RUSSIA AT A GLANCE

Area: 17,098,242 km²
Population: 140,041,247 (July 2009 est.)
GDP (official exchange rate): $US1.232tn (2009 est.)
GDP growth: -7.9 per cent (2009)
GNP per capita: $US15,200 (2009 est.)
Healthcare expenditure as % of GDP: 5.3 (2006, WHO)

Figures from GalbraithWight Horizons Expert Network

Though the Government is taking steps to control drug prices and protect the domestic market, the country remains a target for global pharmas, which see its untapped potential.
INDUSTRY OVERVIEW

The Russian pharmaceutical market has been growing rapidly in all segments and its structure is diverse. The state and private sectors are important players. The state participates to a greater extent in the retail market, while the private sector is more active in the wholesale market.

Since the financial crisis in 1998, the Russian pharmaceutical market has grown significantly, with an average annual growth rate (CAGR) between 15 per cent and 18.5 per cent. The unique geographical characteristics of the country contribute to this growth. Demand for pharmaceuticals is high, especially for expensive drugs for chronic diseases such as cancer and cardiovascular diseases.

GOVERNMENT HEALTHCARE FINANCING

In 2009, there was relative stability in the field of drug registration. The number of incoming emergency calls increased in 2009, with a greater focus on national health programmes and greater emphasis on the development of innovative drugs. The number of incoming emergency calls increased in 2009, with a greater focus on national health programmes and greater emphasis on the development of innovative drugs.

The Russian pharmaceutical market includes several segments, with the retail market being the largest. The retail market includes pharmacies, drugstores, and supermarkets. The retail market is highly competitive, with many players entering and exiting the market. The market is expected to continue growing, with an annual growth rate between 19 per cent and 24.2 per cent over the next three years.

An important factor in the development of the pharmaceutical market in Russia is the price regulation mechanism. The Russian government is regulating the prices of certain drugs, with price regulation expected to continue in the near future.

In 2010, the Russian government introduced a new pricing mechanism for EDL-listed drugs. Manufacturers will be obliged to perform a price calculation according to the Ministry of Health's criteria. This will result in a more efficient and transparent drug registration and price declaration system, which will benefit consumers and manufacturers.

The modernisation of ambulance services reform will introduce equal market access for local and foreign producers. In line with the Government's policy to develop further State reimbursement programmes, several regions will be participating in a new pilot project on drug purchase compensation. With the goal of improving drug supply, the project will be expanded to cover all regions.

As the Ministry of Health and Social Development becomes more influential, most experts believe the Government will accept the proposals outlined in the draft Medicines Turnover law. The modernisation of ambulance services reform will address drug supply by allowing drug sales through doctors and outpatient clinics in remote areas.
PHARMACEUTICAL AND REIMBURSEMENT REGULATIONS

There is a combination of Western European reimbursement systems with some local variations in the Russian Federation. The existing system guarantees the provision of drugs to certain vulnerable groups, patients. Currently, the Federal Antimonopoly Service revised promotion techniques and aiming to restrict company representatives' access to doctors.

MARKET ACCESS

Marketing of pharmaceuticals in Russia is moving towards allowing all the purchase of medicines OTC and prescription drugs. FAS, a governmental body that regulates pharmacological and aiming to improve the image of the companies' representatives. However, their access to doctors is extremely restricted. The Russian government is also developing new strategies to improve the image of the companies' representatives. Despite these efforts, there is a need for further improvement in the marketing strategies of pharmaceutical companies in Russia.

Russian provinces are adopting drug reimbursement programmes to ensure access to essential medicines, criticising the advertising of pharmaceuticals and industry organisations, is another positive way to improve a company's image.

Even there, the Government keeps a close watch on the pharmaceutical market. This usually involves investment in medical equipment, technologies for state-manufactured pharmaceuticals, and the introduction of the DLO Programme in 2006, which became the ONLS and reached 50 per cent of market share by 2020 (currently around 20 per cent). The current Russian president, Mr. Medvedev, has declared the development of Russian pharmaceuticals to be a top priority.

In parallel with providing additional funding, all regions have adopted drug reimbursement programmes which are regulated and funded by local authorities. These programmes cover all regions, including Moscow, Khanty-Mansiysk, Ulyanovsk, Yaroslavl, and Yekaterinburg having a better price for generics. There are significant differences in the prices of generics of imported medicines has been suggested, with the domestic purchase of generics of imported medicines, criticising the advertising of pharmaceuticals and industry organisations, is another positive way to improve a company's image.

PRICING AND REIMBURSEMENT

The Government has declared that it will focus on promoting Russian pharmaceuticals, aiming to provide citizens with quality and affordable medications for prevention and treatment of non-communicable diseases. The Government is also promoting the development of generics. The seven diseases and drugs covered include: paediatric pharmaceuticals, cardiocerebrovascular and systemic vascular diseases. Production of flu and cervical vaccines is also developing quickly and remains highly attractive for generic manufacturers.

The Russian market is currently in Russia. The existing system guarantees free drug provision to veterans and victims of the Chernobyl accident. In parallel with providing additional funding, all regions have adopted drug reimbursement programmes which are regulated and funded by local authorities. These programmes cover all regions, including Moscow, Khanty-Mansiysk, Ulyanovsk, Yaroslavl, and Yekaterinburg having a better price for generics. There are significant differences in the prices of generics of imported medicines has been suggested, with the domestic purchase of generics of imported medicines, criticising the advertising of pharmaceuticals and industry organisations, is another positive way to improve a company's image.

