



УДК 659.04.12

THE EFFECTIVENESS OF THE USE OF PUBLIC RELATIONS TOOLS IN THE PHARMACEUTICAL MARKET

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Abstract. *The article examines the effectiveness of the use of public relations tools in the pharmaceutical market, summarizes the reasons that have a destructive effect on the activities of its participants. The concept of public relations management is developed, which is based on a model for assessing the competitiveness of a pharmaceutical enterprise, and its graphic interpretation is presented.*

It is shown that it is a subsystem of the general management system of the pharmaceutical enterprise. Therefore, the construction of this concept is based on the key properties inherent in systems. It has been proven that the effectiveness of the marketing management system at a pharmaceutical enterprise is determined by the degree of use of public relations tools in combination with its means and capabilities. The proposed concept makes it possible to assess not only its internal capabilities, but also the market's reaction to the forecast scenario of its behavior in a specific situation.

Key words: *concept, marketing management, systematic approach, competitiveness, marketing potential, pharmaceutical enterprises.*

Introduction.

The pharmaceutical market is a powerful industrial sector and is one of the five most profitable sectors of the global economic complex. The pharmaceutical industry occupies an important place in the Ukrainian economy, as it largely determines the country's national security and is characterized by strong scientific potential and developed cooperation. The value of the products of pharmaceutical enterprises is 0.5% of the total value of the products of the national economy, but this industry accounts for only 0.02-0.3% of the total volume of investments of the national economy.

Public relations management plays a key role in the development of an effective strategy, as it is one of the few formalized ways of predicting the behavior of a dynamic economic system, which has a developed application toolkit. At the same time, the theoretical basis of its systematic use and full integration into the strategic process remains incomplete. For Ukrainian enterprises, the situation is further complicated by the fact that not all foreign approaches yield positive results on the domestic market. Therefore, there is a need to develop such a theoretical concept of marketing management, which in practice will help pharmaceutical enterprises to carry out a quantitative assessment of their own competitive positions and substantiate the strategic prospects of their operation.



Presentation of the main research material.

Pharmaceutical companies must manage their overall competitiveness in order to use public relations effectively. They do this by establishing a goal subsystem that uses goal management tools to achieve predetermined goals. These goals are related to the implementation of public relations strategies, which are the goal for the overall system of managing the competitiveness of the pharmaceutical industry.

Subjects of the pharmaceutical market can be grouped into the following subsystems: management and regulation - a group of bodies that coordinate and control pharmaceutical activity; production of medicines and medical products and their distribution, which includes: domestic production, wholesale and retail enterprises, foreign companies, pharmaceutical information subsystem, which unites specialized information and analytical publications, analytical companies, databases, etc.; subsystem of continuous pharmaceutical education; professional public organizations (associations, trade unions, etc.); consumption subsystem represented by outpatients and inpatients.

The main development of new drugs is carried out in the most important therapeutic areas (oncology, cardiology, neurology and psychiatry, gastroenterology, diabetes, etc.), biopharmaceutical companies are gradually beginning to displace traditional manufacturers from such niches as the fight against excess weight, asthma and allergies, cardio-vascular diseases and atherosclerosis, relief of acute and chronic pain. Today, it is a very saturated market, where the top 10 biologics can generate more than 50% of all revenues. Among other therapeutic directions, the production of hypolipidemic drugs stands out. The market for veterinary drugs is also growing. Such large manufacturers as «Pfizer», «Abbott Laboratories» and «Novartis AG» are becoming more and more active in it.

At the beginning of 2020, the pharmaceutical market became critical both for Ukraine and for other countries due to the pandemic. Antiviral drugs, protective masks and antiseptics have become indispensable goods not only for hospitals, but also for ordinary citizens.

The trend continued in 2019, when the pharmaceutical market of Ukraine continued to develop actively, demonstrating growth rates in monetary terms. In recent years, a stable trend of increasing the number of branches of leading pharmacy chains has been observed in Ukraine. The increase in the number of pharmacy chains occurred due to the expansion of medium and large operators, therefore, in 2018-2019, the TOP-100 pharmacy chains increased the number of points by 25%. And the total share of their retail outlets by volume reached 52%. At the moment, slightly less than half of the retail outlets in Ukraine are represented by large chains.

