

## **CHAPTER – V**

### **COMPANY PROFILE AND S.W.O.T ANALYSIS**

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- 5.1. INTRODUCTION**
- 5.2. COMPANY PROFILE OF RANBAXY**
- 5.3 RANBAXY CONSUMER HEALTH CARE DIVISION**
- 5.4 OTC PRODUCT LIST**
- 5.5 SWOT ANALYSIS OF RANBAXY CONSUMER HEALTH DIVISION**
- 5.6 CONCLUDING REMARKS**
- 5.7 INTRODUCTION**
- 5.8 COMPANY PROFILE OF GLAXOSMITHKLINE CONSUMER HEALTH DIVISION**
- 5.9 OTC PRODUCT LIST**
- 5.10 SWOT ANALYSIS OF GLAXOSMITHKLINE CONSUMER HEALTH DIVISION**
- 5.11 CONCLUDING REMARKS**

## CHAPTER-V

### COMPANY PROILE AND SWOT ANALYSIS

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#### 5.1. INTRODUCTION

The researcher has selected the research study on the marketing strategies of OTC products with ref to GSK and Ranbaxy Ltd, it becomes to bring down a detail profile of these sample companies to understand the strategic perspective of these companies in there whole process of making these companies as renowned companies in India and globally. The researcher is of the opinion that these both companies have different culture and origin .one is a global giant, playing an important role in providing highly innovative and researched based products in the name of GlaxoSmithKline ltd and the other domestic company known for its generic and low cost pharmaceutical products. Indians feel proud when they take Ranbaxy laboratory drug as the most innovative drug company and number one Indian companies fighting global players like GSK on different levels. The Endeavour at Ranbaxy is to provide value through pioneering work, research & development and quality pharmaceuticals across the globe. Ranbaxy keeps alive this endeavor as it steps into the new millennium, and reaffirms its commitment to the environment, the people and a healthier future. As one of the top pharmaceuticals in India and worldwide, Ranbaxy Laboratories Limited has its products sold in over 100 countries and manufactured in seven countries.

The company has a strong global presence with over 78% of its sales from overseas markets. They produce a wide array of quality, generic products that are preferred by health professionals and patients worldwide. While Ranbaxy's strength lies in quality generics, it is slowly moving toward New Chemical Entities (NCE) and Novel Drug Delivery Systems (NDDS) in supporting its long-term growth focus. The company aspires to break into new markets as a research-based pharmaceutical entity. It has actively pursued strategic alliances and acquisitions to develop areas of expertise and gain access to advanced technologies.

The Company's major research focus lays in Urology, Anti-infective, Respiratory, Anti-inflammatory and Metabolic disorders segments. Ranbaxy's vision is to achieve significant business in proprietary prescription products by 2012 with a strong presence in developed markets.

This chapter has its own importance in this study. It will bring out the detail profile of the sample companies and narrow down to the consumer health care divisions of both the companies to know their OTC product portfolios and their present market status.

The second half of the study of this chapter is based on the SWOT analysis of the sample companies and knows their: Strengths, Weakness, Opportunities and Threats. So that the fertile land for the next chapter which was of Data presentation and Analysis and interpretation is prepared.

