

## Is there any space for marketing in the hospital segment?

The participants in the summer meeting of the RAPM, moderated by the editor-in-chief of the *PhV* German Inozemtsev considered working with the hospital segment more closely. The experts were looking for an answer to the question “Is there life on Mars?” or rather “What is the role of marketing in the hospital segment?” The discussion made it clear that the segment that is so limited by all possible legislative frameworks offers an available niche, which is actively used by many manufacturers.

### Let's look at the sky

The discussion about the place for marketing in the hospital segment was preceded by the speech of the general director of the analytical company *AlphaRM*, Anna Ermolaeva. According to analysts' estimates, the volume of the hospital segment amounted to 13.5% of the total market volume in the national currency in 2016. If we compare these data with the figures for 2015, it becomes obvious that the share of the hospital segment is decreasing. According to the expert, this is due to the rapid growth of retail. At the same time, the hospital segment makes more than 40% of the state budget for medicines procurement.

In this context, the information on the number of health facilities is especially meaningful. According to *AlphaRM*, there are more than 22 thousand institutions in Russia. Of these, 4.8 thousand are inpatient facilities. In rubles, their share in all the health facilities' purchases represents 88%. If departmental clinics are added, then the share will exceed 90%.

It is interesting that the savings resulting from tendering in the hospital segment are much more palpable than in the public procurement market as a whole. In addition, judging by the analysts' data, online auctions are conducted much more often in this segment than in the whole on the state procurement market (96 against 75%).

“We often hear about the need to consolidate the state segment, in addition to the centralization of purchases. Many attempts to centralize were made, but, as we see, the level of consolidation does not show significant changes. The share of key customers is declining, and in 2016 it amounted only to 14%,” Anna Ermolaeva emphasized.



Summing up the health facilities procurement purchases and the purchases by the law 223-FZ, Mrs. Ermolaeva draws attention to the trends of the recent years, namely, the decreasing number of auctions. In 2016 the decline of 15% was observed.

*R-Pharm* still leads the ranking of the most important suppliers of the state segment. However, there were significant changes among the leading manufacturers; the rapidly growing company Biocad ranked first based on the results of 2016. The actual deliveries of medicinal products show an increase by 1 to 2%, but in the terms of packages, a decline by 5% was observed for the second year in a row. “**This indicates a stagnation that is followed by a decline. This year we are unlikely to see positive results,**” adds Anna Ermolaeva. The medicinal products that show stable growth include antibiotics, antitumor drugs, as well as medicinal products for the treatment of the musculoskeletal system.

In the terms of funding, the leadership belongs to Moscow, St. Petersburg, the Moscow Region and the Krasnodar Territory. On the whole, TOP10 regions accumulate 45% of the total amount of funding for the procurement of hospital drugs. Sakhalin leads the way in terms of costs per capita. “In general, the trends in



shipments are not encouraging: there is a decline by 22%. Four months of the current year show a decline of 13%, and, according to our forecasts, we will not enter the zone of growth by the end of the year,” Anna Ermolaeva concluded.

## Let’s get a telescope

*AlphaRM* had to answer many questions, the most important of them being about the reasons of the decline in the hospital segment. Anna Ermolaeva named two main reasons: firstly, the initiatives implemented by the government within the framework of the import substitution; secondly, the mega-companies being recently obligated to make purchases under the Federal Law # 44. Analysts observed another trend: the packages are getting larger.

It should be noted that the growth in the number of health facilities occurs due to the reduction of the number of hospitals and to the opening of outpatient units, therefore, according to the expert, pointing at the decline of funding in the hospital segment would not be entirely correct: “The growth of outpatient units is significant, but it cannot become a driver for the growth of the hospital segment.” That means that business also has to rebuild its strategies for working with this segment.

## Infinity of the Universe

The marketing is present in the hospital segment, but it should not be compared with the methods used in retail. This was the conclusion reached by the participants in the discussion. Speaking about its role, strategic and operational marketing should be mentioned separately.

“The strategic marketing plays a more important part in the hospital segment. It includes the building of a portfolio, making far-reaching plans,” says Arthur Mirzoyan, head of the analytical department at the *Bionica Media* Publishing House.



