

Marketing Plan TEVA – OTC

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ABSTRACT

TEVA was founded in 1901 in Israel and today is one of the top 10 pharmaceutical companies in the world. The company was grown due to mergers and acquisitions, more than 20 in the last years. TEVA as a strong presence in markets like Multiple sclerosis, and respiratory, but its main strength is being the global leader in generics. As such, in Portugal, TEVA is on top 5 pharmaceutical companies and is also leading the generic market. The 3 Critical success factors are the portfolio, price, and time to market. The real difference between TEVA and its competitors are the Human resources, of the Portuguese structure.

These are one of the most regulated markets in the world, and if companies want to thrive must have to actively bet on innovation and come up to the market with new practical and straightforward solutions to customers/patients. They are getting more and more exigent, and the changes in their habits must always be taken into account. The patient today wants to beware of their condition, and they want to participate in the decision making process with the Health Care Professionals (HCP).

Therefore, this thesis consists of a marketing plan proposal for TEVA to launch of a new market segment – self-medication / OTC – through an internal and external analysis, complemented by and implementation proposal. The last one composed by a marketing strategy and an operational plan with recommendations on the several axes of marketing-mix: product, price, placement and promotion.

Key-words: marketing, marketing plan, marketing-mix, Self-medication, OTC, TEVA.

RESUMO

A TEVA foi fundada em 1901 em Israel, e é hoje uma das 10 principais empresas farmacêuticas do mundo. A empresa cresceu sobretudo devido a fusões e aquisições, mais de 20 nos últimos anos. Em Portugal, a TEVA está entre as 5 principais empresas farmacêuticas no Mercado de ambulatório e é também líder de mercado de medicamentos genéricos. Os três factores críticos de sucesso são portfolio, preço e *time to market*. A filial Portuguesa tem nos seus recursos humanos a sua maior diferenciação versus os seus concorrentes.

Este é um dos mercados mais regulamentados do mundo e, se as empresas querem prosperar, precisam apostar fortemente na inovação e chegar ao mercado com novas soluções simples e práticas para os clientes / doentes. Estes estão cada vez mais exigentes, e as mudanças dos hábitos dos clientes / doentes devem sempre ser levadas em consideração. Hoje, o doente quer estar activamente ligado e informado com sua condição de saúde e deseja participar activamente do processo de tomada de decisão com os Profissionais de Saúde (HCP).

Neste sentido, esta tese consiste numa proposta de Plano de marketing para a TEVA lançar um novo segmento de mercado - automedicação / OTC - através de uma análise interna e externa, complementada por uma proposta de implementação. Este último composto por uma estratégia de marketing e um plano operacional com recomendações sobre os vários eixos do mix de marketing: produto, preço, posicionamento e promoção.

Palavras-chave: marketing, Plano de marketing, marketing-mix, automedicação, OTC, TEVA.

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List of Abbreviations

INE

Instituto Nacional de Estadística

OECD

Organization for Economic Cooperation and Development

B2B

Business to business

DTP

Direct to Pharmacy

EC

European Commission

EDI

Electronic Data Interchange

EU

European Union

FTE

Full-time equivalent

GDP

Gross Domestic Product

GIRP

European Healthcare Distribution Association – Groupement International de la Repartition Pharmaceutique

IPF

Institute for Pharmacoeconomic Research

OTC

Over the counter

3PL

3rd Party Logistic Provider

PPRS

Pharmaceutical Price Regulation Scheme

RX
Prescription drug

GX
Generic Medicine

SOP
Standard Operating Procedures

SKU
Stock Keeping Unit

KAM
Key Account Manager

KPI
Key Performance Indicator

OTIF
On-Time In Full

F2F
face-to-face

EXECUTIVE SUMMARY

This thesis aims to elaborate on a marketing plan for TEVA OTC line. TEVA pharmaceutical industry is a Global pharmaceutical player, ranked on the TOP 10 with more than 22 billion dollars in sales (2018).

TEVA overcome its self through the development and manufacture of medications and supplements for conditions ranging from a simple cold to symptoms associated with asthma. In short, it has an extensive portfolio of innovative, generic and OTC medicines, as well as active pharmaceutical ingredients (APIs), and biologics.

However, it is characterised above all by a continuous focus on patients. Everything TEVA does - from producing pharmaceuticals to offering many other relevant services - is aimed at the patient. It is in this way that TEVA is intended to become the most indispensable pharmaceutical company in the world.

These are one of the most competitive markets in the world. In Portugal, the ambulatory market is highly fragmented, the market leader as less than 5% Market Share (Hmr Data – MAT 09.2019). All of them with robust strategies, massive power in the market, and fighting with everything they can. The competition is very aggressive and based on one hot topic: innovation. It's effortless to understand why, since the pharmaceutical product have a patent that expires after 20 years. So this time window makes innovation a must-have.

The Portuguese economy is now recovering from a time of crises where families lost a lot of purchasing power. So far, they are susceptible to price and exigent with the offer and continuously look for the best offer (value for money). So this could be a time for investing in OTC products, that generally are more expensive than the prescription ones, but you need to go to the doctor for the prescription and spend money on the doctor appointment. So this doesn't gives free passes not do a price positioning on the products.

On the other side, these companies are innovation-driven. Portuguese customers love innovation, new products coming up, new releases, and mainly to have them before the others. If these companies want to thrive must have to actively bet on innovation and come up to the market with new practical and straightforward solutions to customers.

Therefore, it sounds pertinent to develop on a marketing plan proposal for TEVA to launch a new OTC business through an internal and external analysis, complemented by

and implementation proposal. The last one composed by a marketing strategy and an operational plan with recommendations on the several axes of marketing-mix: product, price, placement, promotion, processes and people.

This project begins with the definition of a context problem and the objective of the paper. Next to that, it is necessary to understand the concept of a marketing plan and the mechanism of self-care market to create a conceptual structure. Finally, after all the phases of the study, we are allowed to make conclusions about the whole work done for this thesis.

1. BACKGROUND

1.1. TEVA HISTORY

TEVA was founded in 1901 in Israel and today is one of the top 10 pharmaceutical companies in the world * (based on IMS data, 2017).

The path of this long journey since 1901 begins with three young pharmacists who founded a small shop in Jerusalem for the sale of various types of medicines. Today, it employs approximately 46,000 people spread across 60 countries and follows an approach that TEVA describes as a "local adaptation on a global scale."

Growth has been organic and through acquisitions. Only in the last two decades have bought more than 20 companies from around the world whose experience and market knowledge adds value to their current skills, by continuing to strengthen the already solid pillars while seeking new opportunities that are relevant and beneficial to patients. Teva grew through the development and manufacture of medications and supplements for conditions ranging from a simple cold to symptoms associated with asthma. In short, it has a vast portfolio of innovative, generic and OTC medicines, as well as active pharmaceutical ingredients (API).

However, it is characterised above all by a continuous focus on patients. Everything TEVA does - from producing pharmaceuticals to offering many other relevant services - is aimed at the patient. It is in this way that TEVA is intended to become the most indispensable pharmaceutical company in the world.

TEVA touches the lives of millions of people (Life Effects - tevausa.com) every day and billions every year. After all, everyone needs, at some point, health care or medicines. TEVA want to make sure that when this happens, patient experiences are as enjoyable and fulfilling as possible.

The OTC area was managed by the PGT Healthcare joint venture that manufactures and markets more than 200 consumer brands in more than 70 countries around the world. The portfolio includes Vicks - the # 1 brand in sales for coughs and cold.

This partnership ended in July 2018, and because the line of OTCs is strategically crucial for TEVA, it would be of the utmost importance to outline a new model for this line of products, which is the aim of this work.

1.2.RESEARCH PROBLEM

TEVA is a solid player in the area of generics, where it is a world leader and also leader in Portugal, as in most European countries, besides this, TEVA is a leader in the production of API. The company has reached the dimension that achieved due to these two areas and has been diversifying the business to other areas such as innovative drug and OTC's. So, its expertise is mostly production and generic medicines since these last ones are considered a Commodity, its success is closely linked to the production capacity of TEVA, i.e. to produce more products to have a broad portfolio (more assortment), and with competitive prices to be able to compete in the area of commercial strategy. The areas where it is necessary to have more marketing resources are areas that are a little behind, being one of these areas the OTCs, it was because of this predisposition that TEVA decided to have a Joint Venture with P&G that are specialists in the field of marketing.

Looking at the generic market and framing it from the traditional marketing mix of the 4 P, we find the following:

Product - it is not possible to differentiate from others since, from the law, generic medicines are mutually substitutable by branded and generic drugs (bioequivalent and bioavailable).

Price - Medications in Portugal have a regulated price approved by the government, and the patient only pays part of the cost (the portion not reimbursed), and there are three levels of reimbursement in the outpatient market. Reimbursement A - 90% State contribution; Reimbursement B - 69% State contribution; Reimbursement C - 37% State contribution;

Place – Where does medicines can be sold, is regulated by law, there are wholesale distributors, 6 of which make 90% market share, and then there are 2907 pharmacies in Portugal, so there is no room for significant innovation here. You can only make a difference by defining the organisation of the sales force.

Promotion - this is the only one of the 4 P's where you can effectively have a differentiation strategy in this generic market.

So, How to move forward and invest in an area that is outside the comfort zone of the company and where it is necessary to have a mindset different from the one fitted. Create added value for all stakeholders (company, distributors, pharmacies, patients).

In this Master Thesis, It will be developed a marketing plan to introduce this new OTC line of products in the Portuguese market. So, to better understand how to create and develop a Marketing Plan, the areas of research will be: 1) pharmaceutical industry; 2) Over-the-counter medicines; 3) Self- medication; 4) Marketing Mix;

Based on the last, there are some other specific objectives for the creation of this Marketing Plan. These are:

- Study the market (macro and microenvironment);
- Study the competition;
- Study the company;
- Identify the company's strengths and weaknesses;
- Identify the company's opportunities and threats;
- Decide on strategic options;
- Create an effective marketing plan

1.3.THE PHARMACEUTICAL INDUSTRY IN PORTUGAL

The Portuguese Pharmaceutical industry started at the end of the 19th century, having evolved from then until it achieved an important milestone in 1979: the creation of the National Health Service (Guedelha, 2018). With this creation, Health assistance became constitutionally guaranteed in Portugal to ensure that all citizens have access to an extended range of healthcare services.

A pharmaceutical drug has a set of relevant specificities different from a typical consumption good that must be taken into perspective when modelling its demand. The person that decides doesn't pay and doesn't consume, the person that consumes doesn't choose and doesn't pay, and who pays does not choose or consumes.

According to Hmr data (MAT 12/2018), the ambulatory market value is 1.979.893.904€ and the top 10 companies are all multinational companies, except for Bial, has demonstrated in figure 1.

MAT 12.18				
	Value	MS	+/-% MAT	Rk
TOTAL MARKET	1.979.893.904	100,0%	3,8%	
GENERIC MARKET	398.826.144	20,1%	7,0%	
MSD	100.290.258	5,1%	-6,2%	1
Mylan	93.141.952	4,7%	10,5%	2
Bayer	83.568.360	4,2%	-1,6%	3
Teva	82.470.051	4,2%	4,7%	4
Generis	78.766.567	4,0%	-1,1%	5
Sanofi	78.105.138	3,9%	2,7%	6
Novartis Farma	73.048.713	3,7%	2,0%	7
Astrazeneca	69.994.757	3,5%	-19,9%	8
GlaxoSmithKline	69.029.493	3,5%	-0,6%	9
Bial	62.313.110	3,1%	2,1%	10

Figure 1 - Total pharmaceutical market retail - Source: (Hmr, MAT 12/2018) Ex-factory price

In this market, the generics have a market share of 20% in value, and the Consumer healthcare market value is 320.931.120 €

2. LITERATURE REVIEW

2.1. PHARMACEUTICAL INDUSTRY

The pharmaceutical industry discovers, develops, produces, and markets drugs. Pharmaceutical companies may deal with generic or brand medications and medical devices. According to IQVIA, the global spending on medicines reached \$1.2 trillion in 2018, up from \$1.1 trillion in 2017, and is set to be just under \$1.3 trillion by 2019, with 4–5% growth globally.