## **5.2 COMPANY PROFILE**

Ranbaxy Laboratories Ltd. is the largest pharmaceutical company in India, and one of the world's top 100 pharmaceutical companies. Long a specialist in the preparation of generic drugs, Ranbaxy is also one of the world's top 10 in that pharmaceutical category as well. Yet, with India's agreement to apply international patent law at the beginning of 2005, Ranbaxy has begun converting itself into a full-fledged research-based pharmaceutical company. A major part of this effort has been the establishment of the company's own research and development center, which has enabled the company to begin to enter the new chemical entities (NCE) and novel drug delivery systems (NDDS) markets. In the mid-2000s, the company had a number of NCEs in progress, and had already launched its first NDDS product, a single daily dosage formulation of ciprofloxacin. Ranbaxy is a truly global operation, producing its pharmaceutical preparations in manufacturing facilities in seven countries, supported by sales and marketing subsidiaries in 44 countries, reaching more than 100 countries throughout the world. The United States, which alone accounts for nearly half of all pharmaceutical sales in the world, is the company's largest international market, representing more than 40 percent of group sales. In Europe, the company's purchase of RPG (Aventis) S.A. makes it the largest generics producer in that market. The company is also a leading generics producer in the United Kingdom and Germany and elsewhere in Europe. European sales added 16 percent to the company's sales in 2004. Ranbaxy's other major markets include Brazil, Russia, and China, as well as India, which together added 26 percent to the group's sales. Ranbaxy posted revenues of \$1.18 billion in 2004. The company, which remains controlled and led by the founding Singh family, is listed on the National Stock Exchange of India in Mumbai. Ranbaxy Laboratories Limited, India's largest pharmaceutical company, 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. Ranked 8th amongst the global generic pharmaceutical companies, Ranbaxy today has a presence in 23 of the top 25 pharmaceutical markets of the world. The Company has a global footprint in 49 countries, world-class manufacturing facilities in 11 countries and serves customers in over 125 countries. Ranbaxy Laboratories (Ranbaxy) is a pharmaceutical company. The company is involved in manufacturing and trading of formulations, active pharmaceutical ingredients (API) and intermediates, generics, drug discovery and consumer health care products. It also focuses on research and development activities primarily in India. The company operates in India, Europe, North America and Asia Pacific. It is headquartered in Gurgaon, India and employs about 12,000 people. The company recorded revenues of INR74, 256 million (approximately \$1,799.2 million) in the fiscal year ended December 2007, an increase of 19.8% over 2006. The company's operating profit was INR11, 397.2 million (approximately \$276.2 million) in fiscal 2007, an increase of 51% over 2006. Its net profit was INR7,744.9 million (approximately \$187.7 million) in fiscal 2007, an increase of 51.8% over 2006. In June 2008, Ranbaxy entered into an alliance with one of the largest Japanese innovator companies, Daiichi Sankyo Company Ltd., to create an innovator and generic pharmaceutical powerhouse. The combined entity now ranks among the top 15 pharmaceutical companies, globally. The transformational deal will place Ranbaxy in a higher growth trajectory and it will emerge stronger in terms of its global reach and in its capabilities in drug development and manufacturing.

Vision & Aspirations: Ranbaxy is driven by its vision to achieve significant business in proprietary prescription products by 2012 with a strong presence in developed markets.

The Company aspires to be amongst the Top 5 global generic players and aims at achieving global sales of US \$5 Bn by 2012.

Financials: Ranbaxy was incorporated in 1961 and went public in 1973. For the year 2008, the Company recorded Global Sales of US \$ 1,682 Mn, reflecting a growth of 4%. The Company has a balanced mix of revenues from emerging and developed markets that contribute 54% and 39% respectively. In 2008, North America, the Company's largest market contributed sales of US \$ 449 Mn, followed by Europe garnering US \$ 330 Mn. Business in Asia is going strong with India clocking sales of around US \$ 300 Mn with market leadership in several business segments, backed by strong brand-building skills.

Strategy: Ranbaxy is focused on increasing the momentum in the generics business in its key markets through organic and inorganic growth routes. Growth is well spread across geographies with focus on emerging markets. The Company continues to evaluate acquisition opportunities in India, emerging and developed markets to strengthen its business and competitiveness. Ranbaxy has forayed into high growth potential segments like Biologics, Oncology and injectables. These new growth areas will add significant depth to the existing product pipeline.

R&D: Ranbaxy views its R&D capabilities as a vital component of its business strategy that will provide a sustainable, long-term competitive advantage. The Company has a pool of over 1,200 scientists engaged in path-breaking research. Ranbaxy is among the few Indian pharmaceutical companies in India to have started its research program in the late 70's, in support of its global ambitions. A first-of-its-kind world class R&D centre was commissioned in 1994. Today, the Company's multi-disciplinary R&D centre at Gurgaon, in India, houses dedicated facilities for generics research and innovative research. The robust R&D environment for both drug discovery and development reflects the Company's commitment to be a leader in the generics space offering value added formulations based on its Novel Drug Delivery System (NDDS) and New Chemical Entity (NCE) research capabilities.

The new drug research areas at Ranbaxy include anti-infective, inflammatory / respiratory, metabolic diseases, and oncology, urology and anti-malaria therapies. Presently, the Company has 8-10 programs including one Anti-malaria combination drug, Arterolane maleate + Piperaquine phosphate for which Phase-III clinical trials have commenced in India, Bangladesh and Thailand.. The Company has signed collaborative research programs with GSK and Merck.