In the structure of pharmacy sales, as before, almost 2/3 are drugs of Ukrainian production in monetary terms. The largest share of imported goods is recorded in the group of goods: medicines and other preparations.

The growth of the pharmaceutical market of Ukraine is explained by several factors: the growth of real incomes of the population, the increase in the price of drugs in the budgetary sphere, including at the expense of the «Affordable Medicines» program, as well as investments. domestic producers who strengthen their presence in imported products position before you. Here we can also add the



active development of foreign markets by Ukrainian manufacturers (Fig. 1).

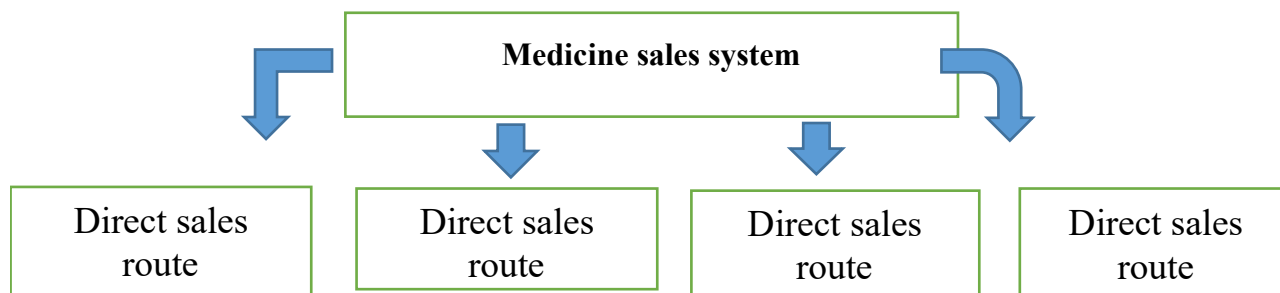


Fig. 1. Classification of logistics systems for the sale of medicinal products

Source: [broken down by the authors]

The average cycle of research and development of the original drug is 10-15 years. If 20 years ago this process cost a little more than 300 million dollars, today the cost of developing the original drug has more than tripled; the costs of producing a biotechnological drug are even higher. At the same time, only 3 out of 10 drugs that entered the market had profits that exceeded or equaled the costs of research and development. In recent years, about 30 innovative drugs enter the world market annually. Expect about the same in the near future. However, their share in the total value of the global pharmaceutical market will be smaller, as most new drugs are focused on specialized market niches and specific therapeutic areas. In addition, the process of replacing generic drugs with original ones is accelerating. Treatment with only patented drugs costs patients 3 times more than a similar course of treatment with generic drugs (generics). The activity of pharmaceutical companies is characterized by the desire to enter foreign markets in order to increase profits by expanding sales and introducing new patented medicines in many countries. Leading Western European companies account for more than 50% of sales of pharmaceutical products on foreign markets.

The current characteristics and trends in the development of the global pharmaceutical market are: saturation with pharmaceutical products, reduction of state expenditures on medicine due to reforming the national health care system, strengthening of the regulatory role of the state in health care as a whole, especially in the pharmaceutical industry; increasing research and development costs and increasing production efficiency; optimization of the cost structure; merger of pharmaceutical companies; creation of strategic alliances between companies and conclusion of agreements on joint drug development; development of drugs with targeted mechanisms of action; wide development of biotechnology, genetic engineering; The creation of personalized medicines based on the principles of «effective medicine» became the goal of a new direction — pharmacogenomics, which is the result of a combination of traditional pharmacology and biotechnology (pharmacogenomics); increase in the production and sale of generic medicines; diversification of activities of pharmaceutical companies (production of drugs for veterinary medicine, production and sale of medical equipment, participation in solving issues of health care organization, etc.); the spread of benchmarking (Benchmarking) in the work of companies, focused on the analysis of the activities of



competitors (mainly those that are leading), and the determination of the most effective directions of competitive struggle; the growth of costs and efforts of pharmaceutical companies to promote medicines to the market. In the coming years, the pharmaceutical market will continue to absorb changes that will contribute to the formation of a new economic reality in this sector of the global economy.

