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Hotspot alert

12 The emerging markets: A number of global pharmaceutical research markets have signalled a boom in growth. We examine the markets likely to make their mark.

'Hotspots' are emerging countries undergoing dynamic growth and creating a fundamental shift in the global economy. They include not just the high profile countries such as China and India, but also increasingly important countries such as Brazil, Turkey, and Russia. Each one presents a different set of challenges for the researcher. Fundamental differences exist in everything from economic structure and demographics to epidemiology and healthcare systems. It would be naive to treat them all as one homogeneous market, but there are some similarities in the challenges they face which have been created by strong economic development. In this article we discuss the common themes and also highlight local differences.

To establish the importance of emerging markets to the pharma industry, we need only look at their growing proportion of world pharma sales. A 2007 IMS Health survey found that "for the first time in 2008, the world's top seven markets will contribute only half of pharmaceutical growth, while seven emerging markets will account for nearly 25 percent of growth."

This makes sense when, according to the World Fact Book 2006, in terms of real percentage growth rates the UK and US were outstripped not only by China and India (two of the world's fastest growing economies) but also by Russia, Taiwan, South Korea and Singapore. GDP per capita in these markets still has some way to go – a long way in some cases – but rapid growth is evident. At the same time, western European pharma markets are showing marginal growth and the impact of cost containment, whilst the US economy shows signs of weakening, and a Democrat victory in the presidential elections, particularly a Clinton victory, would create additional pressures on US pharmaceutical sales.

The disease burden

So what similarities can we draw across emerging markets? Firstly, and most obviously, we are witnessing rapid demographic and disease profile change. One key characteristic of emerging markets is urbanisation, growing life expectancy and an ageing population. At the same time, increasing adoption of western lifestyles has led to rising obesity rates and an escalation of chronic western diseases such as diabetes. For example, India already has the largest number of diabetics and this is set to increase further. The Indian population has always had a genetic susceptibility to diabetes but this, coupled with changing lifestyles and modern day stresses, has led to the unprecedented growth of the diabetic population in the country. China also has significant new health challenges. A BMJ editorial in 2006 revealed that 20% of overweight people in the world are Chinese. Obesity and diabetes are also on the rise in Brazil, although here social disparity means that both obesity and malnutrition exist side by side.

Rapid growth and a changing health profile creates a growing burden on healthcare systems and in some countries this is causing authorities to radically re-think healthcare provision, almost overnight. Thailand is a classic example. In 2001 the government was grappling with how to provide an adequate healthcare system and so introduced a universal care programme to the entire

population. This is now having a major impact on the government's ability to fund healthcare. Likewise in Turkey, both drug prices and government regulations change almost monthly. The Polish healthcare system is strongly under-invested and the Government is continuing to look for ideas on how to create additional funds. In sum, when it comes to healthcare provision, many emerging markets are in a state of flux and these rapid changes add a layer of complexity to local understanding; an informed and up-to-date approach is vital.

Urban versus rural

Countries developing extremely fast are also experiencing a huge disparity between urban and rural healthcare provision. Take China for example, as far as pharma companies are concerned, the country can be broadly considered as two markets: the modern urban market, where around 300 million people enjoy greater incomes, better facilities and better access to doctors, and the traditional rural market which sees around a billion people coping with poorer facilities, less-educated doctors and basic health cover. The former creates a solid market for Western and generic drugs, whilst the latter sees people primarily using local generics and a continuing reliance on traditional Chinese medicine. This is a useful distinction, although the reality is that China is a diverse country more akin to Europe than the US and trying to understand 'universal' Chinese market behaviour/drug usage patterns, etc. is something of a fallacy. This must be taken into account when conducting research.

India too is experiencing rapid urbanisation but still only around half the country has access to healthcare provision. However, access is growing in rural areas and the Government has committed to taking this figure to 80% in the next 15-20 years. The timescale reveals the extent of the task.