Research and development (R&D) of new medicines is the core business and the real source of value of the pharma industry (IFPMA, 2019). The role of the Pharmaceutical Industry is producing, promoting and selling drugs that prevent or cure diseases. The benefits stemming from the widespread use of pharmaceuticals were essential to global average life expectancy increased exponentially over the course of the 20th century (World Bank), as well as the eradication of some diseases, and infant mortality rate has declined significantly (Aylward, Hennessey, Zagaria, Olive, & Cochi, 2018).

The EUROSTAT, states that the pharmaceutical industry is a high-tech sector with the highest value-added per person employed, significantly higher than the average value of the high-tech industries (Efpia, 2019), and according to (IFPMA, 2019) the High employment in the pharmaceutical sector is not exclusive to high-income countries. The pharmaceutical industry provides high-skilled jobs through direct work and induces the creation of many more indirect jobs in low and middle-income countries as well (Hejase, El Dirani, Hamdar, & Hazimeh, 2016). The pharmaceutical industry is also the industry with the highest R&D investment ratio by net sales. According to the EU R&D SCOREBOARD report of 2016 (European Union), the pharmaceutical and biotechnology sectors account for 18.0% of global R&D expenditure.

The sales cycle of a product always begins with the research and development phase (Gu, 2010). Accurately, in the Pharmaceutical industry, this step represents an investment of millions in the development of a new molecule (DiMasia, HenryG.Grabowskib, & RonaldW.Hansenc, 2016) (Ahlawat, Chierchia, & Arke, 2014). About 20% of these molecules can produce revenues that equal or exceed the cost of innovation and development in the exclusivity period (Apifarma) The pharmaceutical sector has constant change as the main characteristic. New medicines are developed, produced and placed on the market every year, and this process of

launching a product does not always meet the previously determined expectations. Two-thirds of the launches end up not meeting the previously assumed expectations.

2.2.OVER-THE-COUNTER (OTC) MEDICINES

Over-the-counter (OTC) are medicines that people can buy without a medical prescription. However, these medicinal products must have therapeutic indications for self-medication. The transposition of the EU Directive 92/26 / EEC into national law by Decree-Law no. 209/94, of 6th of August, has updated the classification of the medicinal products regarding the dispensation, introducing the designation of NSTMP, which remains until the date. More recently, Decree-Law no. 128/2013, of September 5th, launched a subcategory of OTC, Not subject to medical prescription supply through pharmacies only, which due to its safety profile or by their indications, only pharmacies can sell these products, through protocols defined by INFARMED (national authority for pharmaceutical drugs). This law states that the dispensation of these drugs requires the intervention of the pharmacist. The classification introduced, however, is equivalent to the category 'pharmacy only', which exists in countries such as the United Kingdom, and not 'a pharmacist only' (as is the case in Australia, New Zealand and Japan). This difference has practical implications in the national context since a classification in the light of the latter category would allow these products to be found outside pharmacies (supply through non-pharmacy outlets), provided that a pharmacist mediated the dispensation. In this way, there are NSTMP that can only be sold in a generalised pharmacy environment (NSTMP Pharmacy only) and NSTMP that can be purchased in other spaces, namely in non-pharmacy outlets or the health spaces of supermarkets.

Although most of the sources address the issue of self-medication always associated with NSTMP, it is well known that other products are used in self-medication. Food supplements, medical devices and natural food products are nowadays products accessible for consumption and use in the practice of self-medication. However, entirely different legislative and supervisory bodies mean that the dispensation of an NSTMP, a food supplement or medical device or any other product presents different legal contexts that are reflected in varying levels of responsibility and ethical on the part of those who develop, produce distribution and provides such products.

According to Decree-Law no. 307/2007 of 31 August, which regulates the legal regime of pharmacies. Pharmacies can provide the public with:

- medicines;
- Medicinal substances;
- Medicines and veterinary products;
- Medications and homoeopathic products;
- Natural products; medical devices;
- Food supplements;
- Plant protection products;
- Cosmetic and body care products;
- Childcare articles and Comfort products.

Concerning the other health spaces where medicines can usually be dispensed (NSTMP), commonly known as non-pharmacy outlets technicians, the difference is that they cannot distribute or commercialise NSTMP pharmacy only. All the rest can also be found in non-pharmacy outlets.

Although in the Code of Ethics of the Pharmacists Order in Article 19 (e) it can be stated that the pharmacist is not allowed to dispense products that are not scientifically and technically proven. It is verified that the market trends have led to the fact that in the portfolio of products made available by pharmacies, "non-medicinal" products are increasingly important during the regular activity of the pharmacy. The broad framework that is held of the pharmacy as a health area has assisted the opening of pharmacies to the commercialisation of medical devices, food supplements, products referenced as "natural products" or cosmetic products. Therefore, in the current perspective, given the insufficient regulation of food supplements and medical devices, the integrity of the pharmaceutical practice is questioned when it is associated with the development, production, distribution and dispensing of these products.

2.3.SELF- MEDICATION

According to the World Health Organization (OMS, 1998), the definition of self-medication is "what people do to reestablish and maintain health, prevent and cope with disease" (OMS, 1998). It is a broad concept that includes hygiene, nutrition, lifestyle, environmental factors, socioeconomic factors and self-medication (Kelsey, 2018).

The concept of self-medication should coincide with human existence itself. In the various stages of civilizational evolution, it has always sought to obtain or to produce and to use a variety of therapeutic resources that effected the relief of the symptoms and the treatment of diseases, first resorting to medicinal plants, home remedies, galenic preparations and, later, to pharmaceutical specialities subsequent to the industrialization of the medicinal product.

With the evolution of accessibility to the drug, in the 1970s and 1980s, self-medication became a part of self-care in health - an independent act of prevention, diagnosis and treatment of the diseases themselves without professional advice.

Self-medication can be considered as the act by which the individual decides to use a medication for self-reported relief or treatment (Cruz, Caramona, & Guerreiro, 2015) on his initiative or by the influence of others. This concept covers all types of medicines, including those subjects to prescription. However, the most current perspective, although not addressed in this study, associates and encompasses the self-medication and use of OTC in the same field of study. In this work, the OTC is assumed to be self-medication.

There is currently a trend in developed countries to extend the frontiers of self-medication to chronic diseases. Recently, in the United States of America, the American College of Obstetricians and Gynecologists advocated the availability of nonprescription oral contraceptives (American College of Obstetricians and Gynecologists). In any case, there is a question of improving access to medicine, mainly where there are limitations in obtaining medical consultations in primary health care. However, experience from other countries indicates that reclassification to NSTMP or 'switch' - that is, changing the statute for dispensing a prescription drug (STMP) to NSTMP - does not necessarily imply greater access to the drug. One example is the reclassification of simvastatin 10 mg to MNSRM in the United Kingdom. Five years after this reclassification, a Scottish study indicates that most pharmacists do not seem to advise this drug because of perceived lack of evidence, low consumer demand, complaints about the price of the drug and difficulty accessing patients' clinical process.

Self-medication has benefits for consumers and the healthcare system, but it is not risk-free, Inappropriate use of non-prescription medicines may increase morbidity, mortality, and health costs.

2.4.MARKETING MIX

2.4.1. PRODUCT

To be competitive, laboratories have to be innovative. The products that are launched on the market must have a unique selling proposition and clear marketing objectives. Launching new products or extension line every year is a crucial strategy to be always one step ahead from competition and also to face patent expiration (when this applies), generally on prescription products that became OTC.

Launching a new innovative product is usually very costly and/or slow, but starting an innovative new product under a hybrid brand name was shown to be the most effective strategy (Agrawal & Thakkar, 1997) it means developing an extension line: new products in different pack sizes and formats, under a familiar brand. The benefit of being proactive and launching new products before the launch of generic brands helped in protecting the brand from losing market share to the generic brands (Agrawal & Thakkar, 1997)

Examples of innovations include Olfen Patch extension from Olfen Gel), Both products from Mepha. Each product within an extension line has its target, position, segmentation, its own business and marketing objectives and specific strategies.

2.4.2. PRICE

The "price" variable of the marketing mix is also crucial in marketing. In the case of patent expiration, laboratories can try to sell as much as they can before the patent expires, discounting the drug and hoping to gain the patient and physician loyalty (Agrawal & Thakkar, 1997). This new price policy, combining affordable price and sharp brand image aims at discouraging generics from penetrating the market.

Perhaps at the stage of patent expiration, pricing is the essential factor for the marketing manager. However, it is the most challenging tasks to be performed (Agrawal & Thakkar, 1997).

This dual combination of the right brand image and reasonable price can discourage potential generics entrants and will at least reduce if not eliminate the competition (Agrawal & Thakkar, 1997).

Besides, according to (Shodel, 2013), the price has an essential correlation with the buying behaviour of the OTC product, that is to say, that OTC product buyers usually check the price before buying it. However, a higher price seems to be of little concern for the majority of consumers (Shodel, 2013). Moreover, high prices are associated with quality perception. Indeed, in the drug business, if the price of a product is high is perceived as a safe product in the consumers' point of view, that is to say, it reduces the sense of product risk (Kaupinnen-Räisänen, 2010).

The price set by the laboratory depends on where the brand is in its portfolio management.

2.4.3. PLACE

As we know by now, in Portugal, OTC (NSTMP) drugs are only allowed in and in non-pharmacy outlets. The NSTMP pharmacy only can be sold on pharmacies.

In Europe, the distribution of OTC drugs is very different from one country to another. France, Belgium and Greece are the only countries in which OTC drugs are only available in pharmacies. Interestingly, those three countries have very high uncertainty avoidance scores (Hofstede, 1980), (France 86, Belgium 94, and Greece 100). It seems that is a correlation between a high uncertainty avoidance score and countries reluctant to sell OTC drugs in the mass market, as well as countries that have lesser reimbursement level, have more significant OTC markets.

2.4.4. PROMOTION

In the OTC market, pharmaceutical companies nowadays work in B to C: they undertake promotional actions to build a sharp brand image in the consumers' point of view (Agrawal & Thakkar, 1997) In this “promotion” variable of the mix, direct-to-consumer (DTC) advertising is crucial.

Consumer advertising, in particular, is essential for the sales of OTC drugs. Pharmaceutical companies use different strategies, but generally, consumer advertising aims to place the brand on top of mind and to reinforce brand loyalty, to reduce price sensitivity (Dean, Wilkie Lester, & Lesley White, 2012).

In pharmaceutical advertising, consumers tend to be less sceptical than for advertising in general, because they believe there is a high degree of regulatory control, which also

increases their believability (Diehal, Mueller, & Terlutter, 2007). Consumers feel more involved because it deals with their health and well-being and the pharmaceutical ads provide scientific information, which seems more "serious" (Diehal, Mueller, & Terlutter, 2007).

Promotion is not only about DTC advertising, but it is also trading terms with customers (pharmacies) and trade marketing, that is to say, the visibility of the product inside the pharmacy. Indeed, if the consumer has seen an ad on TV, but then the product is stored in a drawer, without any visibility on the point of sale, the ad will have been a waste of money (marketing budget). The product has to be visible, either on unique branded furniture (space bought by the laboratory) or displayed in a self-service area or on the shelves behind the pharmacist with high visibility and accessibility to the pharmacist to consider them (internal information)

3. CONSUMER HEALTHCARE MARKET

According to Hmr pharmaceutical report for 2018, the outpatient market sales grew in both pharma as well in consumer Healthcare products. 3,6% in Pharma and 3,8% in Consumer Healthcare products making the total growth of the market is 3,7%, the pharma sales represent 68%, of the overall market. Inside these sales, 73.2% are branded Prescription medicines, 23.1% are generic medicines, and the rest, 3.7% are medical devices. In the consumer healthcare side, the other 32% of the total market, the bigger slice of sales are from OTC products representing 36.2%, and the next bigger slice is personal care with 27%, and then comes patient care with 17.2%, then supplements with 16.3%, and finally nutrition with 3.3%.

The consumption behaviour of Consumer Healthcare products maintains seasonality similar to that observed in 2017, highlighting a higher growth in the consumption of these products in the Pharmacy channel. Compared to 2017, there was a market growth of 3,8%, corresponding to an increase of €42M. Noteworthy is an increase in the relative value of sales in Pharmacy, from 81,9% to 82,5%. In the Pharmacy channel, there was a 4,6% growth of the market, corresponding to an increase of €1,8 M. The Mass Market network (chain stores Sonae, Jerónimo Martins, Auchan and ECI, excluding street parapharmacy) was characterized by an increase of 0,1%, corresponding to approximately €0,2M, compared to 2017.

