



**Harvard Business School**

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**Fighting AIDS, Fighting Poverty:**

**Customer Centric Marketing in the  
Generic Antiretroviral Business**

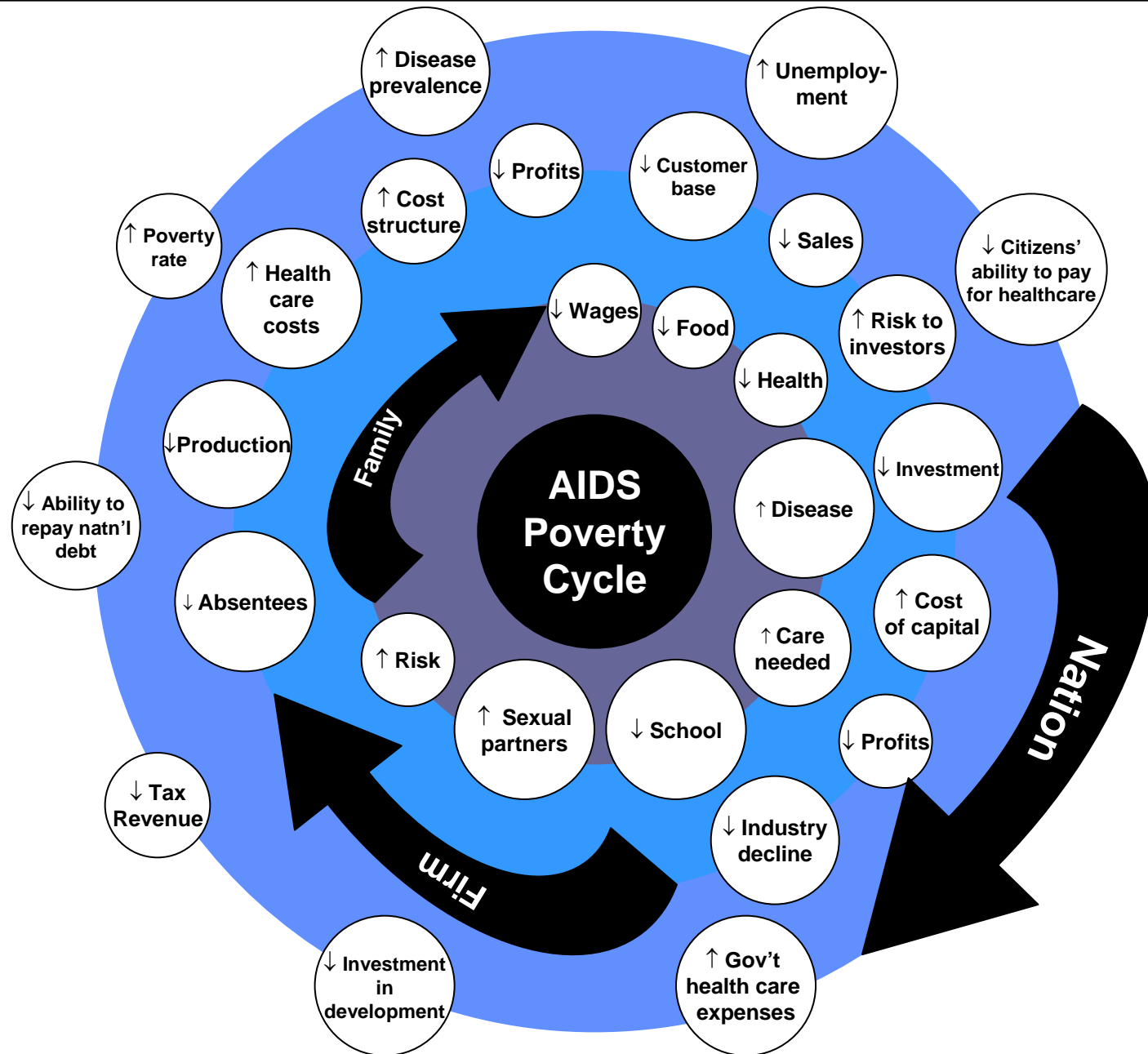
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Rohit Deshpandé, Harvard Business School  
Zoë Chance, MIT Sloan School of Business