The participants of the Ukrainian pharmaceutical market can be divided into the following broad categories: domestic pharmaceutical manufacturers (CJSC Darnytsia Pharmaceutical Company, Arterium Corporation, Farmak JSC, Borshchagivskiyi KhFZ CJSC, Zdorovya Pharmaceutical Company LLC) . « etc.), switched to production according to GMP standards; Eastern European manufacturers («KRKA», «Gedeon Richter», «Berlin-Chemie»), which have been working on the Ukrainian market for a long time, already have good indicators. reputation, positive background and quite acceptable, but at the same time largely depends on the local market; new generic companies («Aktavis», «Zentiva», «Teva», Ratiopharm, «Sandoz») are known for their flexible pricing policy and rapidly developing product ranges; innovative manufacturers («Novartis», «sanofi-aventis», «Pfizer», «AstraZeneca») develop new treatments with a broad evidence base, but also at a higher price and successfully positioned only in certain markets. They are the ones who shape today's market and its structure and influence consumers using a set of marketing tools.

Along with traditional distribution channels, vertical marketing pharmaceutical systems (VPMS) have recently gained popularity. The VMFS consists of the pharmaceutical manufacturer, wholesale pharmaceutical companies and pharmacies working together as a system. The coordination of the actions of each actor can be determined by various factors that determine the type of FMFS. It is an enterprise VMFS if all references to the distribution are owned by one of its members. In most cases, the owner is the pharmaceutical manufacturer, but it can also be a pharmaceutical intermediary. For example, OJSC Lekhim, a manufacturer of over-the-counter medicines, owns the retail network Apteka Lekhim.

Contract FMFS consists of independent pharmaceutical companies bound by contractual relations and coordinating their activity plans to jointly achieve better commercial results. It is a common practice to create contractual FMFS on the basis of granting trading privileges (most often under the auspices of production).

Among them, we can single out the franchising system, for example, the transfer of the trademark of the Hungarian factory «Richter Gedeon Rt» for the organization of a branded retail network without changing the form of ownership of its members, which contributes to the increase of the Goods for sale.

Conclusions.

The paper proposes a concept of the effectiveness of the use of public relations tools in the pharmaceutical market, which allows not only to assess the internal capabilities of the firm, but also to assess the market's reaction. In accordance with the development trend of the political and economic situation in Ukraine in combination with the prospects of the world pharmaceutical market, the main directions and focus of the development of the national pharmaceutical market are: the introduction of effective mechanisms of state control over production, the sale and advertising of pharmaceutical drugs, as well as the production and import into the



territory of Ukraine, quality medicines and medical products in the process of increasing the competitiveness of pharmaceutical products and implementing a sound pharmaceutical policy. Creation of a quality management system for the entire pharmaceutical distribution cycle by introducing requirements for good practice; improvement of the national registration system, in particular through adaptation to international standards, mainly European countries; introduction of multi-channel financing of pharmaceutical science at the expense of budgetary and extra-budgetary funds, ensuring their rational use for priority funding of competitive scientific developments of a fundamental and applied nature; implementation of a set of measures for substantiation and provision of information resources of the pharmaceutical market.

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***Анотація.** У статті доведено ефективність використання інструментів паблік рилейнз на фармацевтичному ринку, узагальнено причини, що мають деструктивний вплив на діяльність його учасників. Розроблено концепцію управління паблік рилейнз, в основу якої покладено модель оцінки конкурентноздатності фармацевтичного підприємства, представлено її графічну інтерпретацію.*

Показано, що вона є підсистемою загальної системи управління фармацевтичним підприємством. Тому в основу побудови даної концепції покладено ключові властивості, притаманні системам. Доведено, що ефективність системи управління маркетингом на фармацевтичному підприємстві визначається ступенем використання інструментів паблік рилейнз в сукупності із його засобами і можливостями. Запропонована концепція дозволяє оцінити не тільки його внутрішні можливості, але й реакцію ринку на прогностичний сценарій його поведінки в конкретній ситуації.

***Ключові слова:** концепція, управління маркетингом, системний підхід, конкурентноздатність, потенціал маркетингу, фармацевтичне підприємство.*

Статтю надіслано: 24.02.2023 р.
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