The pharmacy remained the preferred network for the consumer healthcare market, and although it maintains the higher average prices, seasonally there is an approximation of the networks regarding the average sales per point-of-sale. At the national level, the Pharmacy network accounts 82,5% of the Consumer Healthcare market (supplements, nutrition, patient care, personal care and OTC). The outlying areas of the cities of Lisbon and Oporto stand out for Mass Market growing market share.

The OTC segment is more prominent in the pharmacy network accounts for 39% of sales and only 22.9% in the mass-market one. The OTC market stands out for maintaining the seasonal consumption patterns, both in pharmacy and mass-market networks. The OTC market grew in 2018, 5.1% that represents an increase of €20M. It is noteworthy a higher average price practised in the Pharmacy network, transversal to the main classes of OTC medicines, maintaining the tendency verified in 2017. Overall there is an increase in the average price per unit in the Pharmacy network, from €7,9 to €8,2 and in the Mass Market network from €6,0 to €6,2. The OTC market stands out for maintaining the seasonal consumption patterns, both in the Pharmacy and Mass Market networks.

The Personal care segment stands out for the seasonal oscillation, being responsible for an increment in the summer and end-of-year months, with greater emphasis on the mass market groups. This segment represents about 23,5% of the sales of the pharmacy network, 43.5% of the mass-market sales.

The supplement segment concentrated on 86% in the pharmacy network, presented a sales growth in pharmacy slight reduction on the mass market, maintaining the sales peak in May and October. The weight of sales in the Pharmacy network accounted for 86,0%, with an increment of 1,2pp compared to 2017. The supplements segment represents about 17,1% of the Pharmacy network sales and 13,1% of the Mass Market network. It is noteworthy a higher average price practised in the Pharmacy network, to the main groups of supplements, maintaining the tendency verified in 2017. Although there is a higher average price in the Pharmacy network, the proximity of the values could be explained by the high proportion of the sale of anti-hair loss or hair strengthening and anti-ageing supplements in the Mass Market network, for example. The average sales value showed similar behaviour in both networks, with two peaks referring to the increase in the sales of women's slimming, sport and dermo-cosmetic supplements in May, and the area of hair care and multivitamins, in October.

The nutrition segment presented a growth of 3,3% due to the increase in the volume of sales in the Pharmacy network that compensated the decrease verified in the Mass Market network. The weight of the Pharmacy in 2018 was of 76,5%, presenting an increase of 1,3pp compared to the homologous period. The Pharmacy gives an average price higher than the Mass Market, justified by the sale of specific food products (rare metabolic diseases or phenylketonuria). The Mass Market stands out by the high ponder of infantile feeding (formulas and porridges) that lower the average price.

4. RESEARCH METHODOLOGY

The methodology to be followed in the present investigation has for its main objective to analyse the possibility of launching an OTC line in TEVA, in parallel with the new brand launch (the new brand promise).

This analysis will be supported in the literature review and carried out together with the various management tools used in research that allow a critical analysis of the strategy adopted. Depending on the advantages of implementing this new line of OTCs, inside TEVA, or proceed with defining the model and licensing out the project.

It will be a necessary characterisation of the pharmaceutical sector, an analysis of competing brands and products and analysis of consumers and management of their needs.

To consider if the project can be implemented or not, it will be necessary to perform strategic analysis; these will be some of the points that will be addressed:

- Study the market
 - macro and microenvironment
 - Economic; Social; Technological; Legal
 - Porter (Five Forces Model)
- Study the competition;
 - Key Competitors; Key positioning; digital footprint
- Study the market
 - OTC market in Portugal
- Study the company;
 - Organisation Characterization
 - Identify the company's strengths and weaknesses;

- Competitive Advantages
 - Identify the company's opportunities and threats;
 - Critical Success Factors
- Decide on strategic options;
 - Go inside TEVA
 - License out the project
- Create an effective marketing plan for the chosen strategy

In the scope of the research, TEVA has a study on consumer brand awareness for the launch of the new brand Promise. If proved that the study doesn't reveal the consumer behaviour towards the brand, we have to carry out a survey directed at consumer behaviour. (Does the brand influence the decision making on choosing an OTC product?) Based on the results of the study the consumer's perception, the positioning of the brand should be aligned

5. MACRO-ENVIRONMENTAL ANALYSIS

5.1.P.E.S.T. ANALYSIS

The P.E.S.T. is an analysis made when the objective is to study the external macro-environment factors that affect the organisation and its activities.

The analysed factors are Political/Legal, Economic, Socio/Cultural and Technological. These categories should not be addressed as static but dynamic forces that are continually changing.

POLITICAL/LEGAL ENVIRONMENT

This category includes governmental regulation and legal questions which define formal and informal rules under what companies should operate.

Portugal is a developed country that belongs to the European Union (it was the 11th country to join with Spain), was one of the founding members of the Euro Zone and the OECD (Organization for Economic Cooperation and Development). It is a republic under the democratic political regime. Its government is composed of a negotiated absolute majority between the left parties. The prime-minister is Mr

António Costa, leader of the Socialist Party (PS), and the Republic President is Mr Marcelo Rebelo de Sousa. This government took up his post in October of 2019 after winning the Portuguese elections in October 2019. These, added to the constant incoherency of the governance policies and perception of hidden corruption leads to a reduction in the confidence rate, politic auto-determination and even the national sovereignty itself.

The pharmaceutical market in Portugal has as regulator the INFARMED National Authority for Medicinal Products and Health Products, I. P., abbreviated as INFARMED, is a public institute of a particular regime, under the law, integrated into the indirect administration of the State, endowed with administrative, financial autonomy and its patrimony.

INFARMED continues the attributions of the Ministry of Health, under the supervision and supervision of the respective minister. INFARMED is a central body with jurisdiction over the entire national territory, without prejudice to the collaboration of the autonomous regions' authorities, by their duties. The INFARMED mission is to regulate and supervise the medical and health products sectors to the highest standards of public health protection, and to ensure access by health professionals and citizens to quality medicines and health products, that are effective and safe (INFARMED).

ECONOMIC ENVIRONMENT

Economic factors are the one that affects the purchasing power of potential clients and the capital cost of the company itself.

According to Banco de Portugal, the real GDP growth stood at 2,4% in 2018, and it's estimated expansion of 2,0% at the end of 2019, the economy is expected to continue to grow, despite more slowly, over 2018 to 2021. This latest prosperity has allowed the country to reduce its budget deficit, but still, Portuguese public debt is one of the uppermost in the European Union, of course as a percentage of GDP.

The Portuguese economy grew in 2018 as a result of higher growth of exports, domestic demand (investment) and, in a smaller extent, private consumption.

The weight of private consumption in GDP has remained relatively unchanged, and respective growth projections are consistent with the expected growth of the economy;

According to the forecast of Banco de Portugal, these trends are expected to continue and are compatible with a sustainable growth profile of the Portuguese economy.

In 2018, public consumption increased 0,7% due to the growth of the number of civil servants in the first half of the year (2018) and the punctual impact of expenses related to the wildfires. It is expected a deceleration in 2019 followed by gradual stabilisation of public consumption. After growing in 2017, we can anticipate a relatively stable growth in external demand for Portuguese goods and services in 2019-21. The contribution made by domestic growth is also projected by Banco de Portugal to decrease over the projection horizon. Foreign Direct Investment is considered a priority by the Portuguese Government. Inflation is expected to grow over the projection horizon, reflecting some domestic inflationary pressures stemming from wage costs. According to Banco de Portugal, the external environment is the source of the principal risk factors and uncertainty surrounding the current projection. To further promote FDI inflows, the Portuguese government is working in partnership with the European Commission to develop Portugal 2020, a five-year strategic plan aimed at boosting investment projects in the country in a variety of innovation-focused areas. The government also launched a StartUp Voucher initiative, Which offers hundreds of fellowships to entrepreneurs, and Portugal began offering unique visa options (such as the Golden Visa) for foreign investors (note: currently being debated in the Parliament).

SOCIAL/CULTURAL ENVIRONMENT

Social/Cultural Environment includes information about the demographic and cultural aspects of the external environment.

Regarding demographics aspects, Portugal's resident population continues its slow decline, with significant concerns in the active population range, in part due to the disproportion in the migration balance, with a visible impact on the dependency ratios. The Portuguese population has been declining since 2010, although the rate of decline has eased over the last four years. According to INE, the resident population in Portugal at the end of 2017 was estimated at 10.291.027, a decrease of 18.546 inhabitants from the previous year. There is evidence of a growing weight of older generations over the younger generations. There was an increase in the total

dependency ratio, between 2012 and 2017, from 51,9 to 54,7 (dependent population over the working class), due to the gradual rise on the Old-Age Dependency Ratio, influenced by the positive evolution of the Portuguese population's ageing index. Unlike most European countries, who are trying to fight the influx of migrants, Portugal is jumping this trend by looking to immigration as the way to counter its declining population. In 2017, Portugal registered a positive migration balance for the first time in six years. If we Analyse only the active population (from 15 to 64 years old), the migration balance remained negative in 2017.

Regarding the job market, Portugal unemployment rate is 7.0% very similar to the members of UE28 with 6.8% people unemployed.

The unemployment rate, 15 to 74 years of age

Groups/Countries	Unemployment rate	
	1986	2018
UE28	x	6,8
GR - Greece	7,4	19,3
ES - Spain	21,3	15,3
IT - Italy	10,5	10,6
FR - France	10,2	9,1
CY - Cyprus	x	8,4
HR - Croatia	x	8,4
FI - Finland	x	7,4
LV - Latvia	x	7,4
PT - Portugal	8,7	7,0

Figure 2: Unemployment rate, 15 to 74 Years of age - Source : (PORDATA, 2019)

In recent years, there has been a stabilisation of the labour force in Portugal, with a slight increase in annual growth and labour force participation rate (58,8% to 59,4% between 2014 and 2018). OECD's forecast for the Portuguese labour force in 2019 will be 5.253.813 people. In the last two years, the observable job creation brought the unemployment rate down to 6,8% per cent in November 2018. Employment has increased faster than unemployment reduction, suggesting that the Portuguese market has incorporated new entrants and previously unemployed citizens simultaneously into the workforce. The employment growth in Portugal has been broad-based, including both permanent and temporary jobs. The national minimum wage in Portugal is updated yearly and has its base on some indicators, like the cost of living, national productivity and the government's prices and incomes policy (€600 in 2019, paid 14 times a year). Portugal's minimum wage is similar to countries such as Spain,

Slovenia, Greece and Malta. The official minimum wage in the EU varies from €260 to €1.999, and 22 out of the 28 EU member states have a minimum wage.

Portugal has climbed in the United Nations' human development ranking and remains among those countries whose level of development is classed as "very high", based on indicators that include health, education, employment, national wealth, safety and perception of well-being. Portuguese population habits have changed over the last decades. The access to information, education, globalisation and mainly the technology have altered people's lifestyle. On top of the new consumer's trend is the consumer spending hit by low wages. It's a more informed customer, who questions price, quality, and differentiation, and values simplicity, sustainability and solidarity. It's a customer that favours savings to be prepared in case of other crisis. Another consumer trend is widespread of a healthy lifestyle, not only eating but also practising sports. We have assisted to a boom of gourmet restaurants, gyms, running events and TV programs about cooking healthy food. The concern with health and wellbeing made people go to the streets to practice sports, create running groups and spend more money on sports equipment. Alongside this, the bicycle culture is growing. People are using more the bicycle as the transport to move within the city, to go to work, etc. This recent trend does not only show a concern with wellness but also with the environment and life quality. The third trend is the customisation of the product. The consumer is co-creator of value by sharing its opinion about their products on social networks, on blogs, etc. and this sharing of information allows companies to shape it to the consumer's choices. Nowadays, every company bet on product and service customisation to privilege differentiation and meet customers' more exigent needs.

TECHNOLOGICAL ENVIRONMENT

Consist of factors that can decrease entry obstacles and reduce and influence outsourcing decisions.

Portuguese people love technology. They are very easy innovation adopters and always want to try and have the latest products before the others. Although Portugal is among the countries that least spends on research and development (R&D) in Europe, pharmaceutical companies invest a lot in new products. Due to the high competition in this market, companies to be in constant innovation bring new ways to

differentiate from the competitors and create value to their customers. As an example of this is the 3D printing of pills, as well as incorporating technology in pharma products, ABILIFY MYCITE (aripiprazole tablets with sensor) is a prescription medicine of an aripiprazole tablet with an Ingestible Event Marker (IEM) sensor inside it used in adults for the Treatment of schizophrenia (The ABILIFY MYCITE® System. <https://www.abilifymycite.com/>).