Вадим Семенов: «Если раньше нужно было ответить на вопрос: что сделать, чтобы твой препарат хотели приобрести, то сейчас появляется вопрос, как сделать так, чтобы закупили»

Agreeing with him, the commercial director of the company *Lancet* Andrei Telyatnikov is confident that, being consumers, health facilities can be influenced, just in a different way. “Obviously, approaches and tactics differ from those used in the retail. **We need to offer slightly different solutions to customers whose purchases are made according to certain rules.** To a large extent, this demands strategy, long-term sustainability, and the building of a portfolio. Not just one goal but a whole bunch of goals need to be met by health facilities, with some help from us. On the one hand, drugs must be provided for large groups of patients, on the other hand, the efficacy of medicinal products must be ensured,” Andrei Telyatnikov explained, adding that, when working with hospital segment, their distribution company talks about applied marketing, aiming at finding solutions within a limited assortment medicinal products and the specific goals of a specific health facility.

In turn, the director for specialized sales of the company *NovaMedica* Vadim Semenov suggested not underestimating the role of the operational marketing. “Its presence and influence depend on the kind of portfolio on hand,” he explained. The expert divided the

medicinal products into three baskets, the first one containing original products, the second one, generic, the third one, all the other drugs. The promotion strategies will vary depending on which basket is currently in the hands of the company. The first situation often calls for classic promotion similar to retail, the second one demands full-fledged work with the clinical link, the third one needs a commercial strategy,” according to the experience shared by Vadim Semenov.



Андрей Телятников: «Заказчикам, у которых закупки ведутся по определенным правилам, нужно предлагать немного другое решение проблем»

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## A place under the sun

Until 2010, the market was growing, so companies did not need any special marketing tools in the hospital segment. As Arthur Mirzoyan aptly noted aptly, a company must try hard not to grow in the growing market. “When the market is growing, the marketing is not so important. However, when the market stagnates, the role of marketing skills increases dramatically. **If you underestimate the possibilities of marketing, then you do not have high-quality marketing,**” the analyst explained. Sometimes it is enough to go “out in the field” to see if the medicines promotion system works. “A marketing specialist’s key task is communication, to study what is happening in the minds of customers,” Arthur Mirzoyan added, referring to doctors, patients, and pharmacy workers.



The state’s increasing desire to regulate the area of procurements is changing the structure of marketing. The market of hospital procurement is entering a certain stage: it does not grow, the number of packages decreases, and cheaper products are purchased, allowing the health facilities to accomplish their main task: saving public budget costs.

**“If just one question had to be answered in the past: what to do to make your product desirable for customers, nowadays a second question arises: how to make them purchase it,”** says Vadim Semenov. This question can only be answered in the reverse order: before forming loyalty to the drug, it is necessary to understand whether it has any chances to be purchased for inpatient facilities at all.

## A black hole

There is another channel for the promotion of drugs, which are not purchased by hospitals, but are actively used there, or which are purchased in the quantities that are not sufficient for a full course of therapy.

“The existence of such a channel reflects our country’s deep trouble: not all inpatient facilities can fully provide patients with all the necessary drugs. Many companies find an additional niche related to this problem and direct their efforts there,” said Vadim Semenov.



However, none of the experts could calculate the proportion of hospital drugs sold through pharmacies. “I can say that, based on the volume of our portfolio, this share ranges from 5 to 25%,” Vadim Semenov admitted.

Andrei Telyatnikov did not agree with his colleague about the problem of under-provision in hospitals being so acute. He suggested instead, that the reason of the problem lies in the consumption culture. “Our country’s legislation guarantees high-quality medical assistance to every citizen, in any hospital. But if patients want to get more modern drugs, they can buy them. The doctors have probably the right to tell them that such

products exist,” he explained.

## Conquering the space

It is at this stage that the loyalty to a specific product is formed. As an example, we can consider the situation when the sales of drug X in an injection form were growing. A simple investigation made it clear that the course of therapy conducted in the hospital was not sufficient, and the physicians recommended continuing the course. Patients started buying the product for injection in pharmacies, although the medicine could be easily purchased in tablet form.

It is difficult, but possible to influence the customers at the highest level of the supply chain. The patients' commitment to certain brands can play an important role. One example is the refusal of diabetics to use insulin supplied by humanitarian aid to the southern cities affected by the flood, as a "wrong" brand of the drug was offered. The role of patients association is important, and lately it is growing, according to the analysts.

"Life on Mars does exist. The marketing in the hospital segment exists, even if it acquires bizarre forms," German Inozemtsev concluded. If you approach the question of marketing from a little wide perspective than the standard form of promotion, you have to admit: its role in the hospital segment is very significant. Each link of the chain has its own needs, and, using marketing tools correctly, it is possible to influence them.

Read more: <https://www.pharmvestnik.ru/pubs/lenta/v-rossii/pojmatj-zvezdu-prnt-17-m7-894.html>