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

People: The Company's business philosophy based on delivering value to its stakeholders constantly inspires its people to innovate, achieve excellence and set new global benchmarks. Driven by the passion of its over 12,000 strong multicultural workforce comprising over 50 nationalities, Ranbaxy continues to aggressively pursue its mission to become a Research-based International Pharmaceutical Company and attain a true global leadership position.

Products: Using the finest R&D and Manufacturing facilities, Ranbaxy Laboratories Limited manufacture and markets generic pharmaceuticals, value added generic pharmaceuticals, branded generics, active Pharmaceuticals (API) and intermediates.

The Company remains focused on ascending the value chain in the marketing of pharmaceutical substances and are determined to bring in increased revenues from dosage forms sales. Ranbaxy's diverse product basket of over 5,000 SKUs available in

over 125 countries worldwide encompasses a wide therapeutic mix covering a majority of the chronic and acute segments. Healthcare trends project that the chronic treatment segments will outpace the acute treatment segments, primarily driven by a growing aging population and dominance of lifestyle diseases. Our robust performance in Cardiovascular, Central Nervous System, Respiratory, Dermatology, Orthopedics, Nutritionals and Urology segments, clearly indicates that the Company has strengthened its presence in the fast-growing chronic and lifestyle disease segments.

It also has Top 20 Molecules like • Simvastatin, AmoxiClav Potassium • Isotretinoin, Amoxicillin and Combinations, Ciprofloxacin, Ginseng+Vitamins, • Diclofenac and Combinations, • Ranitidine, • Cefaclor, Atorvastatin and Combinations, • Fenofibrate, Ofloxacin and Combinations to name few.

**Worldwide Operations:** Global Pharmaceutical Companies are experiencing an ever changing landscape ripe with challenges and opportunities. In this challenging environment Company is enhancing its reach leveraging its competitive advantages to become a top 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 marks. 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 49 countries embracing different locales and cultures to form a family of 51 nationalities with an intellectual pool of some of the best minds in the world.

**Manufacturing Facilities:** Organizations' capabilities and intent are strongly reflected in the product it manufactures. In other words, the manufacturing competencies and facilities echo truly, the R&D extent and the ability to implement it for the best of the market it targets. Ranbaxy possesses the manufacturing strengths that have established it as a producer of world-class generics, branded generics and a major supplier of its range of Active Pharmaceutical Ingredients for pharmaceutical products of companies worldwide. Ranbaxy has world-class manufacturing facilities in 11 countries namely Brazil, China, Ireland, India, Japan, Malaysia, Nigeria, Romania, South Africa, USA and Vietnam. Its overseas facilities are designed to cater to the requirements of the local regulatory bodies of that country while the Indian facilities meet the requirements of all International Regulatory Agencies. Some of the agencies such as MCA-UK, MCC-South Africa, FDA-USA and TGA-Australia, have audited Ranbaxy's manufacturing facilities for the compliance with international Good Manufacturing Practices and have registered its products for safety, quality and efficacy.

**Research & 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 1,200 scientists who are engaged in path-breaking research.

The robust R&D environment within the company for both drug discovery & development reflects the Company's commitment to be a leader in the generics space and offer value added formulations based on the Company's Novel Drug Delivery System (NDDS) and New Chemical Entity (NCE) research outcomes.

## **MAJOR PRODUCTS AND SERVICES**

Ranbaxy Laboratories (Ranbaxy) produces pharmaceuticals. The company's key products and activities include the following Products:

Active Pharmaceuticals (API) and intermediates, Consumer health care products, Generic pharmaceuticals, Activities, Research and development

## **TOP COMPETITORS**

The following companies are the major competitors of Ranbaxy Laboratories Limited  
Dr. Reddy's Laboratories Limited

Abbott India

Morepen Laboratories

Kopran

Sun Pharmaceuticals Industries Ltd

Nicholas Piramal India Ltd

Novartis India Limited

GlaxoSmithKline Pharmaceuticals (India) Limited

IPCA Laboratories Ltd

## **5.3 RANBAXY GLOBAL CONSUMER HEALTH CARE**

Moving up the value chain, Ranbaxy identified Consumer Healthcare as its new business area in the year 2001. Subsequently, Ranbaxy Global Consumer Healthcare (RGCH) business was initiated with the launch of 4 brands: Revital, Pepfiz, and Gesdyp & Garlic Pearls. These brands had a strong equity with consumers and represented the leading common ailment categories like VMS (Vitamins & Minerals Supplement); this portfolio was carefully crafted for the introduction of Ranbaxy's consumer healthcare business in India. Subsequently in 2004, RGCH launched its first herbal range of products through New Age Herbals (NAH), with products offering remedies in categories of Cough & Cold (Olesan Oil & Cough Syrups) and Appetite Stimulant (Eat Ease). In 2005, another popular brand, Chericof – The complete cough formula was introduced. During 2006, the business registered sales of US \$ 19 Mn registering a growth of 19%. Revital, the flagship brand continues to maintain leadership in its segment.