**Conference on Global Poverty  
December 2, 2005**



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<b>Traditional Marketing</b>	<b>Customer Centric Marketing</b>
<b>Sales Focus</b> <ul style="list-style-type: none"><li>• Focusing on physician sales calls</li><li>• Increasing market share with sales force</li></ul>	<b>Customer Focus</b> <ul style="list-style-type: none"><li>• Voice of the Customer</li><li>• Patients as activists</li><li>• Participating in customers' social networks</li></ul>
<b>Transactions</b> <ul style="list-style-type: none"><li>• Maximizing short-term monopoly profits</li><li>• Dispensing medicines</li></ul>	<b>Relationships</b> <ul style="list-style-type: none"><li>• Maximizing long-term, sustainable profits</li><li>• Developing context-specific partnerships</li></ul>
<b>Market Driven</b> <ul style="list-style-type: none"><li>• Satisfying current customer needs</li><li>• Focusing on existing high-volume global markets</li></ul>	<b>Market Driven and Market Driving</b> <ul style="list-style-type: none"><li>• Satisfying current customer needs</li><li>• Expanding markets, allowing new customers to participate</li></ul>
<b>Technology Pushed</b> <ul style="list-style-type: none"><li>• Making high-risk investments in R&amp;D</li><li>• Innovating through product development</li></ul>	<b>Market Pulled</b> <ul style="list-style-type: none"><li>• Making low-risk investments in operations</li><li>• Innovating through business processes</li></ul>
<b>Make &amp; Sell</b> <ul style="list-style-type: none"><li>• Building demand for existing product through heavy marketing expenditures.</li><li>• Incurring high sunk costs</li></ul>	<b>Sense &amp; Respond</b> <ul style="list-style-type: none"><li>• Sensing and responding to changes in economic and political environment</li><li>• Reducing controllable uncertainty.</li><li>• Developing nimble production mechanisms</li></ul>
<b>4 P's</b> <ul style="list-style-type: none"><li>• Developing premium marketing strategy through product, price, placement and promotions.</li><li>• Making marketing decisions in marketing department only</li></ul>	<b>Culture, Strategy, Tactics</b> <ul style="list-style-type: none"><li>• Developing low cost marketing strategy through 4 P's, and promotional synergies with operations</li><li>• Making marketing decisions across business functions</li></ul>



# India - Cipla

- Customer Focus
  - Focusing on patient needs – lifesaving medicines – rather than existing markets
- Market Driven and Market Driving
  - Opening ARV market to millions of patients by being first to offer low prices
  - Segmenting customers through ordering process, reducing prices by minimizing uncertainty
- Culture, Strategy, Tactics
  - Leveraging global media with price offers at high-profile meetings, to global NGOs
- Business Results:
  - 25% share of global market for ARVs
  - Sales growth outpacing industry by 400%



# South Africa – Aspen Pharmacare

- Customer Focus
  - Headquartered in one of most AIDS-stricken cities in the world
  - Face-to-face relationships with patients
- Relationships
  - Negotiations with licensing partners
  - Vendor of choice for U.S. NGOs
  - JV partnership with Indian generic firm
- Market Pulled
  - Sharing risks with partners
  - Low R&D investment
- **Business Results:**
  - Distributor of choice for Bristol-Myers Squibb, Boeringer Ingelheim, Gilead Sciences, Clinton Foundation, PEPFAR, South African government, other national governments
  - 40% earnings per share growth in 2005



## Brazil – National AIDS Program

- Customer Focus
  - Health care as a constitutional right; free HIV/AIDS treatment mandated by president
  - Neighborhood mobile care units
- Relationships
  - Partnerships with activist groups
  - “No blame” policy trumps economic aid
- Sense and Respond
  - Developed generic manufacturing capability in preparation for economic downturn
  - “Plan B” price negotiations with patent holders
- **Business Results:**
  - 80% reduction in drug prices
  - \$3.8 billion savings on \$2 billion in costs, in 5 years



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Transactions	Relationships
Market Driven	Market Driven and Market Driving
Technology Pushed	Market Pulled
Make & Sell	Sense & Respond
4 P's	Culture, Strategy, Tactics