INTRODUCTION

Turkey has always been a bridge between Europe and Asia with untapped potential in a variety of industries. With a population of about 75 million and GDP growth of 7.8 per cent based on IMF’s 2010 forecast, it represents a unique opportunity for the pharmaceutical industry.

However, it is not just its total market value of $10bn+, or the expected growth rate of 8.1 per cent for the next four years that make Turkey unique and attractive to the industry. A quick analysis of the top 10 therapy areas demonstrates that the dynamics are quite different from other emerging markets. For example, as in other emerging markets such as Mexico, cephalosporins and a broad spectrum of penicillins are in the top sales categories. However, the level of growth of products such as lipid regulators and oncologics is as high as that observed in established markets such as France and Italy. With flattening growth rates in the top five EU countries, there is a substantial shift in focus from West to East.

Of course with only $624 per capita spending in health care, Turkey still has some way to go to catch up with the rest of Europe. That said, investing in Turkey still makes sense, to the extent that there may even be a transformation from the EU5 to the EU5+1.

BACKGROUND

Over the last decade, the Turkish healthcare system has undergone significant change. It has seen important changes under the Health Transformation System, including the merger of health insurance schemes and the adoption of a family practice scheme. By the end of 2010, 98 per cent of the population had...
some form of social security health insurance or the government programme for indigents. However, with these fast-moving health reforms have come higher costs and increased demand for healthcare. The result is that the pharmaceutical sector is bearing much of the burden of recent cost restraint. In the last few years, pharmaceuticals have been prioritised for financial scrutiny and cost cutting as part of country-wide austerity measures. Despite this, Turkey remains attractive for investment due to its longer-term potential with a large and growing population, a buoyant economy, high incidence of chronic diseases and the potential for fulfilling unmet medical needs.

As the market becomes more competitive, further consolidation is expected. There are over 300 local pharmaceutical companies operating in Turkey. Many of the major local companies are seeking additional investment or outright purchase by multinational or international companies. With more and more overseas companies looking to invest in local companies to take advantage of local manufacturing capability, Turkey could be an attractive base for manufacturing products for local consumption as well as export to countries in the Middle East, Asia and Eastern Europe.

The establishment of the family physician (FP) scheme is expected to provide the infrastructure for addressing unmet needs and open new market opportunities. With generic products likely to be best placed to take advantage of this scheme, greater growth in the generics market than in original brands is likely. Plus, pressure from payers is leading to market access for innovative products becoming increasingly difficult as reimbursement becomes more restrictive and potential profitability is reduced.

### PRICING

The price decree announced in September 2009 was the last in a series of cost containment initiatives. The Turkish government’s move to balance its budget in the medium term has given the pharma industry a jolt, with higher discounts on innovative drugs and a revised reference-pricing system for generic drugs. As part of the new economic Medium-Term Programme, the Turkish government has announced a doubling of discount rates to be offered by the industry for innovative drugs reimbursed by the public health insurance scheme, as well as amendments to the generic reference-pricing system.

As a result of price pressures, maintaining profitability is increasingly difficult for pharmaceutical firms. Price cuts drove some negative growth in 2010 and will result in further cost cutting by pharma to protect the bottom line. In response to the price cuts, Turkish pharmaceutical companies have ‘re-sized’ their salesforces and focused on speciality care salesforces rather than on GPs.

At the end of 2010, the Turkish pharmaceutical industry granted an additional discount of 9.5 per cent to the Social Security Institution (SGK). This is further impacting pharma companies’ profitability in Turkey and forcing companies to focus on restructuring their cost bases.

At the same time, Turkey has been undergoing substantial reforms as part of the Health Care Transformation Programme. Access to care and medicines is growing strongly, accompanied by a steady rise in the number of treatment alternatives and frequency of physician calls by patients, which naturally drive up medicines use.

### REGULATORY ENVIRONMENT

The regulatory environment poses significant challenges to pharmaceutical companies. In order to obtain market authorisation or an import licence, companies must be registered in Turkey. The country continues to push forward with its harmonization plans with the European Union (EU). All marketing authorisation applications filed in Turkey must conform to the European agencies’ common technical document (CTD) format. There is a fast-track system for life-threatening conditions, which aims to process

<table>
<thead>
<tr>
<th>Maintaining margins</th>
<th>Physician Access</th>
<th>Changing Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The price decree announced in September 2009 was the last in a series of containment initiatives</td>
<td>• Access to physicians is becoming more of a challenge under the conventional sales force model</td>
<td>• An important new stakeholder has emerged in the form of the Family Physician (FP), requiring pharma companies to adjust their go-to-market approach</td>
</tr>
<tr>
<td>• Maintaining profitability is becoming a major problem for pharmaceutical firms with decreased prices and strict cost-control mechanisms</td>
<td>• State-owned institutions in particular are restricting access to specialists by sales reps.</td>
<td>• Social Security Institute has emerged as the single payer in the Turkish healthcare industry</td>
</tr>
<tr>
<td>• Price cuts drove some negative growth in 2010 and will result in further cost cuts by pharma to protect bottom line</td>
<td>• GP/FP prescribing is limited in some speciality therapy areas which means the traditional, large GP/FP teams are being reconsidered</td>
<td>• Growth is shifting from primary care to speciality care area</td>
</tr>
</tbody>
</table>

**New financial model**

**New access dynamics**

**New decision makers**

*Source: IMS*
applications for approval of these treatments within six months. Although there is no fast-track procedure for approving generic products, given that companies only need to submit bioequivalence data, the process is often shorter.