Ranbaxy's Global Consumer Healthcare (RGCH) business recorded sales of Rs 1,899 Mn (USD 44 Mn), growth of 25% for the year 2008. For the Quarter, the business grew by 33%, registering sales of Rs 583 Mn (USD 12 Mn). Market share of Revital increased to 86 % and Violin captured a market share of 31%, Revital is ranked 15th in the Indian Pharmaceutical market

RGCH has chosen a unique Business Communication platform 'The Rainbow Coalition' which is an integrated communication program targeted at doctors at one end and consumers at the other. Consumers are targeted through effective advertisements across the area. In line with this approach, the business continues to reach out to the Doctors to generate prescriptions flow and enhance doctor endorsements for RGCH brands. Simultaneously consumer communication and widespread availability of the product has helped in enhanced coverage. This Rainbow Coalition effort has resulted in sales and prescription growth.

**Sales and Distribution:** RGCH pursued a differentiated sales & distribution Strategy of engaging, FMCG distributors for its products, and a first of its kind attempt at Ranbaxy.

The distribution infrastructure of RGCH continues to grow with about 600 Distributors and Distributor Sales Representatives (DSRs) representing RGCH in the Indian market.

Organic and inorganic growth is planned through strategic alliances and/or acquisitions in the large and exciting OTC and Herbal markets. These expansions will serve the consumer and enhance value for its stakeholders. In its first phase of geographical expansion, RGCH continues to focus on 'growth countries' which include Russia, Ukraine, Romania, Vietnam, Myanmar and Malaysia. The next stage of expansion is planned in Central and East European countries

## **5.4 OTC PRODUCT LIST**

S No	Brand name	Generic name	Therapeutic segment
1	CHERICOF COUGH SYRUP	Complete Cough Syrup for family	CCA - Cough, Cold & Allergy
2	CHERICOF SOFTGEL	Cough remedy capsules	CCA - Cough, Cold & Allergy
3	EATEASE	Appetite enhancer-Children (Herbal)	GI - Gastro-intestinal
4	GARLIC PEARLS	Garlic oil for all round health	GI - Gastro-intestinal
5	GESDYP	Digestive Enzymes	GI - Gastro-intestinal
6	OLESAN GEL	Cold rub (Herbal)	CCA - Cough, Cold & Allergy
7	OLESAN LOZENGES	Cough & sore throat cure (Herbal)	CCA - Cough, Cold & Allergy
8	OLESAN OIL	Nasal decongestant oil (Herbal)	CCA - Cough, Cold & Allergy
9	PEPFIZ	Effervescent digestive enzymes	GI - Gastro-intestinal
10	REVITAL SOFTGELS	Ginseng, vitamins & minerals	VMS-Vitamins, Minerals & Supplements
11	REVITAL LIQUID	Ginseng, vitamins & minerals	VMS-Vitamins, Minerals & Supplements
12	VOLINI GEL	Complete Pain relief Gel	ANALGESIC-Topical
13	VOLINI SPRAY	Complete Pain relief Spray	ANALGESIC-Topical
14	VOLINI TABS	Complete Pain relief tabs	ANALGESIC-Oral

Source: <http://www.ranbaxyltd.com>

## **5.5 SWOT ANALYSIS OF RANBAXY CONSUMER HEALTH CARE DIVISION**

### **Introduction:**

SWOT is a strategic planning tool, usually used as apart of doing an environmental scanning, that help identify external factors that need to be planned and internal environment factors like strength and weakness.

A scan of internal and external environment is an important part of strategic planning process. Environmental factors internal to the company can be Strength and Weakness and those external to the company can be referred as Threats and Opportunities. Such an analysis of the strategic environments SWOT analysis.