Technologic evolution and innovation in means of communication and information brought new ways to promote products and services to a much larger audience and engage with consumers. With the expansion of the mobile, the internet became the primary way to nurture and sell services and goods, using social networks to develop digital marketing campaigns, added to the growth of free Wi-Fi zones in public spaces lead to the progressive democratisation of the culture based on online content access and share.

5.2.MICRO ENVIRONMENT

Portuguese OTC Market Size

The OTC market divides itself by several categories: from glycemia to vitamin E. In this study, the focus is to build an OTC portfolio and how to implement a strategy that combines with the generic promotion muscle.

	Nº Products	SO Units 2018	SO Values PVA 2018	% Units PYG	% Value PYG
H26.4.4. - Blood glucose	47	2.813.742	34.635.608	-4%	-4%
H08.1.1. - Treatment & care of heavy legs	91	1.727.926	20.745.366	-8%	-7%
H04.2.3. - Laxatives	125	3.619.639	19.190.796	2%	6%
H03.1.1. - Anti-influenza	29	3.476.398	17.886.277	9%	20%
H01.1.1. - Expectorants	78	2.987.631	16.036.073	6%	8%
H01.2.1. - Throat inflammation	101	3.186.086	15.937.537	5%	7%
H05.1.1. - Multivitamins & Minerals	173	1.103.711	14.499.051	0%	2%
H07.1.1. - Artificial tears & Lubricants	89	1.489.676	11.984.313	0%	1%
H09.1.1. - Wound and Hemostatic Healing	68	2.158.986	10.537.297	-3%	-2%
H05.4.1. - Magnesium Supplements	70	1.300.666	10.517.338	-1%	6%

Figure 3: Top 10 OTC market segments in value – Source Hmr MAT 12.2018

	Nº Products	SO Units 2018	SO Values PVA 2018	% Units PYG	% Value PYG
H26.4.2. - Ketonemia	5	22.993	204.977	43%	43%
H01.1.3. - Decongestant Bronchi	16	339.267	1.751.977	31%	32%
H05.4.2. - Calcium Supplements	24	64.057	495.021	9%	23%
H07.1.3. - Eye Antiallergic	9	221.360	1.069.904	19%	22%
H03.1.1. - Anti-influenza	29	3.476.398	17.886.277	9%	20%
H01.3.2. - Nasal decongestant	59	2.104.311	9.263.130	3%	13%
H08.2.1. - Cholesterol and triglyceride reducers	84	174.010	2.665.205	11%	12%
H04.2.2. - Antispasmodic	11	500.826	1.944.044	8%	11%
H09.1.5. - Skin Antiallergic	31	726.378	4.217.343	6%	9%
H01.1.2. - Antitussives	60	1.209.970	5.762.102	5%	8%

Figure 4: Top 10 OTC market segments in fast growing in value - - Source Hmr MAT 12.2018

5.3.EXTERNAL ANALYSIS – COMPETITION ANALYSIS

The OTC market has three segments. The big OTC companies like GSK one of the world's leading over-the-counter healthcare companies with brands like Sensodyne, Parodontax, Poligrup, Voltaren, Panadol, Otrivin and Theraflu. With substantial marketing budgets and pull strategies. Then we have smaller OTC companies like Angelini, with a different go to market model that combines a more meagre marketing budget with a push strategy in the market. Finally, we have the generic companies that have a significant impact on the pharmacy business and wants to capitalise the know-how on the market to find a way to the diversification of the revenue source. The generic companies can have two ways of approaching the market. They can have a company-branded Generic (CBG) OTC, or they can go with a product brand approach like the rest of the competitors. To choose one of the strategies, one must evaluate the strengths and weakness of each one. If the company as outstanding brand equity, they should go for the CBG, but that also implies that everything that goes wrong with the OTC line, it will affect the rest of the company. If the company choose to go with the product branding strategy, it's a different approach that requires a lot more budget than the CBG. The Competitors that we are going to analyse are the generic companies that are fighting for the same segment/Market share. So the competitor's analysis is going to be on Mylan, Generis and Tecnigen because all three companies have an OTC business and they make around 50% on the Generic market share.

MYLAN

Mylan is a global pharmaceutical company. With a portfolio of more than 7,500 products, including prescription generic, branded generic, brand-name and biosimilar drugs, as well as over-the-counter (OTC). With marketed products in more than 165 countries and territories, and a 35,000 workforce. According to Mylan, Being a manufacturer of API makes Mylan one of the few global generics companies with a large, vertically integrated supply chain. They have twelve Research & Development centres, and more than 40 manufacturing sites. In over-the-counter (OTC) Mylan offers a variety of consumer health products including, dietary supplements, homoeopathic and cosmetics. Mylan OTC, depending on the country, can be sold under a brand name or a molecule name (CBG). Mylan was the result of several mergers and acquisitions, and this was the way they can diversify the business.

Strengths: Mylan is the number one player in the retail market in Portugal, a vast and diverse portfolio with branded prescription products, over-the-counter (OTC), and generics. The split of sales between these segments are very alike (33%). Significant and very professional sales force. Right presence in all Health Care Professionals.

Weaknesses: Doesn't give a discount on every product that they sell to the pharmacy. The massive volume on sales can be a problem, due to profitability analysis on the pharmacy systems, some of the products that are not pharmacy driven can impact the analysis negatively.



Figure 5: Competitive Analysis Mylan - Source: hmR & Internal info of the Sales team (SO Values WSP, FY2018, YoY growth)

GENERIS – GRUPO AUROBINDO

Generis has a brand starts its activity in 2002, acquires its first manufacturing site in 2006. Moving fast in terms of sales, and building up a portfolio, reaches the top in 2011 becoming one of the three most prominent players in the generic market. Generis was moving not only in the Portuguese market but also in exporting business, in exporting product for more than 35 countries worldwide, wich 19 of those are in

the European Union and becoming one of the more prominent Portuguese pharmaceutical companies. In 2017 Generis is acquired by Aurobindo Group for 135 Million euros. Aurobindo is founded in 1986, but only commenced operations in 1988-89 with a single unit manufacturing Semi-Synthetic Penicillin (SSP) at Pondicherry. Aurobindo became a knowledge-driven company that makes active pharmaceutical ingredients (API) and formulation products. Aurobindo achieved revenue of USD 2.6 billion in FY2017-18.

Strengths: Still considered as one of the biggest pharmaceutical Portuguese companies, the broadest generic portfolio, and local production. The more significant sales force in Portuguese generic market. The best brand name for a generic company (Generis / Generics / Genéricos).

Weaknesses: Because they have a vast portfolio, the customer perceives that they have a small discount on their products. The customer sees a very significant amount of products out of stock. They are not a vertically integrated company. Now they are part of Aurobindo (A company from India), and that means low perceived quality.



Figure 6: Competitive Analysis Generis Source: hmR & Internal info of the Sales team (SO Values WSP, FY2018, YoY growth)

TECNIGEN

Tecnimed starts in 1980 in Portugal as marketing & sales operation, then in 1992 they launched Pentafarma, that is an extension line. In 1995 Tecnimed has the first manufacturing site (west pharma) in place. Then they moved to research & development with the brand Laborqualitas in 1998. The year after, they start the internationalisation process in Marrocos. From this year until today they opened two more manufacturing sites and commercial activity in 4 more countries (Spain, Italy, Brasil, and Colombia), in this order. They first launched the VBrand Tecnigen in Italy in 2014 and only in 2019 in Portugal. The commercial activity has a key driver on being a solid player in Portugal, the international business where they are present, as well as partnerships in more than 40 countries for export business, mostly for

European Union, and some other countries in Africa, South America, Asia and the Middle East.

Strengths: Production capacity, no lead time of delivery because they have two manufacturing sites in Portugal. Because they have a small portfolio, the pharmacy perceives them as a significant discount company.

Weaknesses: Small Portfolio in Generics and OTC, they are not vertically integrated, and they don't have the scale in production, so their production cost will be higher than the competition. Smaller salesforce.



Figure 7: Competitive Analysis Tecnigen - Source: hmR & Internal info of the Sales team (SO Values WSP, FY2018, YoY growth)

5.4.EXTERNAL ANALYSIS – THE COMMUNITY PHARMACY

A community pharmacy is a retail shop which provides compounding and dispensing medications, prescription drugs, among other products and it also related to more advanced services like patient care, including clinical services, reviewing medications for safety and efficacy, and providing drug information. The pharmacist oversees the fulfilment of medical prescriptions and is available to advise on their offerings of over-the-counter drugs.

Focus on how community pharmacy business can add more value to each patient. What new services can they offer? You can consider adding anything from vaccines and medication synchronisation to point-of-care testing. Once you add these services, be sure to market them, so your community is aware you now offer them. The more individual services you can suggest to a patient, the more value they'll find in your pharmacy.

The smartest retail pharmacy chains realise that patients may visit several different doctors and health systems, but likely use a single pharmacy for many years. Pharmacists can play a crucial role in improving continuity of care, as health care payment models shift from fee-for-service to value-based reimbursement. So

pharmacists are providing more one-on-one consultations and informational sessions with patients

5.5.EXTERNAL ANALYSIS – CONSUMER BEHAVIOR ANALYSIS

Consumer behaviour is the study of how consumers make decisions about what they want, need, and desire, and how do they buy them.

Consumer behaviour is essential to understand what influences the buying decisions of the consumers, and why does it so.

The perception of a particular problem is unique to every individual, and so is the opinion of different products. Psychological factors can be influenced by the present situation, perception of needs and problems, the ability to process information and their attitude.

An individual's own choices rule personal factors and preferences, interests, likes and dislikes. The sub-factor influencing personal factors can be age, gender and personal issues.

Social influence is one of the significant driving forces while making a decision. Social class, income, living society, company and individual keeps; workplace, etc. can have a substantial effect on consumer behaviour. Of course, influencers and other opinion leaders have a significant role in an individual's decision-making process too. Other factors include religion, race and nationalities.

By understanding how consumers decide on a product, it is possible for marketers to fill in the gap and identify which product is needed and which products are obsolete in the market. It also helps marketers decide how to present their products such that they have maximum impact on consumers.

Today's consumer uses a community pharmacy as their one-stop-shop for everything from paper towels and cleaning supplies to flu shots and strep tests. Plus, an ongoing lack of access to primary care providers means more people continue to turn to pharmacists for primary care. You'll get everything from calls about an infant's fever to walk-in visits for a persistent cough.

Consumers have been quick to adopt retail pharmacies as their neighbourhood sources of knowledge. Research suggests they would embrace more services if offered.

5.6.INTERNAL ANALYSIS – ORGANIZATION ANALYSIS

As the world’s leading provider of generic pharmaceuticals, Teva’s medicines help patients and consumers in a way that few other companies can. Teva produces 120 billion tablets and capsules a year in 70 pharmaceutical and API facilities around the world. Teva has a leadership position (top 3) in 25 markets globally. The scale and breadth of our generics portfolio have an unprecedented impact on global healthcare (Teva Pharmaceutical). TEVA is a private company that operates in the Portuguese market, which is proud of being the market leader in generics, with roughly 20% of the generic consumption. With more than 20 years of experience in the Portuguese market, Teva sells more than 15 million packs per year, that is equivalent of 30 packages sold per minute, with a significant portfolio of +800 stock-keeping unit (SKU), and this number is made through the partnerships with more than 2300 pharmacies in Portugal. Their main critical success factors are innovation, and the quality of the products they offer to their partners, which conjugated with their diversified and robust presence on the different segments makes them a reference in the market.



Figure 8: Competitive Analysis TEVA - Source: hmR & Internal info of the Sales team (SO Values WSP, FY2018, YoY growth)

MISSION AND VALUES

Teva’s mission is being a global leader in generics and biopharmaceuticals, improving the lives of patients. Is based on six values that define the Teva way of getting things done.

TEVA’s values:

- **Leading the way** → We aspire to be an industry leader and a mark of excellence in a continually changing environment. We are passionate about being first to market and realising opportunities. We believe that leadership happens with and through people (Teva Pharmaceutical).
- **Focus & Accountability** → We are focused in everything we do. We define clear objectives and concentrate our efforts, attention and energy to deliver.