MARKETING SITUATION

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Pharmaceutical Marketing Europe 2010

FOCUS ON RUSSIA

MARCH 2010

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REGULATORY ENVIRONMENT

The Russian pharmaceutical industry is one of the most strictly regulated in the world. Key laws regulate the promotion of pharmaceutical products, as well as the promotion of medical services. The Federal Law On Advertising, the Federal Law On Pharmaceuticals, and the Federal Law On Medical Services all contain a suggestion that a company must ensure the content is correct and fair, while a number of regulations and codes of practice ensure the content is accurately translated into the appropriate language.

The draft law, On Advertising, addresses the content of advertisements in particular, and also covers the advertising of medical equipment, medical goods and medical services (including treatment methods). It gives some more specific restrictions regarding the content of pharmaceutical advertisements, as well as specific directions on advertising particular medical products or patent. Ads should not claim a guaranteed effect for the product, nor suggest that the claimed effect is unique in any respect or confuse a customer about its contents, origin, newness, similarity or patent. Ads should not compare a drug to that of a competitor and they should not claim a guaranty of effect for the product. Further advertising of the medicine can be banned, or the advertiser can be forced to change the advertising approach.

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The Federal Law On Pharmaceuticals also covers a number of other aspects of relations between the medical community and pharmaceutical companies, visits, presentations, and training. The law also covers the advertising of medical services, as well as the advertising of medical equipment, medical goods and medical services. It gives some more specific restrictions regarding the content of pharmaceutical advertisements, as well as specific directions on advertising particular medical products or patent. Ads should not claim a guaranteed effect for the product, nor suggest that the claimed effect is unique in any respect or confuse a customer about its contents, origin, newness, similarity or patent. Ads should not compare a drug to that of a competitor and they should not claim a guaranty of effect for the product. Further advertising of the medicine can be banned, or the advertiser can be forced to change the advertising approach.

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BUSINESS INTELLIGENCE RESOURCES

Information about the Russian pharmaceutical market is easily available. There are surveys in the sphere, the most well-known of which are the annual surveys conducted by COMCON, with the results available online at www.comcon- pharma.ru. The Russian Federal State Statistics Service (www.gks.ru) also produces surveys in this sphere. The largest ethnic (both by volume and structure) and economic aspects influencing the pharmaceutical market are published by the Russian Federal State Statistics Service (www.gks.ru). The Department of Public Health of Russia (www.zdravproekt.ru) and the Russian State Duma (www.duma.gov.ru) also publish surveys on medical practitioners, medical institutions, and social issues, as well as databases containing information on the Russian pharmaceutical market.

OTHER RESOURCES

Almost every large research company provides general market overviews for free or publish some data and charge for more detailed research reports. One or two large research companies specialise in the analysis of pharmaceutical companies data and structure of product circulation in the retail pharmacy network (all licensed pharmacies in the country).

There are also internet portals providing annual reports covering various medical markets, the most well-known of which is www.pmlive.com. There are also internet portals providing information on the most important pharmaceutical companies and specialist periodicals, which publish monthly overviews of situations and market trends in the pharmaceutical industry, and public health.

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PR AND ADVERTISING EXPERTISE

As the Russian pharmaceutical market is one of the most actively developing markets in the world, pharmaceutical companies have become sought-after clients for communications agencies. Concern for the industry has been further fuelled by the fact that the pharmaceutical market was one of the few to demonstrate consistent growth in 2008-2009, despite the general recession. Experts forecast ongoing growth for the foreseeable future.

Pharmaceutical marketing is a relatively new area of expertise for Russian communications practitioners, characteristic of the Russian communications industry as a whole, which is only about 20 years old. Specialisation is not that distinct among market players, and it is not offered by institutions providing higher education in the field of public relations and marketing communications. However, medical universities do teach pharmaceutical company representatives about communications expertise can be gained via educational programmes, training and special events organised by communications companies, research companies, professional associations, specialist and business periodicals. Thus, PR and advertising are key players in the Russian pharmaceutical market.

Round-table discussions on various subjects are organised by the Russian Association of Pharmaceutical Marketing. Healthcare market strategies are also discussed at large pharmaceutical industry events.

FOCUS ON RUSSIA

TOPICS OF MEDICAL REPS’ PRESENTATIONS VS DOCTORS’ PREFERENCES

Information about a new drug
Argument for therapeutic effectiveness of the drug
Indications and contraindications
Information on availability of the drug in city pharmacies
Price of the drug in city pharmacies
Clinical drug trial data
Side effects of the drug
Drug interaction (combined therapy)
Drug evaluation (combined therapy)
Personal experience of drug prescription/recommendation
Upcoming events planned by the manufacturing company
Information about the drug in specialist periodicals
Discussing opportunities of cooperation with reps during patient care

The Author

Andrey Barannikov

PR AND ADVERTISING EXPERT

Andrey Barannikov, CEO, SPN Ogilvy, and vice president, Russian Public Relations Association, supplied these latter sections and the charts.