Ranbaxy is well-known for its generic products worldwide. Its consumer healthcare division is adding new feathers in the cap of success in Ranbaxy growth. Revital created history as an OTC product. Reseacher has made an attempt to explore the strengths and weakness of the consumer division in order to craft marketing strategies against competitors like Novartis, GSK, Morepen and Himalaya Drug Company. Marketing OTC products to rural consumers where the distribution channel is matter of concern and chemists do not have that reach .companies like this need to develop there own channel of distribution channel and reach the rural markets making OTC products available in different minor ailments. Moving up the value chain, Ranbaxy identified Consumer Healthcare as its new business area in the year 2001.

Subsequently, Ranbaxy Global Consumer Healthcare (RGCH) business was initiated with the launch of 4 brands: Revital, Pepfiz and Gesdyp & Garlic Pearls. These brands had a strong equity with consumers and represented the leading common ailment categories like VMS (Vitamins & Minerals Supplement); this portfolio was carefully crafted for the introduction of Ranbaxy's consumer healthcare business in India.

The Researcher investigated that there is huge market inside the rural parts of study area. Where the products are not available .in order to understand what the problem is, the researcher had carried a SWOT analysis to know the strengths and weakness of the Sample companies.

The strength of the company was required to know in order to under stand the performance in this sector.

Secondly to study in depth the weaknesses the company has and analyze what the company can do to overcome the weakness in this competitive market. it was also important to know the opportunities the company has in existing market with existing product and if launches any new products in the OTC sector and finally the threats from competitors was to be analyzed as many pharmaceuticals are trying to grab the OTC market with their new market entry strategy and aggressive advertising strategies.

Hence this SWOT analysis plays an important role in bringing out an in-depth analysis of internal and external environment to craft innovative strategies which can in long run can bring about a competitive advantage and add value to the consumers and company at large.

## **S.W.O.T ANALYSIS**

<p><b><u>Strength</u></b></p> <ul style="list-style-type: none"> <li>• Largest Domestic company and established Brand</li> <li>• Low cost products</li> <li>• Large skilled marketing force.</li> <li>• Market leader products like Revital.</li> <li>• Efficient technologies for large no of generics.</li> <li>• High Promotion and advertisement</li> </ul> <p><i>'The Rainbow Coalition'</i> communication program targeted at doctors at one end and consumers at the other</p>	<p><b><u>Weakness:</u></b></p> <ul style="list-style-type: none"> <li>• Non availability of Major intermediates for OTC products</li> <li>• Lack of experience to exploit efficiently the growing Fast moving healthcare market.</li> <li>• Very few RX to OTC switch.</li> <li>• Only few products promoted ,unable to market other products like Pepfiz, Gesdyp &amp; Garlic Pearls,</li> <li>• Many therapeutic products about to expire</li> <li>• Lack of trained sales force.</li> </ul>
<p><b><u>Opportunities</u></b></p> <ul style="list-style-type: none"> <li>• Large young female population</li> <li>• Unexplored Rural markets</li> <li>• Rising health care cost</li> <li>• Increasing lifestyle diseases</li> <li>• Saturation point of markets is faraway.</li> <li>• New therapy approaches like ayurveda</li> </ul>	<p><b><u>Threats</u></b></p> <ul style="list-style-type: none"> <li>• Rising cost of products</li> <li>• New and existing competitors like GSK, Novartis, Morepen, Nicholas Primal India Ltd.</li> <li>• High entry cost in new market.</li> <li>• High promotional cost.</li> <li>• High Attrition rate of marketing force</li> <li>• Focus on only big urban cities</li> </ul>

**5.6 CONCLUDING REMARKS**

The SWOT analysis was carried in order to know the present status and problem the company may face in coming days from the competitors. The OTC products that created history are Revital, pepfiz and Valoni in Indian retail market even when the competition was severe .market leader like Iodex and Eno were doing excellent job in meeting consumer expectations. Ranbaxy has well planed product mix and effective promotional strategy could hit the Indian market in rural area also .the *ah se ah take effect* was melted by Valoni in urban and rural market of Maharashtra.

## **5.7 INTRODUCTION**

Non-Prescription (OTC Drugs) industry is one of the most important industries in the world. It is also considered as one of the most profitable industries being the third more profitable economic activity after the tourism and the finance industry (2005) It was said that by 2002, Non-Prescription (OTC Drugs) industry will expect to gain more than double of accounting to \$1.3 trillion, in the E7 countries namely the China, India, Brazil, Mexico, Indonesia, Turkey and Russia that has the one fifth of global share in the pharmaceutical share (.). Non-Prescription (OTC Drugs) industry like any other industries needs to have a strong and unique marketing strategy in order to succeed or stay in the business.

