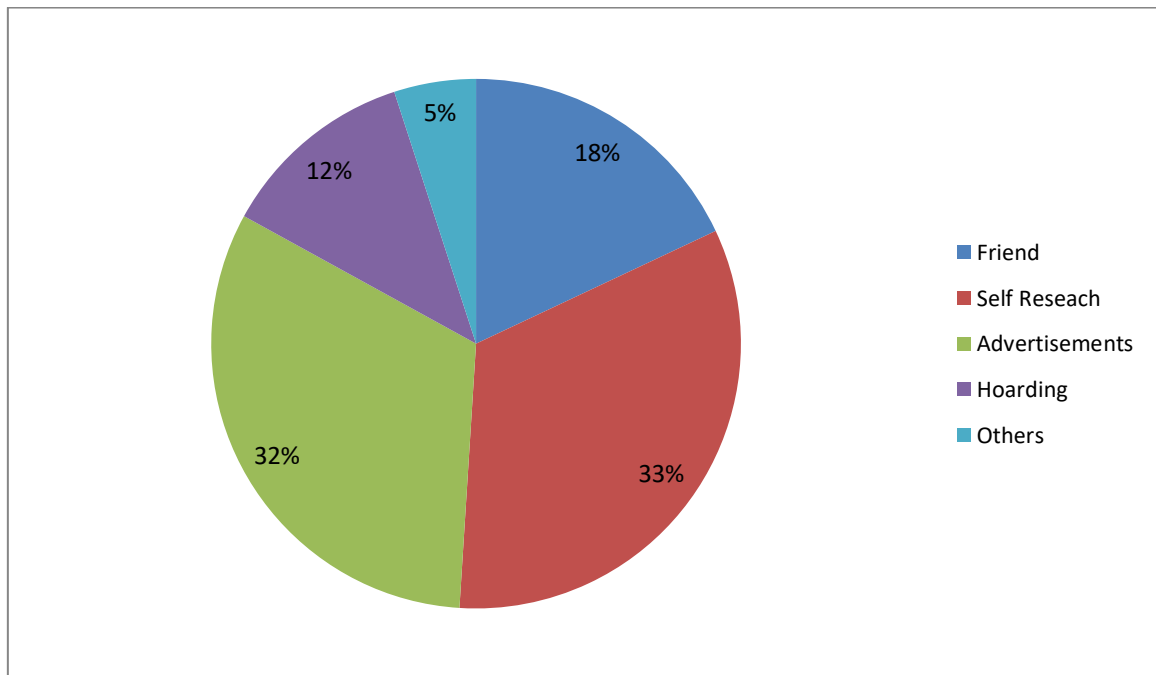


Figure 17: Awareness about the Ranbaxy Products

33 percent of the consumers came to know about the Ranbaxy product through self-research which means people are using their own medium to search which may be internet, social media .32 percent people get to know about Ranbaxy through advertisement i.e. quite effective advertisement point of view. It means that Ranbaxy can expand its reach through online and offline both and company can allocate the budget according best reach channel. Rest of 18 percent are influenced though their friend and colleagues or by friends and a small number i.e. 12 percent by the Hoardings and 5 percent by or any other means.