We do what we say, and we hold ourselves accountable for our actions and results (Teva Pharmaceutical).

- Getting it done together → We all work for one company, Teva. By working together more effectively, in close collaboration and alignment, we tap into our full potential and drive our success (Teva Pharmaceutical).
- Innovation where we create value. → generate value for patients, partners in the healthcare system and stakeholders. We continuously look for original and better ways to excel, creating solutions for current and future unmet needs (Teva Pharmaceutical).
- Caring → We care. We care about the wellbeing of patients, care-givers and the communities we touch. We care about our colleagues; creating a respectful, diverse and inclusive working environment (Teva Pharmaceutical).
- Making our families proud → Teva improves health and contributes to people's wellbeing every day. We do so by acting with integrity and maintaining the highest standards of quality, ethics and compliance (Teva Pharmaceutical).

GOALS, OBJECTIVES AND STRATEGY

TEVA outlined the strategy principles that define the plan and actions to achieve the mission. The industries segments have been chosen to focus on attractiveness, provide long-term growth opportunities, and align with our capabilities and assets.

The guiding principles are:

- One Company: We will work in synergy as one team – with all business units united to achieve one set of priorities and financial commitments, with corresponding bonus targets. With our unified R&D, strong operational base and regional presence, we will compete in the main three segments of our industry: Generics, Specialty and OTC (Over-the-counter).
- Organic Growth: We don't see large scale M&A as part of our way forward. We will focus on leveraging our core capabilities, internal resources and competencies.
- Global Leader in Generics: We want to be among the best in the industry, maintain market leadership and keep a robust generic pipeline of quality medicines that are affordable and accessible for millions of patients

worldwide. In addition to proactive portfolio selection and management, we will focus on first-to-market and high-barrier products, leverage and grow TAPI and OTC as core assets, and increase our success rate in approvals. We will drive profitability through value pricing, higher productivity and improved efficiency.

- **Biologics is a Core R&D Platform:** We will develop leading capabilities in biotech – including highly innovative antibodies, biosimilars, biologics discovery and our biologic manufacturing capacity.
- **Targeted Investments:** we will focus on building alliances and partnerships that support our organic growth targets and can potentially bring early promising assets into Teva.

These principles underpin a strategy that we are confident is achievable, pragmatic, durable and will help enhance our leadership in the industry and drive shareholder value.

BRAND

Since the launch of the global brand in March 2015, TEVA has been living the brand promise internally, focusing on patients and health and highlighting stories about how we enable better days for people around the world.

TEVA has already 13 countries engaged in an external brand launch process. Country by country, TEVA teams, are conducting a market activation process that shifts the focus from product to people, and is tailored to deliver a fresh analysis of the local business and stakeholder needs. This new brand is a defining opportunity, of shifting TEVA mindset, looking at health in the context of people's lives. TEVA is reaffirming the commitment to placing people at the core to enable as many people as possible to live better, healthier days.

COMMUNICATION STRATEGY

The communication strategy in Portugal is mainly through the sales force and online channels.

The aim is to positioning TEVA as a critical player inside the pharmaceutical industry, and indispensable partner that all HCP must-have. TEVA aim's to provide information to all HCP depending on the segment. The last year TEVA was focused on reinforcing the message on generic medicines, basically is the frequent asked questions but on a video format.



Figure 9: Communication strategy Images - Source: <https://mg.marcadetodos.pt/>

COMPETITIVE ADVANTAGES

The main competitive advantage of TEVA is its presence in the most significant segments inside the pharmacy that goes from prescription medicines to generics, to OCT, and of course, biosimilars. Market share muscle on generics to leverage new businesses. History of more than 20 years in the market with one of the three brands, a significant presence in pharmacies.

6. COMPETITIVE ANALYSIS

6.1. PORTER'S FIVE FORCES ANALYSIS

The five forces of Porter aims to analyse the level of competition within an industry and business strategy development. The core of Porter's five forces is identifying and examining five forces that shape every industry. If we take the pharmaceutical industry as an example, we can find that the prescription pharma companies are a five-star business if we analyse the porter's five force:

The client is the physician that is going to decide which medicine should the patient take, so its price sensitiveness is low. So no need for price wars, since the battle is among brand image, marketing strategy, and the quality of the sales force. There are tremendous barriers to new entrants because a new drug takes years to develop and

after it's ready to go to the market, they have to make tests, and the government has to approve it. If we add the investment in R&D, marketing, and sales force, we can check that's why there are no new pharmaceutical companies. The supplier's bargain power is low because the API is the smaller part of the product cost, the more significant role in the price is R&D then Marketing & Sales. The pressure of the new product is little because of the R&D process, and the slow uptake in sales, since a new product, takes up to five years to reach the sales peak, but they also have a massive carry over in sales after the summit. But the over-the-counter medicines are not the same business as prescription products since the pharmacist is interested in selling not the best product, but the higher-margin one.

RIVALRY IN THE INDUSTRY: HIGH

The more important fact is this question, is that markets where the rivalry is low the prices and margins tend to be higher, and as was said before, this industry is very competitive and highly fragmented in terms of market share (smaller margins). Many players are fighting for market share with very similar products and managing the fight based on different approaches (push/pull). The companies that have a more significant market share have a pull strategy that obliges them to invest more in the beginning but brings more ROI in the end. This difference in approach is one of the reasons for generic companies don't succeed in the OTC business since the generic industry is mainly in push strategy.

POTENTIAL OF NEW ENTRANTS INTO THE INDUSTRY: LOW

The most significant barrier to entering this business is to build a portfolio that is competitive and sustainable. Building this from scratch is very hard, that's why usually OTC companies buy an entire business from other companies that are shifting their core business in different directions than OTC. Another question is production, that's high capital requirements, so two possibilities arise, its own production, or it's outsourced. Both have positive and negative points. If the option is for your manufacturing site, you will have a more significant starting investment and a smaller variable cost per pack produced/sold. If the option is outsourcing, you will have a lower entry cost, but a higher variable cost per pack produced/sold.

The production of pharmaceutical products requires high R&D financial resources and marketing efforts. Something hard for new entrants to overcome, especially considering how well established current companies are.

NEGOTIATING POWER OF THE SUPPLIERS: LOW

Depending on the product, the supplier can have more power, or less power, if the company is vertically integrated, this will give a lot of power to the company because they control the entire process, since the production of API, to finished product. If not, the power can shift depending on the quantity bought. In this case, TEVA is a vertically integrated company.

NEGOTIATING POWER OF THE CUSTOMERS: MEDIUM

TEVA aims to build relationships based on transparency, trust, and added value that meets the clients' needs. The company is very customer-oriented and tries always to keep its clients together through a significant investment in communication and customer engagement. that increases the company's negotiating power and, therefore, reduces customers. The surging of pharmacy groups, came to make a game-changer in terms of power, between industry Vs Pharmacy, basically, when there were no pharmacy groups, the industry had more power than the pharmacies, mainly because on one side there was a multinational business, and on the other, we have the pharmacy that is a family business, and this difference really makes a substantial unbalanced negotiation power. The way pharmacies found to answer this challenge was by creating pharmacy groups, which became professionals in negotiating with the Industry. Since this is a B2B, the power of the customer (pharmacy) can be diminished by empowering the consumer. This empowered patient is already a trend in the pharma industry that the patients want to be an active voice in their treatment strategies.

THREATS OF SUBSTITUTE PRODUCTS: MEDIUM

On the substitute products, the main question is the elasticity of price, on is substitute products, and this can limitate the price policy. The sector is permanently changing. In this digital era, new products and services are always being created, bringing many new ways to answer to more exigent consumer need. Substitute products result from

the evolution and innovation of the products in the market. So there is an excellent likeability of the appearance of new products. With the most recent technology and that changes the entire concept of customer experience and product usage. Technologies like mobile and augmented reality have already started to do that. With apps that create value for the patients, that goes from just monitoring if the patient took the medication, from interacting with the medication pack, for more information on the product itself. The part we cannot answer, is the consumer willing to pay extra for this innovation? Is this a value-added medicine, or just nice to have?

Overall the industry attractiveness is high since the factors conjugation is highly favourable to high margins.

6.2.SWOT ANALYSIS

SWOT Analysis is a matrix used for business purposes that aim to analyse companies strengths and weaknesses, as well as opportunities and threats they can face on the market every day.

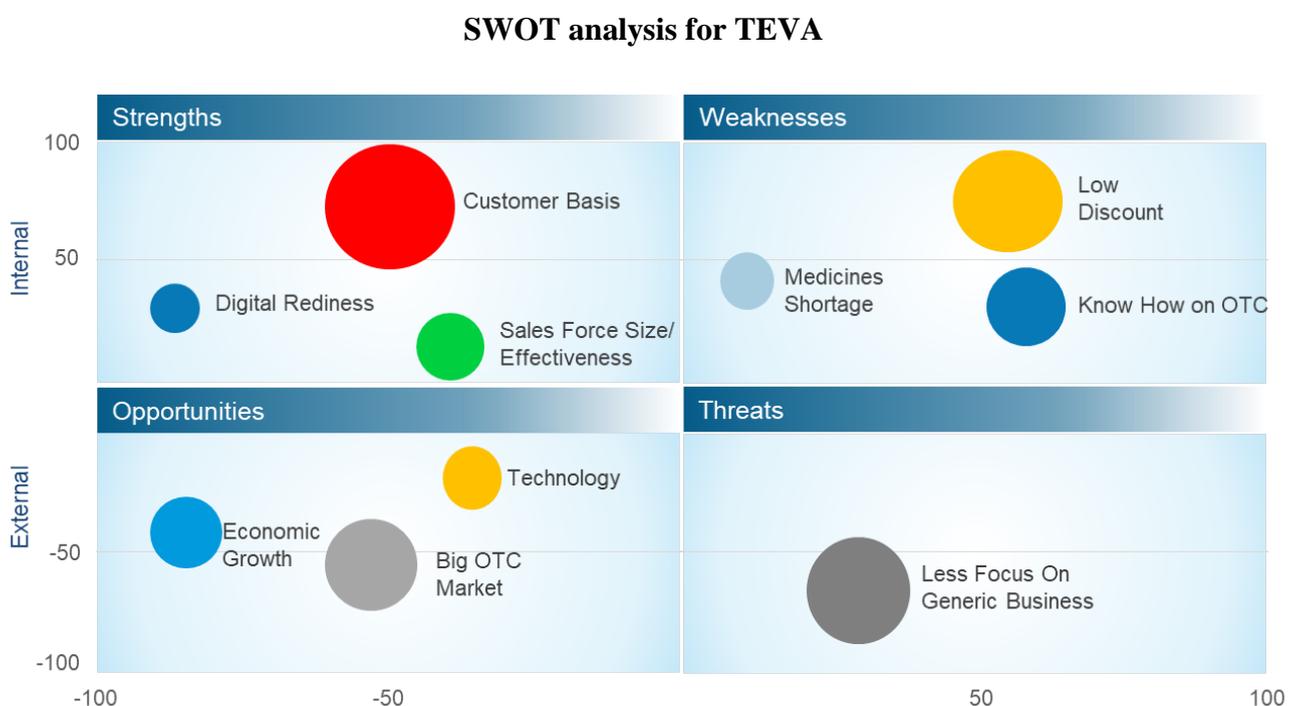


Figure 10: SWOT Analysis for TEVA - Source: Own elaboration

6.3. KEY SUCCESS FACTORS

KSF is a term for an element that is essential for an organisation or a project to have to achieve its mission and be successful. For the Pharmaceutical OTC market, they are:

MARKET POSITION

The analysis covers comprehensive assessments on the company's competitive market position, which could be quantitatively and qualitatively determined using the company's market share, size in terms of sales value and volume, as well as its growth history and anticipated growth prospect going forward. Brand recognition or brand equity is also important, particularly for over the counter (OTC) branded products. Strong market position leads to stronger bargaining power to distributors, hospitals, physicians and retailers (Pefindo - Pharmaceutical Industry - Key Success Factors). Also, the analysis considers any opportunities for having alliances with other leading global pharmaceutical producers and additional licenses to grab the potential new market.

PRODUCT MIX AND DEVELOPMENT

The product Mix and development analysis contains the company's diversification strategy and policy risk assessments in terms of demographic profile, products and market segments to maintain steady revenue and profitability. The pharmaceutical industry is identical with great variety types of product that generates a wide range of profits. Management's strategy to focus on higher-margin products is essential. It should be considered the company's research and development (R&D) capabilities, including the cost allocation to its total sales and policy related to new products to be researched (Pefindo - Pharmaceutical Industry - Key Success Factors).

