The IIHMR University, Jaipur

Institute of Health Management Research

MBA Pharmaceutical Management

Batch 07th (2015-2017)

Pharmaceutical International Business Management

EXAMINATION CELL IIHMR UNIVERSITY

Term Examination

Time-3 Hour M.M-70

Instructions:

The question paper is divided in two sections: Section A (35 Marks) and Section B (35 Marks). Please read the instructions carefully for both the sections before answering the questions.

SECTION A (35 Marks)

Instructions for section A:-

All the questions in section A are compulsory

Q.1. Briefly explain the following **(2.5x2=05)**

i. Managing expatriates in IHRM

ii. Dimensions of economic globalization

Q2. What are the key elements of cultural environment which must be given due thought by a firm for intensifying pharmaceutical international pharmaceutical business opportunities? Support with appropriate examples. **(10)**

Q3. Explain briefly citing suitable examples the relevance of global market research, segmentation and positioning for a multinational firm interested in marketing his/her products or services at a global level. **(10)**

Q4. Solve the following Case study:- Omega-3 Ingredient Market- Challenges and Opportunities (10)

EPA (Eicosapentaenoic acid) and DHA (Docosahexaenoic acid) are long-chain omega-3 fatty acids that are abundant in fish and shellfish, as well as oils from fish, krill, algae and some genetically engineered plants. The body needs omega-3s to function properly in every stage of life, and the vast body of existing science supports the conclusion that EPA and DHA are vital for optimizing heart and brain health, as well as for the prevention of chronic disease.

The market for omega-3 fatty acids has grown tremendously over the years, although recently there have been challenges for maintaining this growth. Some challenges for the future market are as below:-

1. *Reduced availability and capture of anchoveta (raw material, type of fish):-* During 2015 the Indian government suspended one of two annual fishing seasons due to concerns about the number and size of the available anchovy (a type of fish). Biomass surveys are a crucial part of operating a sustainable fishery and this was key to keeping a healthy fishery. However, a large majority of omega-3 oils worldwide are derived from crude oils extracted from anchoveta, and disruptions to their supply profoundly affected the market.
2. The decline in the omega-3 dietary supplement market in the U.S. This is part of an ongoing downward trend driven by a variety of factors, one of which is a negative media environment.

In spite of the challenges, the omega-3 market remains a very dynamic one, full of exciting opportunities. But as evidenced by last year's market contraction, there are substantial challenges that need to be overcome.

Questions:-

1. If you are an Indian firm in the business of omega-3 fatty acids, what are the issues and challenges in front of you for expanding your business in the international market?
2. What are the ways in which you will look for future growth in the international market of omega-3 fatty acids?

Section B

Note: Answer any two questions. Each question carries 10 Marks. Question number 8 is compulsory.

Q 5. Explain the terms competitive advantage of nations with respect of international trade by citing suitable examples.

Q6. Explain the theories of International trade with illustrative examples.

Q7. Discuss the country evaluation and entry strategy with respect to pharmaceutical organization.

Q8. Case study:- Pfizer's blockbuster anti-cholesterol reducing drug, Lipitor (Marks 15)

The case is about Pfizer's blockbuster anti-cholesterol reducing drug, Lipitor, the largest selling pharmaceutical brand in the world. Despite Lipitor being a late entrant in the statin market, it managed to become the market leader due to the aggressive marketing strategy adopted by Pfizer. However, Pfizer's marketing of Lipitor came under intense scrutiny, when in March 2006 some labor unions in the US sued Pfizer for alleged off-label marketing of Lipitor. Pfizer also faced a class action lawsuit from some consumer advocacy groups regarding its promotional activities that were targeted at women and the elderly.Pfizer was also accused of withholding information about the potential side-effects of Lipitor. Lipitor was also the subject of controversy regarding its allegedly over-zealous direct-to-consumer (DTC)advertising.

In addition to this, the case also discusses the concerns regarding the slowing down of Lipitor sales, the delay in launch of the Torcetrapib/Lipitor combination, the ongoing patent litigations with generic manufacturers like Ranbaxy Laboratories Ltd. over Lipitor, and the expected generic competition from substitutes like Pravachol and Zocor, which had gone off-patent. March 2006, some labor unions in the US sued Pfizer Inc. (Pfizer), the largest pharmaceutical company in the world, accusing it of fraudulent marketing of its cholesterol-reducing drug,[8] Lipitor (Atorvastatin). In a class-action suit,[9] the plaintiffs accused Pfizer of off-label[10] promotion of Lipitor, which led to the unions and other third-party payers, as well as Medicaid plans at the state-level in the US, paying billons of dollars in unwarranted Lipitor prescriptions between 2001 and 2006. They claimed that Pfizer had illegally marketed Lipitor to people who had high blood cholesterol but with low risk of heart attack.

In such cases, according to federal guidelines, only lifestyle modifications like diet and exercise were warranted. The US Attorney's Office in Brooklyn, New York, USA, was investigating Pfizer's marketing practices for Lipitor. Pfizer denied the allegations of off-label marketing and said that there was no merit to the case. They also announced that they were fully co-operating with the federalinvestigation.

With sales of US$ 12.2 billion in 2005, Lipitor was the largest selling pharmaceutical brand in the world. The huge success of the brand was attributed to Pfizer's strong marketing efforts. Pfizer was also a subject of national debate in the US for its direct-to-consumer (DTC) advertising of Lipitor. In April 2006, the Prescription Access Litigation Project[13] (PAL), which draws attention to pharmaceutical companies that promote prescription drugs "excessively", gave its Bitter Pills award under the "Got Cholesterol?"[14] category to Pfizer, for its DTC advertising of Lipitor.

In June 2006, two people sued Pfizer accusing it of withholding information about the potential side-effects of Lipitor. They alleged that Lipitor's side-effects included serious problems such as memory loss and damage to the nervous system.

Pfizer's beginnings were very humble. The Charles Pfizer & Company was set up in Brooklyn, New York, in 1849 by cousins Charles Pfizer and Charles Erhart (Erhart), two young entrepreneurs from Germany. Santonin, a palatable anti-parasitic was the company's first product. In 1862, during the American Civil War, Pfizer increased production of its chemicals and drugs, which doctors of the Union Army used, to treat wounded and sick soldiers. After Erhart's death in 1891, Charles Pfizer bought the company's shares from Erhart's son, William, to consolidate his ownership of the company

Based on the case study and your observations about the company and its international operations and strategies answer the following questions.

a) What do you understand from the nature of the global market for statin drugs and the other major players.
b) What are the issues and concerns with regard to Pfizer's International marketing of Lipitor.