7. What is the best medium of the advertisement for Ranbaxy?

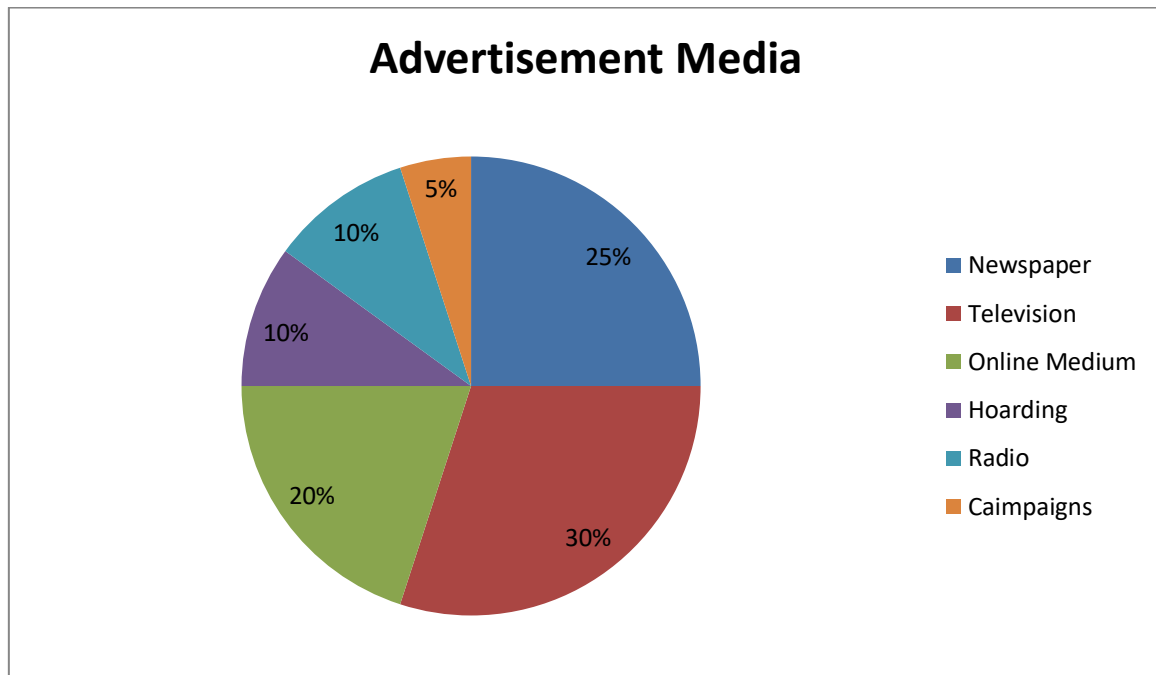


Figure 18: Best medium of the advertisement for Ranbaxy

30 percent that Television is the best way to communicate to consumer .and 25percent people responded that they are daily Newspapers reader if advertisement came in newspaper would be more effective of Ranbaxy.20 percent said that online medium is the effective medium to communicate. So Television, online medium and newspaper can be the best medium for advertisement for Ranbaxy products. It would influence the large proportion of the society.

8. How do you rate Ranbaxy?

- Excellent
- Very good.
- Good.
- Average.
- Low

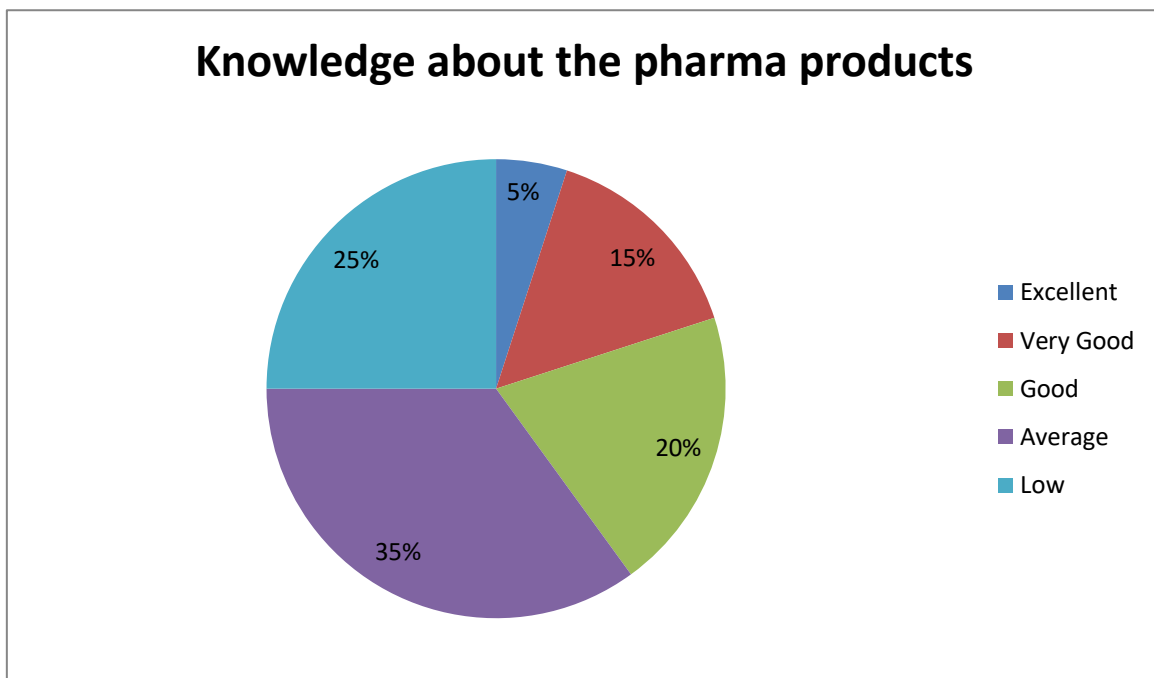


Figure 19: Rating of Ranbaxy products

According to our survey 15 percent respondent think about they know about Ranbaxy is very good .While 20 percent people having good knowledge about Ranbaxy product. From the graph it is clear that more than 50 percent of respondent average knowledge about the pharma products. It shows that Ranbaxy have to focus more on advertising the product and improve its sales and marketing strategies. Ranbaxy have to focus on the generating the awareness about different health /hygiene issues.