OPERATING MANAGEMENT

The analysis includes thorough reviews on how well the company manages its daily business operation, as a failure to effectively and efficiently manage the process would

adversely affect the company's future operating results. The company's cost control strategy and policy is also diligently assessed, as the company's keen ability to control costs is crucial, particularly for the low margin nature of generic pharmaceutical. Generally, more significant players have competitive advantages, as they have stronger bargaining power and economies of scale in purchasing, logistics and advertising. Condition and utilisation of the equipment and the integration of technological improvements will also become important factors to achieve the company's degree of efficiency in its operational activities. The analysis on operating margins (EBIT and EBITDA) can also be assessed by comparing the company's ratios with other players in the same industry or other industry with similar characteristic, which is essential in analysing the company's competitiveness. This analysis is helpful to measure operating efficiency (Pefindo - Pharmaceutical Industry - Key Success Factors).

MARKETING AND DISTRIBUTION CHANNEL

The analysis covers the company's strategies to distribute products (how well the company adapts to the needs of retailers, how well the distribution matches the retail forms, how well the company manages distributors, what kind of linkage/relationship/agreement between the company and distributors) and examinations on others related factors that can ensure continuous product availability in the market in an effort to support sales (Pefindo - Pharmaceutical Industry - Key Success Factors).

The company should create the ability to maintain good relationships with its business network (including with distributors and retailers) as well as terms and condition of the cooperation. Furthermore, assessments should be made on the company's marketing, particularly OTC and ethical products, including commitments on advertising, creativity on advertising, ability to identify targeted customers and markets, ability to capture the trends in consumers' preferences, as well as ability to keep consistent marketing strategy to build brand loyalty (Pefindo - Pharmaceutical Industry - Key Success Factors).

STRATEGIC DECISION

Regarding the OTC Business, it is possible to choose two types of path, to exploit the opportunity that the market presents. The first possibility is to create a strategy to launch the OTC business inside TEVA. The Second possibly is to license out the entire OTC business. Both have con and pros. First, the Pros of the license out: It's a risk-free strategy, the OTC line is sold, and a fee is paid, the Cons of this strategy are the low possibility of growth. The other option is precisely the opposite. So the main idea is to create an effective marketing plan to go inside TEVA.

7. STRATEGIC PLAN – STP ANALYSIS

7.1.SEGMENTATION

The segmentation of the market is the process of dividing a large homogeneous market into different segments with similar characteristics (needs, demands, attitudes, etc.). This process has two phases: the identification of the segmentation variables and correspondent division of the market, and the creation of profiles for the resulting segments (targeting). Segmentation is critical for the company because the entire marketing-mix design is built to address the chosen layers.

In this case, we could consider two types of segmentation, final consumer (B2C), or we can do the pharmacy segmentation that is the Co-decider (B2B). If we do Consumer segmentation, it should be done product by product, and not for the entire OTC business, and that is not the case in this work. So the pharmacy segmentation will be done according to Hmr classification of the pharmacy on the potential A, B, C and D depending on the value of sales per year.

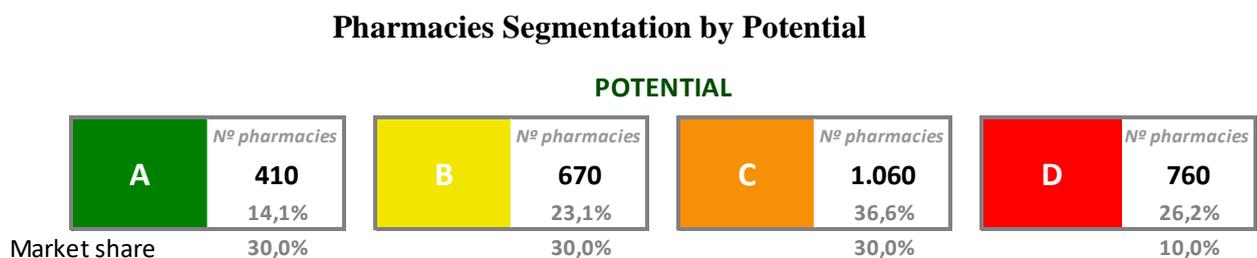


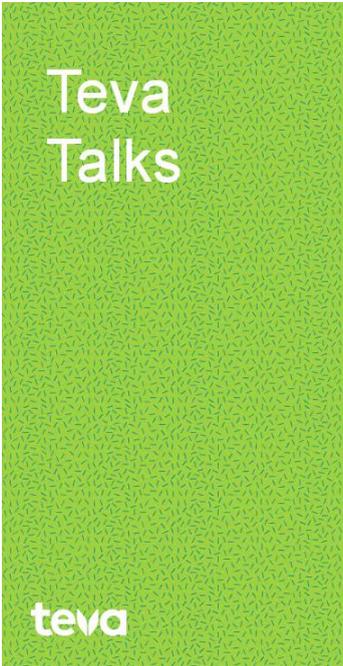
Figure 11: Pharmacies Segmentation by Potential - Source: Hmr (MAT 12.2016)

As so, based on this classification of potential, all actions will be made according to the Hmr classification of the pharmacy on the potential. The main objective is to have a tailor-made approach per customer, less cost per interaction, optimisation of the marketing strategy, and finally a correct resource allocation.

7.2.TARGETING

Market targeting consists of, after breaking the market into segments, concentrate the company’s marketing efforts on one or a few essential parts. Since the market that will be approached is tiny, all 2900 pharmacies will be impacted by the strategy, but in different ways according to their potential. So the Reps call planning will be made according to the potential, as well all activities will address this, as seen in the example below:

Activity customer targeting



Investment: 20.000€

- **What?**
 - 3 Teva Talks
 - Workshop of Design Thinking
- **Target**
 - 300 Pharmacies (150 → A; 90 → B; 60 → C)
- **Objectives**
 - Gathering insights about how to create value to Community Pharmacy in Portugal with focus on generics
 - Create a brand experience and place Teva as a reference brand for smart inputs and novelties that lead to success in business
- **Programme**
 - Workshop
 - Dinner



- **Value**
 - ✓ Innovation
● ● ● ○
 - ✓ Differentiation vs Competitors
● ● ○ ○
 - ✓ Support to Sales Rep visit
● ● ● ○
 - ✓ Sales Rep engagement
● ● ○ ○

Figure 12: Activity customer targeting - Source: own elaboration

7.3.POSITIONING

Positioning corresponds to the way a company wants customers to look at its brands. It defines where the product stands concerning the other similar products in the market. Why is this important? Because it's the opportunity to influence the market your way, and if you don't do it, the customers will do it for you.

Positioning is composed of two dimensions: identification, to point out the main attributes of the product; and differentiation, the unique selling proposition that the organisation wants the consumer to associate with the company. To accomplish this analysis, there are two tools: the golden triangle of positioning and the perceptual map. The focus will be the perceptual map.

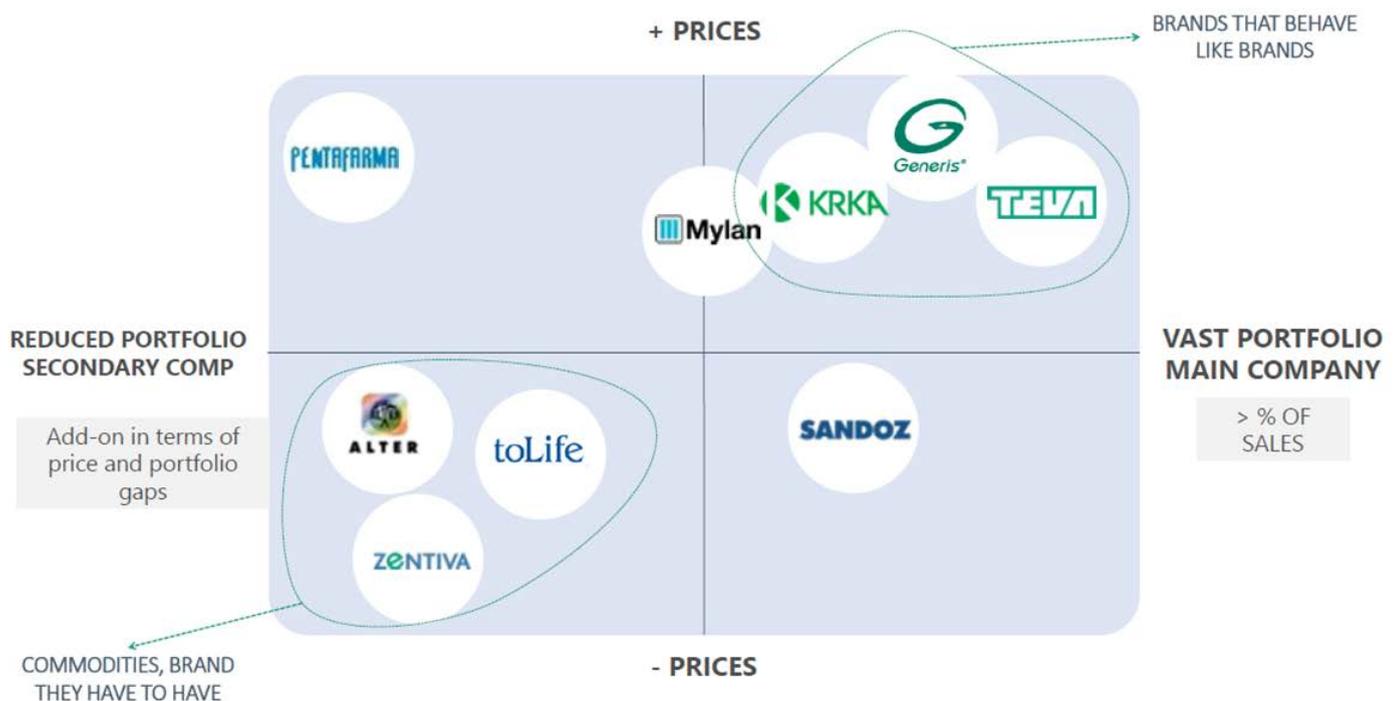


Figure 13: Perceptual map - Source Generics Market in Portugal, 2017 - 2Logical Study

The positioning Teva wants for their OTC brand, is very likely to the generic one: effective, high-quality products, with an excellent safety profile, at a reasonable price. This positioning will be passed by the pharmacy to the consumer because the pharmacist is one of the most trusted HCP.

7.4. OPERATIONAL PLAN – MARKETING MIX

7.4.1. PRODUCT

In terms of portfolio, the OTC business needs an extensive collection of products in order to respond to the pharmacy and consumer needs. So the main goal is to start with the existing portfolio and then build a strong portfolio to become a reference in the OTC business. As seen before the most imperative segments are the H03.1.1.- Anti-influenza; H01.3.2. - Nasal decongestant; H01.1.2. – Antitussives, mainly because they are already big and they are in the fast-growing group. This entire segment is used to treat the symptoms of flu / Colds.

TEVA current portfolio, have some solutions for these treatments, but there are other areas covered, like fungus, pain, and height loss.

Existing Portfolio

DCI	Pharmaceutical Form	Dosage	Presentation	Pack	
Acyclovir	Cream	50 mg/g	2 g - 1 unit	2	MNSRM
Acyclovir	Cream	50 mg/g	10 g - 1 unit	10	MNSRM
Acetylsalicylic acid	Tablet	500 mg	20	20	MNSRM
Amorolfina	Medicated nail polish	50 mg/ml	5 ml - 1 unit	5	MNSRM-EF
Cetirizine	Film-coated tablet	10 mg	20	20	MNSRM
Clotrimazole	Cream	10 mg/g	20 g - 1 unit	20	MNSRM
Clotrimazole	Cream	10 mg/g	50 g - 1 unit	50	MNSRM
Omeprazole	Gastroresistant capsule	10 mg	14	14	MNSRM
Glucosamine	oral solution Powder	1500 mg	60	60	MNSRM
Ibuprofen	Film-coated tablet	200 mg	20	20	MNSRM
Ibuprofen	Film-coated tablet	200 mg	60	60	MNSRM
Loperamide	Film-coated tablet	2 mg	20	20	MNSRM
Diclofenac	Pacth	140 mg	10	10	MNSRM
Diclofenac	Gel	10 mg/g	100 g - 1 unit	100	MNSRM
Orlistat	Capsule	60 mg	42	42	MNSRM
Orlistat	Capsule	60 mg	84	84	MNSRM
Acetaminophen	Tablet	500 mg	20	20	MNSRM
Terbinafine	Cream	10 mg/g	15 g - 1 unit	15	MNSRM

Figure 14: Existing Portfolio- Source Own Elaboration

This segments of products sell 312.000 units per year, 1,3M€ in gross sales, and 0,8M€ net sales, this already a new business in terms of diversification.

