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The Changing Face of OTC Drug Marketing in India: A Mist or Must?.

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ABSTRACT

The OTC drug market in India is poised for a stupendous growth in recent times. Changing consumer perception towards OTC drugs, Transformed outlook of OTC drugs as a FMCG product, Rising spent on media promotion for OTC drugs, Wider distribution and reach of markets including rural pockets etc., have significantly contributed to this status of the products. However, there is a need for further strategies in place to offer the much needed makeover for OTC drugs in India. This category is much celebrated by every marketer due to its growth prospects and consumption aspects. This case study reviews the current state of OTC drugs marketing in India by highlighting the growth drivers, major categories, major players, Brands on offer, insight into consumer behaviour during times of illness and evolving approaches of OTC marketers across the marketing-mix elements. This case study presents an overview of the OTC drugs market, related challenges and opportunities and strategies required to retain the vigour and build a space for itself in the minds of the consumers.

Keywords: OTC drug Marketing, OTC Vs FMCG, OTC Case study, OTC Marketing strategy

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INTRODUCTION

Medicines which can be bought by the customers without any prescription come under the category of OTC. In other words, those medicines which are not included in the list of 'Prescription drugs', can be called as OTC Drugs. The Indian Over-The-Counter (OTC) market is growing at a fast pace driven by increasing reliance on OTC products to address common ailments, increased awareness levels and greater penetration of OTC products in rural areas. In this category, it is highly important to build a relationship of trust and comfort with the customers to ensure loyalty and generate repeat purchase [1].

According to pwc, the OTC drugs market in India is expected to grow to the tune of US\$ 11-13 billion by year 2020. As indicated in exhibit -1, there are four key drivers of the OTC market in India which have really widened the market base and present huge growth prospects. These are wider distribution channel, direct to consumer advertisements, increased consumer awareness and low price controls. By and large the OTC products are available in at the pharmacy counters. In addition, some are even sold by general merchants and grocery retailers too. Hence the product access is made easy by the marketers. Further, media advertisement and in-store displays push the sale sizeably. To an extent the OTC product advertisements better the FMCG products and have a good recall and recognition too. Vicks Vaporub, Amrutanjan pain balm, Vicks action 500 are great hits at the home box office. These advertisements also result in higher consumer awareness and low price controls have led to affordability for the products. Thus the Indian OTC market looks very dynamic and positive.

The major OTC Categories on Offer:

The numbers of OTC products are getting added day by day with few emerging categories in it. The following exhibit-2 describes the various OTC categories that are commonly traded and bought.

Given these facts, the OTC product list will grow longer in the days to come. One interesting aspect is that some of the prescription drugs have migrated to the OTC platform in recent times which is also another reason for this development. For example all those in the emerging & expected categories were once prescription drugs and are slowly becoming OTC products now or definitely in the days to come. If that is the case, the marketing strategies should also be redesigned to make it a full-fledged OTC product. OTC drugs registered as 'Ayurvedic Medicines' are also regulated by the DCA and DCR. Ayurvedic drugs are manufactured under a manufacturing licence issued by the Ayurvedic State Licensing Authorities and require no drug sale licence and can be sold freely by non-chemists[2]. Exhibit-3 lists various OTC products categories and related brands that are advertised in Indian media.

Thus the media space occupied by these leading brands is noticeably high and some of these brands are making use of celebrities to promote (refer to exhibit-6 for details). However, one thing is very clear that these OTC brands are voluntarily losing their image of a pharmacy products and posing to be FMGC ones. This is a point of advantage since such an image will take these products close to the market and help the firms to build a strong brand positioning too.

The major players in the Indian OTC market:

The OTC market in India is getting busy with lot of pharmaceutical and Ayurvedic product firms entering into it (refer exhibit-5). Obviously, the market potential is an attraction and also the mindset of the consumers. Today consumers are more informed, use more gadgets, lead a fast life and thereby face higher stress. Environmental changes in the form of ever increasing pollution, heavy road traffic leading to increasing commuting time, stressful workplace environment and fast changing technology etc., put continuous pressure

¹ Dabur India Limited, Annual Report 2013-14

² Organisation of Pharmaceutical Producers of India

to adapt and adjust. Consumers are trying to manage with Over The Counter (OTC) drugs [3] (refer exhibit-4). There are five key consumer-oriented factors that trigger the growth of OTC segment in India [4]. These are:

1. **Time and money:** The waiting time and doctor's clinic for appointment and the urge to save time and money (consulting fee) and also the fear of expensive prescriptions buy the physician is a major factor.
2. **Belief:** The belief built over personal/other's previous experience wherein a particular medicine has cured the ailment conveniently avoids consulting a physician and drives for self-medication.
3. **Chemist:** The image of a chemist is elevated and sometimes even equated to a seasoned physician. Hence, the consumer tends to act on his suggestions and readily accepts his prescription for minor ailments.
4. **Awareness:** Most of the households prefer stocking few commonly used OTC drugs and even purchase it along the monthly grocery. Thanks to the media for creating such awareness among the consumers.
5. **Lifestyle:** Changing lifestyle with smaller living space, less exercise (sedentary jobs), taking junk food, consuming addictive products to stay awake on the job for longer hours and eating on the run put more stress on the body which get expressed in the form of psychosomatic disorders like frequent headache, allergy, common cold, constipation, backache, acidity, chronic fatigue etc.... are causes of various minor and moderate ailments.

Understanding this emerging need of the market several products are being marketed by various firms. Let us have a look at the major players and their OTC brands in Indian Market:

Evolving approaches by OTC Brands across Marketing-Mix Elements

So much of growth, well backed by market dynamics and persuaded by future prospects, the Indian OTC market is poised for a great deal of business. This is well seen through various marketing initiatives put forward by some of the brands in recent times. When we have a look at '*how these brands strategically view this opportunity and work out plans across the 4 Ps of the marketing mix?*', some interesting insights can be drawn. The existence of OTC products in India can be attributed to way back in 1980s, wherein the birth of television media has just happened and opened gates for brand commercials. Till then it was print and radio which provided the connect between the brand and the market. Once the TV media became vibrant with the introduction of satellite TV and DTH services, the reach got widened and today many OTC brands have become household names.

- **Product** – OTC products have created a space for themselves in the consumers' mind as most of the marketers termed it as Consumer Healthcare Products. This is a good positioning platform to convince the customers that it is not a prescription drug. Further the ayurvedic preparation of the product also instils required believability among the users. Thus the brand positioning became relevant and various branding exercises have been taken up by leading marketers. This has led to a perception among consumers that these OTC brands are similar to that of other FMCG brands. 'Product form' innovation is also common and the popular OTC pain remedies are now available in liquid, cream, gel and spray forms. This is a remarkable push for OTC brands and marketers took cues from this and started promoting their brands through various ways.
- **Price** – OTC products have the pricing advantage compared to other consumer products since they wear the mask of a medicated product. Hence the pricing of these products are ranging from *moderate* to *premium*. Most of these products are priced on the basis of benefit offered. In certain cases the price is offset by appropriate packaging strategy (*discussed in detail under Packaging*). By and large the pricing though little above the average ranges still consumers never mind to buy due to the urge for quick remedies to ailments. This is one major difference in consumer perception for FMCG products and OTC drugs.

³ '*OTC Drug Marketing – Global Trends and Indian Experiences*' by Ajith Paninchukunnath, *International Marketing Conference on Marketing & Society*, 8-10 April, 2007, IIMK