The urban/rural dynamic can also be seen in Latin America, where some three quarters of the population live in urban areas. In Brazil, the majority of the population is concentrated in a few key cities. While most health indicators have significantly improved, there is still a huge gap between the 'haves' and 'have nots' when it comes to access and quality of healthcare services. In a survey conducted by Synovate, 14% of those living in Sao Paulo and Rio de Janeiro said they'd been sick and couldn't afford medical attention.

The issue for our industry is that once we go beyond the cities, conducting research becomes much more difficult. Even basic market data is difficult to find, so a lot of market sizing studies are commissioned.

Understanding the doctor/patient relationship

Another key factor to consider when conducting healthcare market research is the patient/doctor interaction. This has implications for both your target audience and how you approach fieldwork. In western markets, patient power has increased significantly over the years. This has been the result both of greater access to healthcare information, and direct initiatives from governments advocating increased patient involvement in the decisions that affect them.

HOTSPOTS: THE LOCAL QUIRKS

There are some learnings that simply cannot be grouped and are unique to a particular market. Beware of conducting fieldwork in Brazil when there's a football match on – every time the team plays in the World Cup, the country has a national holiday! Also in Brazil, the government supports compulsory licensing allowing the country to produce generics of patented drugs if it's in the national interest. Traditional Chinese Medicine still plays a major role in many Asian markets and needs to be considered as a genuine competitor to Western medicine. The two are not mutually exclusive but work in tandem; as a rule Asians don't like taking 'drugs' long-term and prefer natural products. Therefore, TCM tends to be for the long-term, Western for the short term – which in part explains the lack of success of some blockbuster drugs in the region. Another factor to consider is that in centralized countries such as Russia and China, Governments may apply censorship to data. Yet, however difficult it may seem, the local researcher who understands local market conditions can obtain informative primary data.

In some emerging markets doctors continue to be figures of authority with far greater status than that enjoyed nowadays by their western counterparts. Patients have a passive relationship with their doctors. In this environment, patients are happy to abdicate responsibility to their doctor, rarely discussing the pros and cons of a treatment or asking for more information. The healthcare systems reinforce this relationship. On average, Asian doctors see around 4–8 times as many patients as western doctors, so they simply do not have the time to engage patients in detailed discussions.

In some markets there is also a reluctance to engage in discussions with research firms, because of the pressures doctors are under. This is true in Poland, where membership of the EU and free movement of labour has created a brain drain, amongst doctors. The country has seen the emigration of many physicians and nurses to western Europe countries leaving a shortage in some specialties, such as anaesthetics. In turn, Poland has been keen to attract doctors from other countries in the old Soviet bloc.

Latin American doctors have markedly less status and less influence in the decision-making process. Here, the *pharmacy* is very influential and is more likely to recommend specific brands. In Brazil, for example, there is low insurance coverage and the majority of drugs are available without a prescription, so both the patient and the pharmacist take on increased importance in many therapy areas, despite patients not always being well informed about healthcare, and limited medical training amongst pharmacists.

Going online

As an industry we've seen a huge growth in online research, but this is one area where generalisations about Hotspot markets cannot be made. Take Korea for example. It is amongst the most wired countries in the world, with the majority of households having broadband connection. At the other end of the spectrum, online access in Russia is very low. Even in Moscow if you want to do an online study you may need to take doctors to a central location and provide computers. Most doctors still work within the poorly funded public sector without access to computers at all. To put some figures to this, Synovate's Hotspots research found that 45% of the population does not have internet access and only 27% have personal email.

Targeting the brand message

In Asia, promotional messages used by sales representatives need to be simple and clear. The relationship the rep has with the doctor is as important as the message itself. So often promotional messages created for western markets do not work. The problem is compounded by poor translations.

One example was for an international campaign where the message was, 'Secure your path to independence'. This translated into Chinese as, 'Insure your leading independence self-determination road'. The key is to culturally adapt and to be flexible – to understand and appreciate limitations and opportunities, and adjust expectations accordingly.