In terms of the portfolio, there are two brands in TEVA pipeline that are very strong in Europe, one is **Sudocrem**, that is Antiseptic healing cream, and the other is **Infacol**, that is a colic treatment for infants.

Besides these two products, there also in the pipeline to launch in 2020, the **Olfen GelX**, that is a line extension of **Olfen patch**, and **Diosmin**. These four products can produce sales to overreach the 2M€ in gross sales in 2021. In terms of the portfolio for the next two years, this is the plan.

When a Generic company wants to launch an OTC business, there are two strategies: The Company branded Generics (CBG) strategy or the pure branded products with the company endorsement.

The way to go is the selection of pure branded products with TEVA endorsement.

So the TEVA solar system is built to leverage corporate brand equity, Support synergies in the product portfolio, and provide direction to the organisation in terms of where to invest.

The position within the solar system defines how closely product brands deliver on the brand promise, and on the other hand where a brand is placed in the solar system reflects the degree to which the brands are separated – or connected – in the mind of the consumer: a product brand with a strong USP is more distanced from the corporate brand

It is all about brand perception.

All zones have the same core promise and values. Further away from the sun, more the product brands have their own life – but still in the overall frame of the corporate brand's core purpose and values. Closer to the sun, the more the corporate brand is connected with these products and vice versa.

But this does not mean that the monolithic zone is a “dumping ground” for homeless products, but the place where flagship products correlate closely with the brand promise should be located: they ‘make the Sunshine.’

There are four criteria to determine in which zone a product is placed:

- Size of corporate name/logo
- The dominance of corporate colour
- The autonomy of product name/sub-brand
- These criteria do apply to all touchpoints. The packaging is only one of them.

The interpretation of the criteria might vary depending on the category, its specific rules and competitive environment.

Solar System

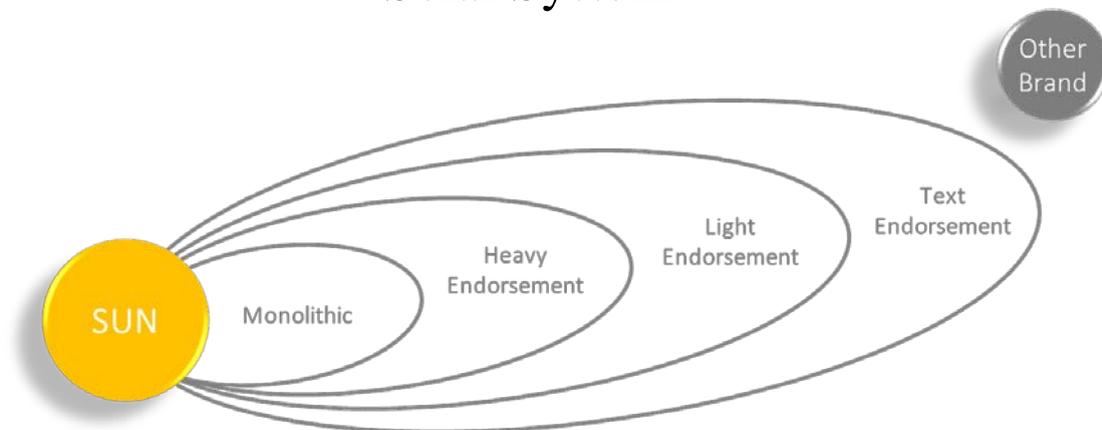


Figure 15: Solar System - Source: TEVA Internal Information

This is how it looks like with TEVA products:

TEVA Solar System



Figure 16: TEVA Solar System - Source: TEVA Internal Information

Which means, that if the way forward were to have a CBG strategy, the products should have a monolithic approach, but as the choice falls on the branded OTC products, the option is to have a Heavy endorsement. With this, means that all the OTC products that exist today under other brands, that are not TEVA, all will move under the TEVA brand.

In terms of packaging, there are some rules that should be addressed, like functionality, efficiency, social use adaptation, attractiveness and looks, and finally valorisation and reinforcement of the product quality.

In terms of packaging functions, we can find the technical functions to protect and conserve the product. The communications functions and this is very important because the consumer can recognise the brand by the packaging, or not. But at least it should recognize the category that the product belongs.

This way TEVA OTC pack, relate with all the above, with clear identification, on what product the patient is taking, what kind of pharmaceutical form is on the package, this pack transmits quality perception from the consumer.

TEVA OTC Pack



Figure 17: TEVA OTC pack - Source: TEVA Internal Information

7.4.2. PRICE

The factors that influence the price usually are the cost that is affected by external and internal factors, then the demand, which is controlled by the elasticity of the price, and the market importance, and finally the competition that reflects the aggressiveness in terms of price. The price policy can be highly associated with four aspects of marketing: Segmentation, Positioning, competition strategy and sales drive. (Lendrevie, Lévy, Dionisio, & Rodrigues, 2015)

Teva wants to set the Reasonable Price strategy, and its main objective in terms of Public Selling Price (PSP) is to position the price in average 30% lower than the reference product inside the category, with this price positioning the expectation is that the equity of the reference brand can no longer sustain a significant price differential. But this must be addressed with extreme caution because price competition invites retaliation and can quickly degenerate into a price war that would kill all the profits in the category.

In terms of commercial conditions to the pharmacies, one thing must be bared in mind that the pharmacy lives from margins of the sales, so the binomial price/margin must be balanced. Price for the customer (consumer/career) should be compelling, and the margin for the pharmacy should be higher than the reference product, but since the margin is retrieved form the PSP, this is very hard to do without penalising the gross profit. To address this problem, in some products we can make an even more aggressive move, by positioning the price as the same as the reference product, but with the double of the treatment, and with this solution for the gross profit problem, is done.

In terms of negotiating with wholesalers and pharmacies, the main objective is to bundle the OTC with the generic medicines, to level up the generic volume muscle, and to leverage the company leadership position.

7.4.3. PLACE

The distribution of medicines is regulated by law, sales can be made directly to pharmacies, also known by DTP (direct to pharmacy), or sales can be trough the wholesaler. Both have advantages and disadvantages. The benefits of DTP is that in fact the company have full control of the business with the pharmacy, and can split the wholesaler margin with the pharmacy, the main disadvantage is the fact that a capillary

network of delivery must be built, and of course managing of the order to cash, and it's not good for the commercial team, to have to collect money form the costumer.

The advantages of the wholesaler are that they have more than one distribution per day, and can respond faster to the pharmacy, and the order to cash management is their responsibility. The disadvantages are that the relationship with the pharmacy is more distant and with less control.

TEVA OTC will be in line with the current practice of distribution regarding the two-level distribution channels (Producer → Wholesaler → Pharmacy/ Retailer → Consumer).

Medicine Circuit

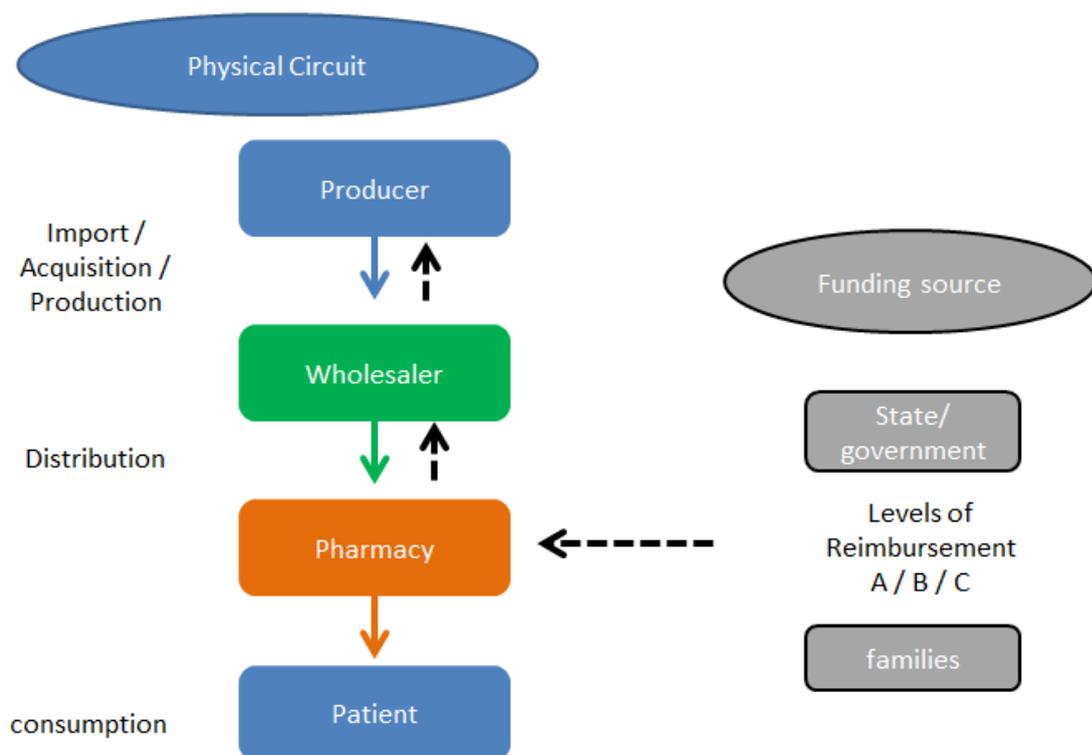


Figure 18: Medicine circuit - Source: Own elaboration

TEVA, already has excellent relations with the wholesalers, through the two Key Account Managers (KAM), one of the tasks assigned is controlling the Key performance indicators (KPI) of the distribution, mainly the most important indicator is the delivery on time and in full (OTIF). The same strategy will be applied to the pharmacies.

7.4.4. PROMOTION

In terms of promotion, there are four axes to address: Advertising and promotions, public relations and sales force: the focus will by order of importance be, the sales force, advertising and promotions. In terms of the strategy of engaging the customer, the drive will be: create value for pharmacies/pharmacist, personalised communication, and brand awareness. All of this will be done in a multichannel approach.

SALES TEAM

The national sales team will be led by the commercial director alongside with 42 salespeople.

Commercial Operations Organogram

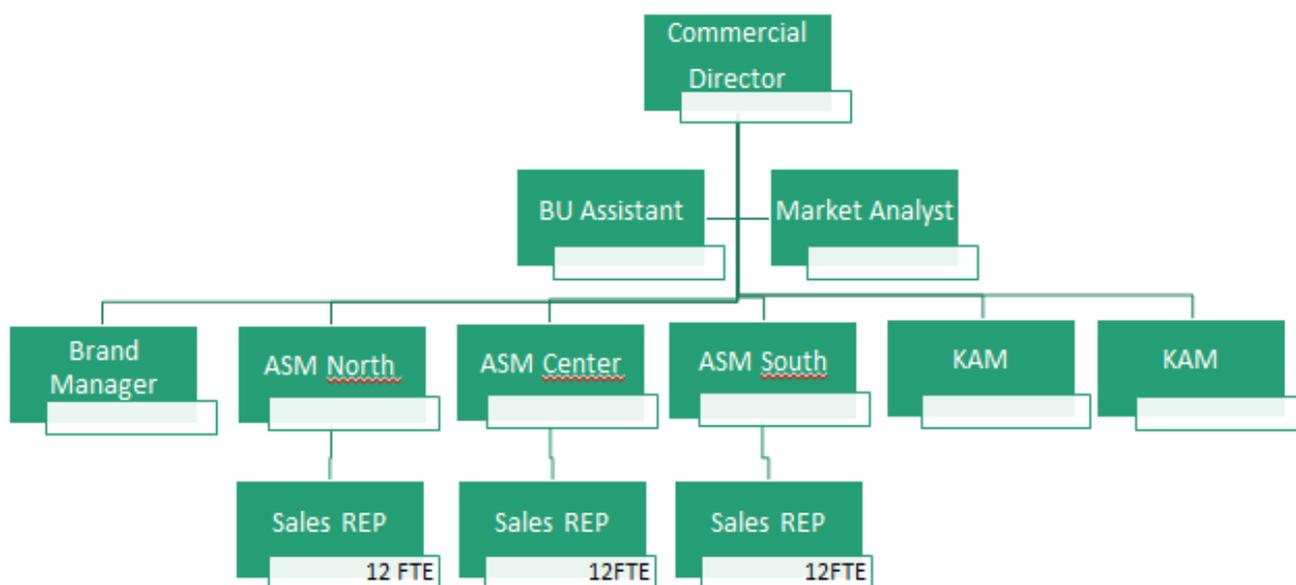


Figure 19: Commercial Operations Organogram - Source: Own elaboration

The distribution of the sales force will be done according to the knowledge of the territory, and they are responsible for the commercial activity in that same area. The country is divided into 36 regions, including Madeira and Azores. To monitor the operation of the sales team there are 3 Area Managers, All of this is in the scope of the commercial director, that is also responsible for the 2 KAM, and a Brand Manager,

The call planning is divided into four cycles of tree month each. In these cycles the sales team has to visit all the pharmacies in their territory (100% coverage), in terms of activity they have to visit five pharmacies (15 HCP inside the five pharmacies) per day, and the frequency of visit will be done according to the tactical plan:

Tactical Plan

Pharmacies	A	B	C	D
Average nº PH/Rep	11	19	29	21
frequency	6	5	4	2
number Of visits	66	95	116	42
	319			

Figure 20: Tactical Plan - Source: Own elaboration

The sales team exists to remind their direct customer of their products, as well as develop a joint effort with the pharmacy to build sell out of the products that are on the promotional grid. This team must be equipped with high skills in terms of negotiation, knowledge of their products, and sales schemes. It's also essential to ensure that the promoted products are available in the pharmacy.