⁴ <http://www.mbaskool.com/business-articles/marketing>

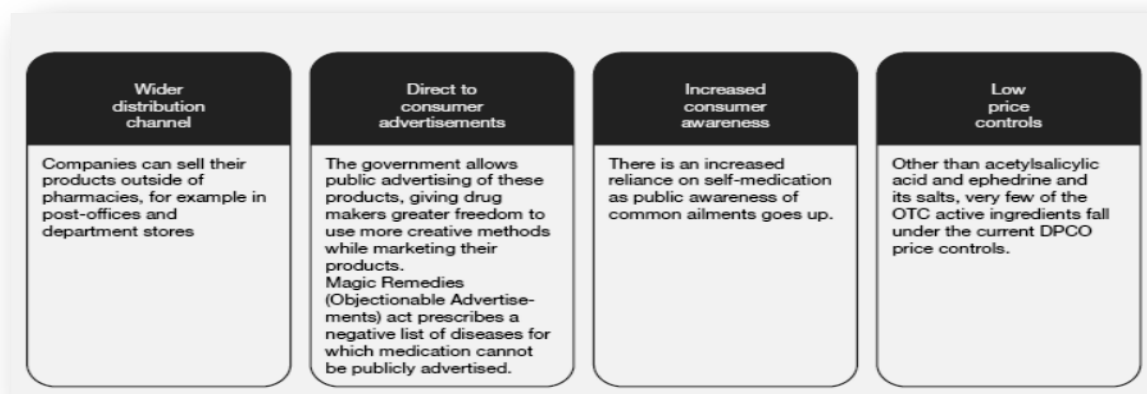
- **Promotion** – In recent years, the media has experienced lot of OTC brands launched in an aggressive way in the market. To name a few, *Eno, Revital, i-pill, Volini, Vicks Multi-pain, Iodex gel* and so on., The relative advertising spend by these brands are also quite sizeable. For e.g., GSK-one of India’s leading OTC marketers roughly spends 1/6th of its total income from operations on advertising and sales promotion[5]. Some of the trends observed in the OTC brand promotions in recent times are:
 - Frequent advertising leading to stronger brand recall
 - Higher brand awareness through wider media presence (across all media options)
 - Better consumer connect with celebrity endorsements
 - Attractive POP displays to stimulate brand preference
 - Well designed communication strategies to diffuse brand benefits and advantages

- **Place** – OTC products make use of the huge pharmaceutical distribution network in India to reach out the various segments of the market. Except for cold rub/ pain balm and the likes, some other OTC products are also prescribed by the physicians through whom the sale is triggered. In addition to the pharmacies, even general merchants and organised retail stores have started selling popular and fast moving OTC brands. Hence, the market reach is good and relatively larger than FMCG products. But still, the sale through electronic channel (online) is still a distant reality as such a mindset is not yet set among the consumers.

- **Packaging** – Given the significance of packaging for OTC marketing, it is discussed along with the traditional 4Ps. As mentioned earlier the packaging strategies are offsetting the pricing effect on various OTC products. For example, Vicks has various size of packaging for its cold rub with varying content volume and pricing. Similarly, antacid liquid and cough syrup are available in sachet for one time use which results in affordable pricing image and lot of convenience to use.

Thus the OTC marketers are devising various marketing strategies across the elements of marketing mix and effectively marketing the products across every possible promotion avenues.

Exhibit-1-Key Drivers of Indian OTC Market



Source : India Pharma Inc.: Capitalising on India’s Growth Potential-pwc report 2010

Exhibit-2- Major OTC categories

OTC Category	Products
Established	Cough, cold, acidity, aches/pain
Emerging	Cuts/wounds & burns, antacid, health supplements, constipation, diarrhoea
Expected	Vitamin, oral health, anti-obesity, anti-stress, sexual wellness (Men & Women)