9. You like the advertisement of Ranbaxy.

- Yes (Link with the brand).
- NO (meaningless for me).

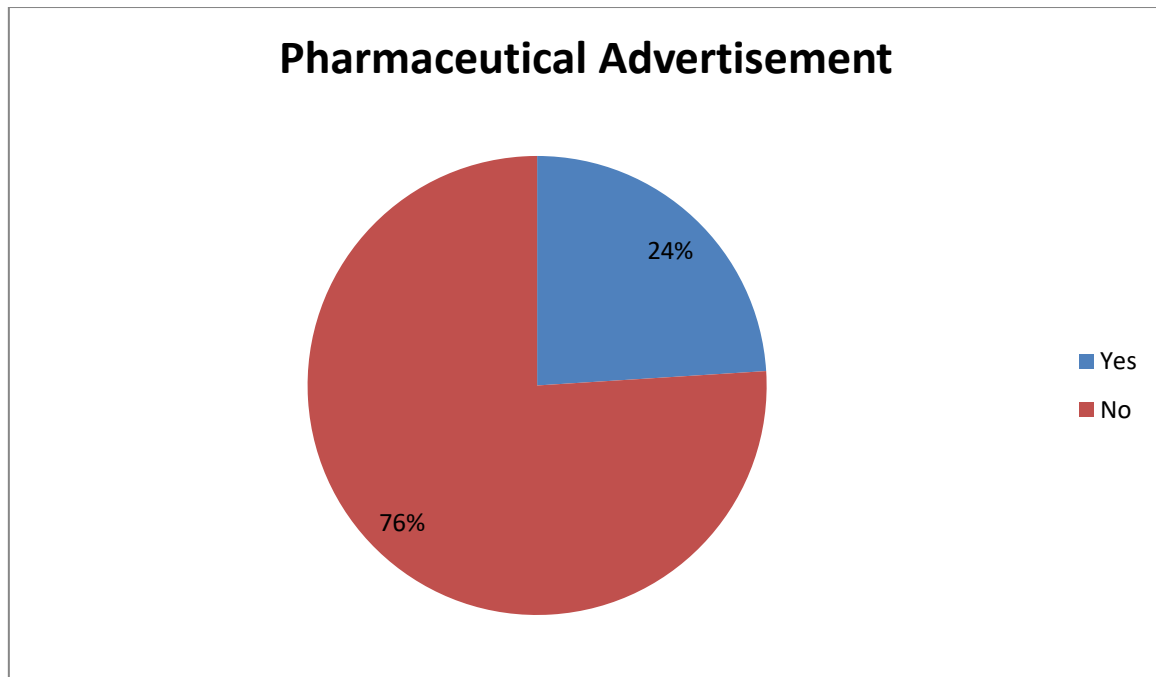


Figure 20: Pharmaceutical Advertisement

According to the data collected 24 percent respondent realize that they are associated with Ranbaxy advertisement whenever they watching that advertisement in Television or News paper or any mean. 76 percent of the respondents still don't think they are associated with that advertisement because the subject line of that advertisement is not communicate the message what Ranbaxy trying to reach them.

There is an opportunity of Ranbaxy to convert 76 percent of population to positive side so the brand extension would be done in better and efficient manner.

10. Why you are using Ranbaxy as a product?

- Due to its reasonable Price.
- Quality associated with Brand Name.
- Past experience about that brand or company.
- Effective Advertisement about the brand.
- Suggested by doctor or shop vendor