The innovation and technological as well as organizational change of a certain business that are involved in the pharmaceutical company changes as the needs, demands, taste and preferences of the world change.. The Non-Prescription (OTC Drugs) industry is one of the industries that are in great need of focus in development and production as well as supply to help save lives, prevent diseases as well as to assist in maintaining the quality of life. Pharmaceutical companies after mapping the environment entered the OTC sector. Knowing that the market will accept this very positive as self medication in countries like India, china is has been tradition.

Pharmaceutical major like GLAXO-SMITHKILNE entered in this OTC sector in India with Crocin, Iodex and Eno .which created history in OTC market .The sales of the OTC products showed unmatched growth for decades in small rural parts of Maharashtra where the researcher has carried the work. GlaxoSmithKline, Ranbaxy consumer health care division having brands which are market leaders but this may not remain the same .Iodex pain balm was the market leader since long years but the movement competition became sever products like valoni from Ranbaxy started acquiring the market share of GSK-Iodex.In this competitive market of OTC products, companies like GlaxoSmithKline, Ranbaxy consumer health care division need to relook their strategies and craft innovative strategies and bring more number of products under the umbrella of OTC Segment.

Medicines and drugs have a huge contribution to the health of the world. The discovery, development as well as the effective use of drugs had helped to improved the quality of life of many people by helping to reduce the needs for surgical involvement and the span of time that they will be spending in the hospital and therefore help many people to save money (2005). The consumption of drugs or medicine of the world is increasing every year; this is due to the fact that there are still many people in the world that are living in a bad habit or unhealthy habit.

## **5.8 PROFILE OF GLAXO-SMITHKILNE CONSUMER HEALTH CARE**

### **DIVISION**

#### **INTRODUCTION**

GSK leads in several therapeutic segments - dermatology, anti-helmentics, hormones, and anti-infective. GSK's vaccines division is ranked first in a fast-growing vaccines market. Some leading products in India are Havrix, Varilrix, Hiberix, Engerix B and Infanrix. GSK India's R&D centres at Thane and Nashik have been granted recognition by the Department of Scientific and Industrial Research, Government of India. The number of clinical studies conducted in India is rapidly growing across a range of therapy areas. GSK India's social responsibility programmes focus on development of under developed villages, women and children, specifically in the areas of healthcare and education. GSK has two manufacturing units in India, located at Nasik and Thane as well as a clinical development centre in Bangalore. Last year, Glaxo bought a stake in Aspen, a generic in South Africa, & signed agreement with Dr. Reddy's, an Indian generic firm, to sell their products in emerging markets.

#### **VITAL FACTS**

GSK is the second largest drug company in the world with a 5.3% share of the world's pharmaceutical market. GSK employs over 99,000 people in 114 countries. Over 14,500 people work in our research teams across the world to discover new medicines. Over 150 projects in clinical development – one of the largest pipelines in the industry. Every second, we distribute more than 32 doses of Vaccines. Every minute, more than 1200 prescriptions are written for GSK products. Over one billion albendazole tablets have been donated to combat lymphatic filariasis. Company's global community investment and charitable donations were £124 million in 2008. In India, GSK is one of the market leaders with a turnover of Rs. 1880 core and a share of 5.7 per cent. GSK has seven products in the top 50 brands, and the top five GSK products are Augmenting, Calpol, Ceftum, Phexin, and Zinetac. GSK India's social responsibility programmes focus on development of under developed villages, women and children, specifically in the areas of healthcare and education. Established in the year 1924 in India GlaxoSmithKline Pharmaceuticals Ltd. (GSK Rx India) is one of the oldest pharmaceuticals company and employed over 3500 people. SmithKline & French appointed its first medical representative. In 1960's. Merger of SmithKline Beecham Pharmaceuticals (India) Limited into Glaxo India Limited happened in 2001. The name of the company changed to GlaxoSmithKline Pharmaceuticals Limited in India in the same year P Garnier had inaugurated the GSK House in 2002.