Compiled by the authors from various online sources

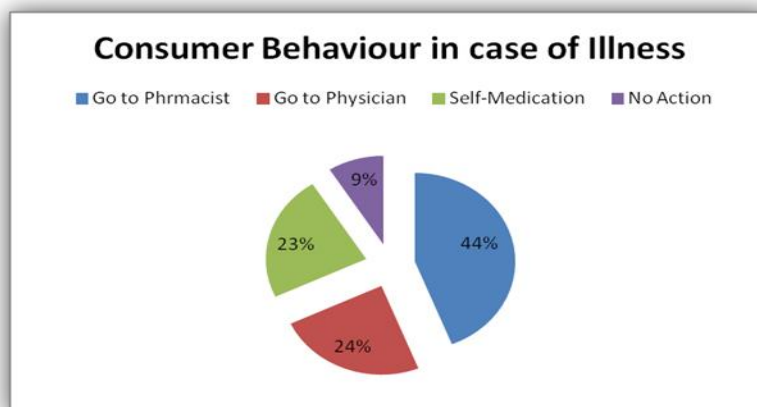
⁵ www.indiatelevision.com

Exhibit-3-Popular OTC Brands across various categories

OTC Categories	Popular Brands (partial list)
Aches/Pain	Volini, Moov, Iodex, Vicks Multi-pain, Fast Relief
Digestives	Pudin hara, Hajmola
Antacids	Gelusil, Digene, Eno, Pepfiz
Cold rubs and Analgesic Balms	Vicks, Amrutanjan, Zandu
Vitamins/Health Supplements	Chyawanprash, Nutrigain, Revital, Calcium Sandoz
Medicated skin treatment	Krack, Itchgurad, Mederma, RingGuard
Analgesic /Cold Tablets	Dolo, Aspirin, Crocin, Vicks action 500, D'Cold
Antiseptic Creams/Liquids	Dettol, Savlon, Boroplus
Glucose Powders	Glucon-D, Gluco vita, Dabur Glucose-D
Cough Syrup	Benadryl, Dabur honitus
Throat Lozenges	Halls, Vicks, Strepsils
Medicated Dressings	Johnson & Johnson Band-Aid
Baby Gripe Water	Woodwards, Dabur
Ayurvedic Medicines /Preparations	Himalaya, Ayur, Vicco labs & lot more

Compiled by the authors from various online sources

Exhibit-4 – Consumer behaviour in case of illness



Source: www.mbaskool.com & recreated by authors

Exhibit-5-Major Players in the Indian OTC Market

Name of the firm	Popular OTC brands offered
Ranbaxy	Revital, Volini, Chericof, Pepfiz, Garlic Pearls
GSK - GlaxoSmithKline	Otrivin, Eno, Crocin, Iodex
P&G	Vicks
Piramal Health Care	Saridon, I-pill, Polycrol
Dabur India Ltd.,	Glucose-D, Chyawanprash, Hajmola
Emami Limited	Boroplus, Zandu, FastRelief, MenthoPlus
Amrutanjan	Amrutnajan Pain Blam, Cold rub
Vicco labs	Turmeric Skin Cream, Narayani Cream
Johnson & Johnson	Benadryl, Band-Aid, Nicorette, Pepcid
ManKind Pharma	Gas-o-Fast, Prega News, Heal-o-Kind
Reckitt Benckiser	Dettol, Krack, Moov, ItchGuard, RingGuard, Strepsils

Compiled by the authors from various online sources /company websites

Exhibit-6-Celebrity endorsements of OTC Brands

OTC Brand	Endorsed by
Polycrol gel	Mary Kom
Volini	Sonali Bendre /Trisha
Revital	Salman Khan
Vicks Multipain relief	Virat Kohli
Dabur Glucose-D	Sourav Ganguly & Amitabh Bachchan
Crocain Pain Relief	Kapil Dev
Iodex Ultra Gel	Saina Nehwal
Dabur Chyawanprash	Amitabh Bachchan

Compiled by the authors from various online sources /company websites

The Road Ahead for OTC Products

With a huge potential and projected growth of the OTC market, the pharma industry is more serious about its OTC business. In addition consumer goods marketers are also eyeing a share of this PTC pie with few brand launches in recent times. The cascading effect of OTC market growth is felt on other industrial hubs like media, retail and logistics. The following section analyses the probable opportunities and challenges available to OTC marketers:

Opportunities

The OTC marketed is presented with excellent opportunities in Indian market which is often attributed to its growth:

- There is a huge untapped rural market which can be approached with exclusive strategies to create awareness and motivate the consumers to prefer the OTC drugs.
- Fragmented media offers a good choice of avenues to promote the OTC brands effectively.
- From the marketers’ point of view, lower price controls offer a freedom to price levels. Though this may not be good for the consumers still the very image of a medication, shield the OTC brands.
- Growing consumer tendency to buy remedial medicines through OTC in urban market, is a welcoming trend
- Innovative packaging (like sachet and squeezing packs) adds to the convenience and consuming experience of the market
- The changing perception of OTC products as that of FMCG products is creating categorial sink wherein the medicinal outlook is tend to fade away.

Given these opportunities for growth, still the OTC marketers are left with several challenges. The product differentiation in terms of benefits is to be notable demonstrated since the consumers are not in a position to find it themselves. Further, the marketing innovations are expected to take a leap as the category has tremendous scope for the same. In addition, OTC marketers in India are expected to guard them against any regulatory changes in the future by creating a space beyond being a pharmaceutical drug to that of a healthcare product. There is also a need to revisit the pricing policies of OTC portfolio to make it affordable to the masses. It is probably the best time to analyse portfolios and manage effective Rx to OTC switch. Further, the time has come to invest in building brands through improved consumer awareness.

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