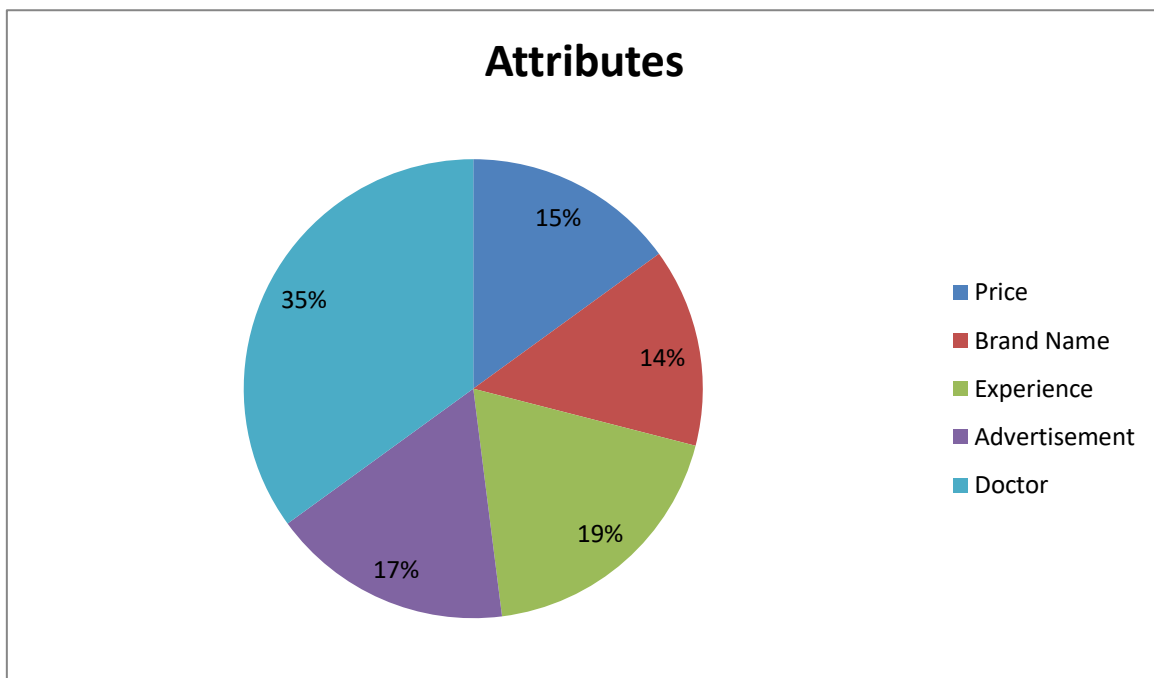


Figure 21: Attributes of Ranbaxy Products

From this graph we can say that 14 percent people are associated with as a brand name of Ranbaxy. The 17 percent respondent buy Ranbaxy product because they think advertisement influenced and change their purchase intention to buy the products. 35 percent said that they purchase medicine on doctors advised. Company has to build a strong relationship with the doctors because it will affect the sales of the medicine.

Findings and Recommendations

Analysis of the pharmaceutical industry's marketing tactics reveals the extent of their influence on patient care and medical research. These tactics can be arranged into five categories according to the potential for harm to patients (from least to most harmful): physicians-targeted promotions, direct-to-consumer advertising, unethical recruitment of physicians, researchers' conflicts of interest, and data manipulation in clinical trials. Drug companies' promotions subconsciously influence physicians' prescription patterns. Heavy advertising to consumers results in more prescriptions being written, whether or not the new drug is in the best interests of patients, and therefore strongly correlates with sales increases for the promoted new drug. The pharmaceutical industry's public relation firms unethically recruit physicians to endorse their companies' clinical studies. Researchers' financial conflicts of interest often influence results in the corresponding studies; in many cases, the employed researchers receive extra financial benefits, such as stock options and funding for future projects, from the drug company for which they are conducting clinical trials. Pharmaceutical companies manipulate research data to prevent negative data from leaking to the public. Much evidence suggests that the pharmaceutical industry's economic influence on the medical field is substantial. Despite the threats these activities pose to the reliability of medical care and the integrity of research, the reputation for quality in American healthcare is not yet lost; the continuing quality of American healthcare will depend primarily on the morality of next generation's scientists and doctors.

The survey was divided into two categories:

1. General Consumer
2. Pharmaceutical Consumer

The findings of the general consumer indicate that the majority of the buyers are males and fall into the category of 15-30 years. The company should target more on service class with an average income of Rs 10K -15K.

The customers are loyal to the brands and their purchasing intentions depend more on the price and benefits (antiseptic use) of the product.

The findings of the pharmaceutical customers indicates:

- Majority of the buyers are fall into 15-30 years of age.
- The family no's are three to four (45%) which shows that the advertisement has to be of diverse nature so that it targets all members of the family.