#### **CONSUMER HEALTH CARE DIVISION**

GlaxoSmithKline Consumer HealthCare Ltd. (GSKCH) is an Indian associate of GlaxoSmithKline p/c, U.K. GSKCH is one of the largest players in the Health Food Drinks industry in India. The company, with its manufacturing plants located in Nabha, Rajahmundry and Sonepat has a total workforce of over 2700 people, each driven by a spirit of enterprise. GSKCH has a strong marketing and distinction network in India comprising over 1800 wholesalers at and coverage of over 100000 retail outlets. GlaxoSmithKline's Consumer Healthcare business is based on scientific innovation. GSK provide money, medicines, time and equipment to non-profit organizations to help

improve health and education in under-served communities and focus on programs that are 'innovative, sustainable and bring real benefits to those most in need.

**VALUES:** Being a premier pharmaceutical company in the country, GSK's core value is to be a good corporate citizen. It is committed to the communities in which it works. Support to the community through charitable initiatives is the way through which it invests in society. This is done by being proactive in improving the environment and Participating and contributing actively for Tribal Welfare.

**MISSION:** To improve the quality of life by enabling people to do more, feel better and live longer. This mission drives the company to make a real difference to the lives of millions of people with effective healthcare solutions.

**Mission statement** is "To lend a helping hand to the less fortunate in our society through the support of women, children and the aged in the areas of health and education." Implementing this philosophy in spirit, Company make a positive contribution to the communities in which they operate, and invest in health and education programs and partnerships that aim to bring sustainable improvements to under-served people.

**STRENGTHS:** Strong marketing and distinction network in India. Company constantly keeps on working towards "Corporate Social Responsibility", thereby having strong acceptance by the society, which is a key strength. Strong emphasis on transparency, accountability and integrity.

### **5.9 PRODUCTS LIST:**

The company has dedicated consumer healthcare R&D centers and takes research as seriously as marketing excellence cutting edges capability in both. The company also has a Consumer Healthcare portfolio comprising over-the-counter (OTC) medicines, or care products and nutritional healthcare drinks all of which are among the market leaders.

#### **Nutritional Categories**

- Horlicks (is a highly respected brand which is over 100 years old in India)
- Boost (advertised by Sachin Tendulkar saying "Boost is the secret of my energy")
- Viva (a biscuit category product)
- Maltova (a biscuit category product)

#### **GI & Analgesics**

- Crocin (the trusted Paracetamol)
- Eno (got famous through advertisement saying "Eno on Acidity Gone" within only 6 seconds.

**Rubefacients:** Crocin

### **FINANCIAL STATUS**

GSK is the second largest drug company in the world with a 5.3% share of the world's pharmaceutical market. In India, GSK is one of the market leaders with a turnover of Rs. 1880 crore and a share of 5.7 per cent. Globally, GSK is the USD 45 billion, leading, research-based healthcare and pharmaceutical company. Its one of the product "Avandia" came on the market in 1999 & achieved annual revenue of USD 3 billion but in 2009, the sales plummeted to USD 1.2 billion. Increasing public awareness about health care and the importance of self-medication as well as the rapid rise in urban living standards and

growing disposable income levels are combining to allow for the increased purchase of OTC pharmaceuticals and consequently propelling growth GSK in the OTC market.

Additionally, Large increases in rural migrant populations in urban areas have also contributed to the rise in OTC consumption, as these migrant workers also fall outside the public health care system and have to pay for hospital treatment and medication themselves. This segment is also consuming OTC products in minor ailments and in lifestyle diseases.

## **5.10 SWOT ANALYSIS OF GLAXOSMITHKLINE CONSUMER HEALTH**

### **CARE DIVISION**

SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in Marketing OTC products by pharmaceutical companies. It involves specifying the objective of the business and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. The Non-Prescription (OTC Drugs) industry and the companies like GlaxoSmithKline, Ranbaxy Consumer Health Care Division, Cipla, Morepen, and Cadila Etc are also facing a massive amount of new challenges. There are many factors that affect the overall competition in the OTC industry and there are many factors that can add to the competitive advantage of a pharmaceutical company in order for them to be one of the biggest players in OTC sector. Thus it was important during the research to find out the strengths weakness, opportunity and threats of the sample GSK Consumer healthcare Division.

