

'Innovation in emerging markets is not all about cost reduction'

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That's according to a new report, which says [innovation](#) and technology will be important differentiators as pharma organizations try to drive growth in developing countries.

The report summarizes the findings of a Cambridge Consultants.

The product design and development firm brought together senior personnel from both Indian and multinational pharma companies to debate whether emerging markets can be an opportunity to drive sustainable growth.

The consensus was that the term 'emerging markets' covers nations in parts of Africa, the Middle East and South East Asia, as well as the more traditional countries of Brazil, Russia, India and China.

But all the delegates said emerging markets cannot be grouped into a single cluster to chalk out common strategies.

Clustering markets around parameters such as regulatory pathways or therapeutic applications was considered the best approach.

"Emerging markets are facing rapid growth of chronic 'Western' diseases like diabetes, hypertension, chronic respiratory problems, cancer, heart disease and neurological disorders," said Mr Ambuj Jain, India general manager, Cambridge Consultants. "In some cases, conditions like diabetes are turning into near-epidemic situations.

In India, for example, the prevalence of diabetes and cancer is projected to rise by 25-40% over the next 10 years.

This shift gives pharma companies an opportunity to market their global products in emerging markets, backed by tested 'go-to-market' strategies and operating models.

The report says key barriers which need to be addressed in many emerging markets are the affordability and accessibility of medicines.

Improvements in affordability will be driven by rising disposable incomes and increasing insurance coverage.

Growth in accessibility will come from increases in government spending and medical infrastructure, and new business models for rural areas.

The acceptability of medicines is also expected to rise, as a result of the growth in chronic conditions - and the resulting increase in the self-administration of drugs.

Diagnostics was seen by the workshop delegates as a key focus area where innovation can drive sustained growth. One of the problems is a shortage of diagnostics laboratories.

Physicians often prescribe an empirical therapy because the cost of diagnosis is much higher than the cost of the therapy. For example, antibiotics are commonly prescribed for respiratory infections - where the causative pathogen may actually be a virus.

But the idea that healthcare innovation in emerging markets has to focus only on cost reduction was dismissed by the pharma experts.

The example of smartphones was highlighted - how their adoption has penetrated all levels of society.

This suggests that 'value', at the right price point, is more relevant in driving adoption of new technologies.