- 75% of the customers are not buying Ranbaxy products and the inference from the survey population was either they are unaware of the product or the cheaper alternatives are available in the market. The medicines should be of generic nature as the Income of the major population lies between 22% - 26%. Generic Medicines are cheaper than others.
- 33% of the customers know about Ranbaxy products by doing Self Research. Company should put more efforts on making consumers more aware about the products via advertisements, doctors or promotional health programs.
- Television is the best media to promote and make consumers aware about the products. Although as the time is changing and the shift is moving from traditional to Digital Media, more strategies should be adopted by the Ranbaxy so that they can tap a larger base of the customers at the lesser cost.
- 34% of the population are using Ranbaxy products because of the price factor even though the company is spending a huge amount on advertisements. Firm focus should be on creating a brand value and a better experience for the customer.

Recommendations (For Promotion through Doctors):

Marketing Strategies that the Organization can adopt are as under:

- Brand Building
- Launching New Products
- Sales Promotion (in term of Doctor to prescribe the company's product)
 - Sponsor Trip
 - Holidays
 - Gifts & Extra Benefits for a Supported
- Journal Advertisement
- Event management (In order to have direct access to the customer)
 - Symposium
 - CRM Activity

- Clinical Meeting
- Customer Service Cell (In focus services to key customers)
- Attractive ,Short & Crisp Detailing (MR)

Limitations of the study

The market research conducted in the context of this dissertation was distributed through an offline survey. It provided relevant information about three main aspects: the way people percept advertisements in the purchasing decision making process; the feelings associated with buying products; and their intention to buy Ranbaxy products. However, there are some limitations to the information that was collected that need to be addressed. The first factor that might influence the results obtained is the fact that the sample analyzed may not represent the overall population of the consumers. The results show that about 40 percent respondents are in the age group of 30-40 yrs while 24 percent pharmaceutical customer are 40-60 yr age group, meaning that there was a greater focus on middle age consumers. Also, most of the respondents lived in the district of Rohini, which can influence the results as people who live in the main city have access to more information and products. Another problem could be the fact that the market research was only done through physical interviews and survey program, constraining the answers to people who were actually comfortable in disclosing their buying behavior to researcher. It could be interesting to understand the way the brand is perceived by people who do usually use a computer, as most of their advertising campaign was posted in online & traditional media.

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ANNEXURE – COPY OF THE QUESTIONNAIRE

General Consumers

1. Please select which age group are you?
(a) 15-30 (b) 30-45 (c) 45-60 (d) Above 60

2. What is your gender?
(a) Male (b) Female

3. What is your occupation?
(a) Serviceman (b) Businessman (c) Student
(d) Housewife (e) Others

4. What is your Salary monthly?
(a) 0-5000 (b) 5000-10000 (c) 10000-15000
(d) 15000-20000 (e) 20000-25000 (f) 25000-30000
(g) >30000

5. Branded and non- branded Health care product.
(a) Branded (b) Non Branded

6. Frequency of the purchase of the Pharmaceutical product
(a) 0-1 months (b) 2-3 months (c) 4-5 months
(d) >5 months

7. The different parameters in purchasing of the health care solution:
(a) Antiseptic use (b) Price (c) Quality
(d) Advise by doctor

8. When the respondents were asked that are they very brand loyal?

- (a) Yes (b) No

Pharmaceutical Consumers

1. Please select which age group are you?

- (a) 15-30 (b) 30-45 (c) 45-60
(d) Above 60

2. What is your occupation?

- (a) Serviceman (b) Businessman (c) Student
(d) Housewife (e) Others

3. Number of Family members?

- (a) 1 to 2 (b) 3 to 4 (c) 4 to 5
(d) 6 to 7

4. What is your Salary monthly?

- (a) 0-5000 (b) 5000-10000 (c) 10000-15000
(d) 15000-20000 (e) 20000-25000 (f) 25000-30000
(g) >30000

5. Are you trying Ranbaxy products?

- (a) Yes (b) No

6. How the consumers come to know about Ranbaxy?

- (a) Friend (b) Self Research (c) Advertisement

(d) Hoardings (e) Others

7. What is the best medium of the advertisement for the Ranbaxy?

(a) Newspapers (b) Television (c) Online medium

(d) Hoardings (e) Radio (e) Campaigns

8. How do you rate Ranbaxy?

(a) Excellent (b) Very good (c) Good

(d) Average (e) Low

9. You like the advertisement of Ranbaxy.

(a) Yes (Link with the brand).

(b) NO (meaning less for me).

10. Why you are using Ranbaxy?

(a) Due to its reasonable Price. (b) Quality associated with Brand Name.

(c) Past experience about that brand or company.

(d) Effective advertisement about the brand.

(e) Suggested by doctor