### **SWOT ANALYSIS**

<p><b>Strength :</b></p> <ul style="list-style-type: none"> <li>• Strong market leader brands</li> <li>• Global presence as one of the world best company.</li> <li>• Effective marketing mix</li> <li>• “Corporate Social Responsibility “driven.</li> <li>• Transparency, accountability and integrity.</li> </ul>	<p><b>Weakness:</b></p> <ul style="list-style-type: none"> <li>• Clashing management styles.</li> <li>• Poor media management.</li> <li>• Products high cost</li> <li>• Quality not at par with competitor like valoni of Ranbaxy</li> <li>• Intermediates problem.</li> <li>• Employee turnover is high.</li> <li>• Overlapping of drug portfolio</li> </ul>
<p><b>Opportunity :</b></p> <ul style="list-style-type: none"> <li>• Large market for existing OTC products.</li> <li>• Growing self medication among rural and urban population</li> <li>• Direct marketing to the consumers</li> <li>• Conversions of many mature products to OTC.</li> <li>• FMCG intermediates for effective distribution channel</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>• Sever competition from Domestic companies like Ranbaxy</li> <li>• OTC Products becoming MATURE</li> <li>• Non availability of OTC products in rural parts.</li> <li>• New area of OTC Herbals and ayurvedic products.</li> <li>• Rising costs of products</li> </ul>

## **5.11 CONCLUDING REMARKS**

Non-Prescription (OTC Drugs) industry is considered as one of the highly competitive industry. The number of the companies that are emerging in the said industry is the most obvious evidence that shows the growth and improvement as well as the development of the said industry. It also shows that those businesses are entering in the said field because it offers a profitable future for their businesses.

The growing demand for the medicine as well as drugs and the growing numbers of pharmaceutical businesses and companies in the world, the competition in the said industry is also high. More and more pharmaceutical are crafting RX-to-OTC switch strategy and are innovating their products as Fast moving healthcare product. Pricing and other competitive strategies by companies like GSK, Ranbaxy, Zydus-Cadila, Morpen etc have been altered by the development of information technology and other related forces. There are many factors that can affect the competition in the Non-Prescription (OTC Drugs) industry. The first and foremost is the pricing strategy of any pharmaceutical company. It can affect the supply and demand side of the Non-Prescription (OTC Drugs) industry. On the side of the demand, in minor ailments as first line of defense OTC drugs are required but due to the lacking of the necessary information about the different products, comparative prices, consumers gather or aggregate decentralized information by getting information from another sources that have been into that situation or experience or what so called the herd behavior effect. On the other side which is the supply side, pricing strategies are convoluted by the fact that a firm can convey or permit programmed experiences to other firms. Domestic manufactures claim that they can sell abroad at higher prices if patent laws are strengthened. Pricing strategy is important to the pharmaceutical companies because most of the consumers, especially those who belong to the lower class C, always settle for the low price of medicine or drug.

These aspects are very important to company like GSK and Ranbaxy because innovation is considered as one of the key to have a competitive advantage. Patenting of medication or pharmaceutical products has a great affect to the competition in the said industry. The research development teams as well as the laboratories have been part of a wide competition of who will first discover the antidote for a specific disease or who will first develop and medicine that will handle or prevent specific dilemma.

The Patent moment of certain molecules are in declining stage, the products are in need of converting it to OTC category as the competitor firms like Ranbaxy and others do. It is believe that the price of the pharmaceutical products will decrease or will be maintained if the competition will be encouraged. Competition depends on the pricing process of a specific industry; according to differential pricing is the result of the increased in opportunities for price discrimination or the result of the presence of quality or cost differences in diverse sections of prescription drug markets.

Therefore the price discrimination and differentiation are driven not just by the exposure of a certain segment of the population which can afford it but by the cost, the product amenities. Another factor that can affect the overall performance of pharmaceutical businesses is the presence of the OTC Drugs.

These are the drugs or medicines that are offering the same effective power of a particular substance or chemical but in a low price. This is the main competition of the companies that are offering branded medicine because most of the consumers are

demanding for the cheap but effective medicines. GlaxoSmithKline Consume Healthcare Division is spending large amounts in marketing and advertising their OTC products in order to create a revolutionary demand for the product that will cater the needs, demands, preferences and taste of their consumers.

The main reason why pharmaceutical companies are spending millions of dollars for their Promotional strategy is because is that because, each and every companies is running behind innovation. The first one to get to the finish line will get an ultimate gift of competitive advantage .To find out what is the competitive advantage companies of companies like GSK and Ranbaxy. It was essential for the researcher to bring out a SWOT Analysis of the sample companies.