



How Business Strategy and Forecasting is Applied in the Pharma: Emerging Markets.

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Abstract:

Firstly, lets understand what an emerging market is. The IMF World Economic Outlook classifies 39 economies as “advanced,” based on such factors as high per capita income, exports of diversified goods and services, and greater integration into the global financial system. The remaining countries are classified as “emerging market and developing” economies. Among these, 40 are considered “emerging market and middle-income” Income isn’t the only characteristic of an emerging market. Systemic presence (size of the country, population, share of exports), market access, income level is some of the KPI’s considered while defining this list.

Pharmaceutical strategy and forecasting become increasingly complex when it is layered on the international and emerging market footprint. The legal, infrastructure, intellectual property, financial, and geo-political macro environment plays a vital role and hence must be considered with utmost detail when conducting market research or forecasting a brand.

To successfully drive a business strategy & forecasting in international markets, pharmaceutical organizations need an in-depth understanding of the environment in which they are planning to operate, and this can be tricky as many lack reliable data intelligence.

Custom market research can plug the gaps in knowledge and help marketers make more effective strategic decisions. The healthcare landscape in each market especially emerging markets is complex and does not follow a structured drug approval process, as compared to the developed markets. Carrying out market research in these lesser-known markets can be challenging, requiring a strong understanding of the local health care environment and an awareness of cultural and behavioral nuances.

How does business strategy and forecasting function, function in international scenario?

Typically forecast are created at a global, regional, country, or business unit level. Each forecast is unique as the nature of the inputs determines the outputs and usage of the numbers. For example, if doing a regional forecast for a product in LATAM countries does one assume one LATAM launch date or individual launch dates in each of the key countries? Is there a ‘pan-LATAM’ uptake curve for the product or should individual country’s adoption patterns be modelled? The answer to these, and many other, questions dictate the design of the forecast model.

In the sales and marketing areas, forecasts are used to drive resource allocation decisions. What products are the most responsive to sales and marketing efforts? Do we apply 80:20 Pareto principle? Is there a tangible impact when sales or marketing resources are changed? These nuances lead to a different construction of the forecast than that required for the other functional areas. In other words, every function develops its own model, based on a different set of assumptions with little or no consistency across the board. The key challenge to forecasting is to create a process where the needs of function can be met without compromising the integrity of the forecast approach. Coordinating forecasting capabilities across forecasting functions to ensure consistency in analysis, reporting, operationalized analytics is the key to successful long-range planning, insights, strategy and action.

Are Market analogues or proxy markets appropriate especially in smaller international countries?

With pharmaceutical market research being subjected to ever-tighter budgets and timelines, marketers and managers alike are increasingly tasked with deciding which markets will be most relevant to their business and yield the greatest return on investment. As conducting market research in all markets of interest is rarely a viable option, country archetypes are a hot topic. Specifically, one might want to identify markets within a region to conduct research in and use as a proxy to understand other markets. How well this works depends on the extent to which markets can act as effective proxies for one another to meet the project objectives. Some of the practices which have helped the pharmaceutical firms to emerge successful have been noted as below:

» Think Global, Go local.

- It needs to be kept in mind that the needs and regulations of emerging markets differ not only between countries but also between regions, including between urban and rural areas. A strategy that works in rural Brazil will not necessarily work in urban cities in the same country and can likely also not be directly translated to most rural areas in India or Mexico. That said, customer clusters based on common demographic features and health needs can be identified both within and between regions and will help when designing market access or marketing strategies.

» **Local market trends to be prioritized when gathering market data**

- Gaining insights into the current and anticipated future market trends is key to navigating any emerging market. This can be done on a large scale by analyzing quantitative data from similar markets and/or by collecting qualitative insights directly from local healthcare stakeholders such as physicians, payers, and patients. For the latter approach, digital technologies such as online advisory boards and virtual collaboration tools can be leveraged to streamline the progress.

» **Standard skeleton approach yet flexible**

- Currently, country- and region-specific regulatory and submission requirements vary, and there are limited enforcement resources. Hence, as one of the first steps to developing a successful strategy for navigating emerging markets, a “standardized” approach for navigating foreign rules and regulations is needed. However, at the same time, this approach must be able to account for the variability in national or regional regulatory requirements and market demands. Although regulations vary between markets, there are also common steps for all regions and products. Establishing a harmonized approach will no doubt be difficult but is by no means impossible.

» **Resource allocation and budgeting**

- When entering a new emerging market, many pharmaceutical companies choose to partner with a local third-party or business partner familiar with the current regulatory and reimbursement landscape. This can be done for specific phases or for the whole process. Although this will require substantial upfront costs, the time-savings of such a partnership often proves well worth the investments. Related to this, and just like it is important for companies to create a single, coherent strategy rather than trying to coordinate multiple strategies, there is likewise a need to centralize the company’s resource allocation to avoid duplication of efforts and partnerships.

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Biography

Sanobar Syed has over 14 years of proven expertise in leading business strategy and forecasting with Top giants’ pharmaceutical firms. She is repeatedly invited to speak at leading industry conferences across North America and Europe as an industry subject matter expert in this field. She is actively involved in bridging the gap between academia and industry around strategy, analytics & forecasting emerging trends and its usage in the real-life pharmaceutical world. She is considered a subject matter expert and has delivered guest lectures & developed academic modules on this subject at TRIEC, Toronto Metropolitan University and Schulich University (Healthcare & Biotech) Canada.