The control of this commercial activity will be done through the CRM system in place (VEEVA).

The area sales manager is a critical function, since they are the connection of the Sales Representative to the company, in below some of the core activities of the Area Sales Manager.

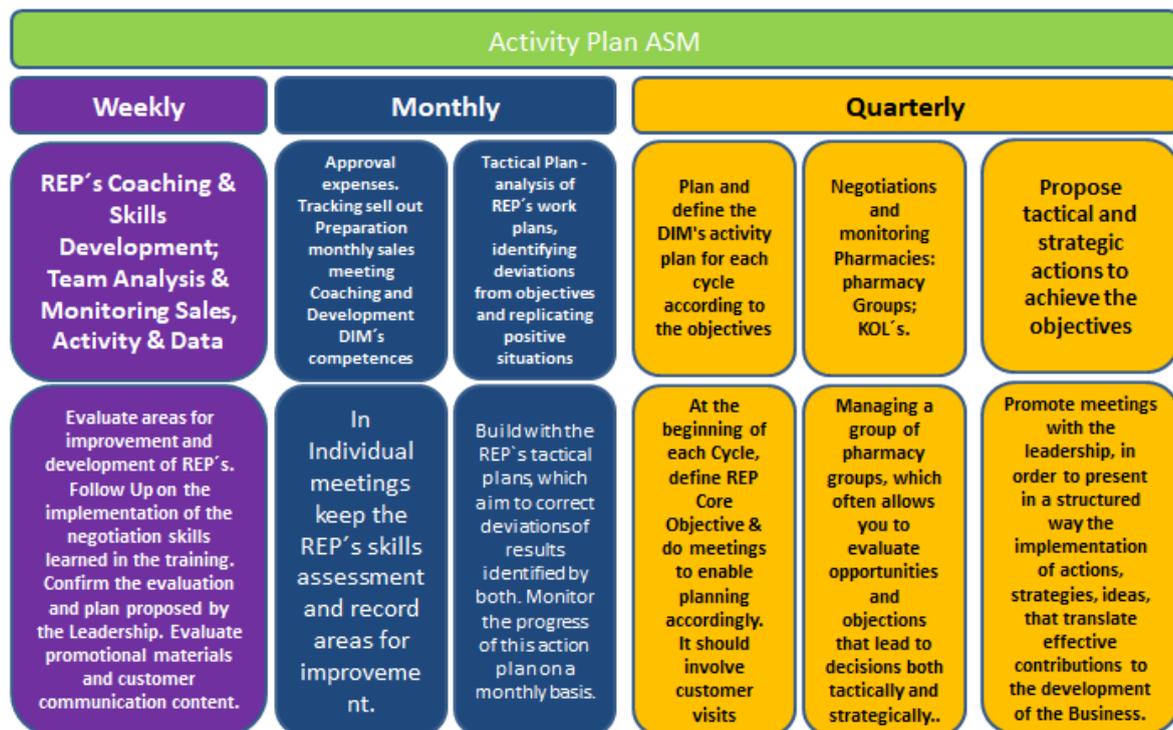


Figure 21: Activity Plan ASM - Source: Own elaboration

In terms of events with presence with the sales team, the OTC units will be present with the retail units in the following activities

Chronogram of Events

TA	Jan	Feb	March	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Retail (Gx)					Expofarma CNF 2020	Teva Runners – MAN2020			Teva Runners – CT2020 e VICF	Teva Talks	Rethinking Pharmacy 2020	
Teva Corporate	Teva Blog Launch											

Figure 22: Chronogram od events - Source: Own elaboration

DIGITAL ADVERTISING

When the sales team is not face-to-face (F2F) with the customer, something else most remembers the costumer of TEVA OTC products. Or in other word, different channels must be activated in order to be present in the daily life of the customer. In these turmoil days, these channels are mainly digital, and this is the cheapest way of reaching the customers.

In order to address these goals, an online strategy is needed.

So what´s the online value Proposition of TEVA OTC:

Information about Healthcare? Teva has it!

What is the importance of having this online value proposition, because the content is everything, and if your message is not relevant, who will listen?

The target for this is:

Pharmacy Manager

Professional Characteristics: High organisation level, Spirit of Criticism, Focus

What they like: Management and innovation

Interest in Teva: Profitability, Flexibility, Simple models, Training to the team

Web: Daily use (laptop and smartphone)

Communication Goal: Strategic Partnership, Transparency

Pharmacist (10.000)

Professional Characteristics: Scientific knowledge, Empathy, Punctuality

What they like: Scientific information, Financing & Management

Interest in Teva: Strategic Partnership (*win-win*), Profitability, Information to improve literacy to elderly, Training.

Web: Daily use (laptop and smartphone).

Communication Goal: Leadership in Generics, Teva as a reference partner in healthcare.

Pharmacy Technician (7.000)

Professional Characteristics: Team spirit, cooperation

What they like: Health, *Enjoy Life*

Interest in Teva: Product Information, Training

Web: Daily use (laptop and smartphone)

Communication Goal: 3 brands <> 3 prices <> 3 patients, Comfort

Patient

Professional Characteristics: Organization, Professionalism.

What they like: *Be Happy, Enjoy Life.*

Interest in Teva: Information about Healthcare, Good and healthy daily habits.

Web: Daily use (laptop and smartphone).

Communication Goal: Teva as a Health Partner, Literacy regarding medicines.

With this information, an activation plan is needed to see how all channels work together to pass the same message but in a personalised way.

These are the digital channels in use:

- Corporate Site
- App & portal
- Email marketing
- Branded social page (Facebook & LinkedIn)
- Banners B2B (sifarma platform).

Activation Plan					
	CONTENTS	CHANNELS	KPIs		
			REACH	ACT & CONVERT	ENGAGE
Pharmacy Manager	<ul style="list-style-type: none"> Market data Business Profitability Management and Finance Content News 	<ul style="list-style-type: none"> Site App and Portal E-mail Branded social page 	<ul style="list-style-type: none"> Unique Visitors Followers CPC Brand awareness 	<ul style="list-style-type: none"> Pages per visit Bounce rate Customer satisfaction E-mail subscriptions Cost per lead 	<ul style="list-style-type: none"> E-mail list quality Repeat Visits Active customers E-mail open CTR
Pharmacist	<ul style="list-style-type: none"> Scientific and Management Content Infographs Pharmaceutical events News 	<ul style="list-style-type: none"> Site App and Portal E-mail E-learning platform Banners Sifarma Branded social page 	<ul style="list-style-type: none"> Unique Visitors Followers CPC Brand awareness 	<ul style="list-style-type: none"> Pages per visit Bounce rate Shares Site interactions Customer satisfaction E-mail subscriptions Cost per lead 	<ul style="list-style-type: none"> E-mail list quality Repeat Visits Active customers E-mail open CTR
Pharmacy Technician	<ul style="list-style-type: none"> Scientific Content Infographs News 	<ul style="list-style-type: none"> Site E-mail E-learning platform Banners Sifarma Branded social page 	<ul style="list-style-type: none"> Unique Visitors Followers CPC Brand awareness 	<ul style="list-style-type: none"> Pages per visit Bounce rate Shares Comments and site interactions Customer satisfaction E-mail subscriptions Cost per lead 	<ul style="list-style-type: none"> E-mail list quality Repeat Visits Active customers E-mail open CTR
Patient	<ul style="list-style-type: none"> Health tips Quality scientific Information Emotional videos 	<ul style="list-style-type: none"> Site E-mail Branded social page 	<ul style="list-style-type: none"> Unique Visitors Followers CPC Brand awareness 	<ul style="list-style-type: none"> Pages per visit Bounce rate Shares Comments and site interactions Customer satisfaction E-mail subscriptions Cost per lead 	<ul style="list-style-type: none"> E-mail list quality Repeat Visits Active customers E-mail open CTR

Figure 23: Activation Plan - Source: Own elaboration

On top of these digital activities, a blog will be launched to talk about patients and diseases and where the consumer can be influenced by another consumer, and share personal experiences.

MARKETING BUDGET

The marketing budget was to be adjusted to the new reality, below is described the budget allocated into this new OTC business.

Marketing Budget

	Description	Total		
Marketing Activities	Teva Talks	20.000 €	82.200 €	164.200 €
	Expofarma	30.000 €		
	Rethinking Pharmacy 2019	17.200 €		
	Teva Runners	15.000 €		
DIGITAL	Design and customization of media plan for Digital	25.000 €	52.000 €	
	e-mail Marketing	5.000 €		
	e-learning	15.000 €		
	App and Portal	7.000 €		
Promotional Materials	Promotional Materials (I, II, III Commercial Cycles)	30.000 €	30.000 €	

Figure 24: Marketing Budget - Source: Own elaboration

8. CONCLUSIONS

Portuguese pharmaceutical industry is in change. Indeed, with the pressure of the government, especially on price and reimbursement, as well as pharmaceutical lobbying, it is possible that the pharmaceutical monopoly will end.

The OTC market, representing more than 300 million euros, will be faced with new opportunities. With the increase of auto medication, it is just natural that the OTC market in Portugal continues to grow on the mass market. Other European countries did it a long time ago: Germany, Italy, Poland, UK, and Hungary.

The characteristic of Portugal is that it is, according to Hofstede's definition, a high uncertainty avoidance country: it means that people do not like to take the risk, and are somewhat reluctant to change.

We learned from the literature review the importance of the four variables of the marketing mix. The product is core but also everything that surrounds the product: price, place and promotion. Price was shown not to be an essential criterion at the

moment of purchase, in the literature review. Besides, for this particular business which deals with people's health, high prices drive quality perception.

A decision was made by launching the OTC business within TEVA, exploring the TEVA resources already in place on the market. Almost all generic companies are diversifying their generic business, thought OTC and Branded Business.

All 2900 pharmacies will be segmented for a targeted approach (A/B/C/D), and TEVA retail GX team will push the OTC business forward, with a positioning very similar to the Generic unit.

TEVA will utilise the new brand launch, to deploy the OTC strategy at the same time, and to consume fewer resources by doing so. All OTC products from other brands that belong to TEVA must change to TEVA solar system.

With the extension of the portfolio, this business can grow more than half a million euros on a two years lifetime, and overcome the 2 million euros gross sales. With the same resources that already exist, only with an increment on marketing budget. Great emphasis on the digital part of the strategy; almost 30% of the marketing budget is for the digital.

No model was developed to show the importance and links between trust, personal experience and purchase.

To be possible to give more precise recommendations, a study should be done exploring consumers versus shopper when dealing with OTC drugs. Indeed, the target is very different, and it could be interesting to develop an entire marketing strategy for each category.

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