Despite this, the registration process suffers from significant backlog. In theory, systems are in place to complete the whole process within 210 days. However, recent examples show that it takes between 18 months and three years, with the major delays resulting from ever increasing frequency of requests for additional clinical data and the recently introduced Good Manufacturing Practice inspection requirements.

Product registration remains a complex process and is split into three separate stages. Applications are submitted first to the Advisory Commission for Authorisation of Medicinal Products for Human Use. This group consists of about 20 permanent experts and invites additional experts as needed. In general, the Commission takes three to four months to review a product. Once approval is obtained here, the application is passed to the Advisory Commission for Technology and Pharmacology. This body evaluates the technical aspects of the submission and compares the submission with US and European approvals. It is not uncommon for additional safety data to be required at this stage. On average, review and final approval by this commission takes approximately six to eight months. The final step focuses on price setting, which is the responsibility of the Price Evaluation Committee and discussions normally take about three to six months.

**“NEW PHARMACEUTICAL PROMOTION RULES ARE EXPECTED SOON AND IT IS LIKELY THAT COMPANIES WILL NO LONGER BE ALLOWED TO UNDERTAKE PROMOTIONAL ACTIVITIES IN PUBLIC HOSPITALS”**

With almost 100 per cent of the population covered by some sort of health insurance scheme, it is no surprise that approximately 73 per cent of all healthcare spend is funded by the state. This places significant price pressure on products entering the market and gaining reimbursement listing is a crucial additional part of the process. To be included on the reimbursement list, manufacturers must apply to the General Directorate of Budgetary and Fiscal Control within the Ministry of Finance, which co-ordinates the activities of the Reimbursement Commission. Assessments for reimbursement are undertaken by the Medical and Economic Evaluation Committee (MEEC), which includes representatives of the SGK, the Ministry of Health (MoH), the Under Secretariat of the Ministry of Finance and SFO, as well as two academics and two delegates from the pharmaceutical industry.

Although the official approval of the head of the SGK is required before a new revised reimbursement list is announced, responsibility for the inclusion of products on the list remains with the Reimbursement Commission. Where a negative opinion is received, a manufacturer can appeal against the Commission’s decision directly to the appropriate body within the SGK.

The Association of Research-Based Pharmaceutical Companies (AiFD) represents the original product manufacturers, while generics manufacturers have two generics company associations, the Pharmaceutical Manufacturers Association of Turkey (IEIS) and the Turkish Pharmaceutical Manufacturers Association (TISD), which alternate for six-monthly periods each. In the past this complexity has presented significant challenges for the industry and it is likely that all three associations will be included in the process in future and that patient groups will be increasingly important.

**PRESCRIPTION MANAGEMENT SYSTEMS**

Counterfeiting and prescription fraud are significant challenges to the healthcare system. Recently, a new product tracking system has been introduced to combat these problems. It has faced many delays, but is expected to be fully operational by the middle of 2011. This system requires two-dimensional matrix barcodes to be printed on product packs. By law, no product may be sold without the new barcode. In addition to allowing the SGK to track products through the distribution system, links are created directly with the individual patient, providing a rapid system for product recall. The new system covers both prescription and OTC products. It allows the SGK to track OTC products through the supply chain from manufacturer to importer and then to the point of sale at the pharmacy. Furthermore, the barcode contains information about the price of the product and the amount that should be reimbursed by the SGK.

Prescribing controls are an active part of the government’s post-market monitoring of drug usage and are used to encourage more rational prescribing. The main prescribing control is the positive reimbursement list, which limits access to expensive new products. Prescribing is also closely monitored through more sophisticated claims reporting systems, such as ‘Medula’, which collects reimbursement-related information including patient, prescriber, prescription, clinical information and electronic prescribing. At the same time, the SGK is gathering prescribing and outcomes information that will be used to develop new cost-containment tools.

**PHARMACEUTICAL PRODUCT PROMOTION**

Despite the fact that the MoH is ultimately responsible for enforcing promotional regulations, the overall governance model for the promotion of pharmaceutical products remains confusing, with no clear legislation. As a result, most multinational companies tend to be guided by their own internal compliance processes and have signed up to the AiFD promotional code.

New pharmaceutical promotion rules are expected soon and it is likely that companies will no longer be allowed to undertake promotional activities in public hospitals or family health centres during working hours. Under existing legislation, companies involved in the marketing of drugs are allowed to offer hospitality to physicians, pharmacists and dentists according to different rules depending on whether the physician is categorised as a public health professional or a private health professional.

Finally, promotion to wholesalers is forecast to diminish in the next five years as companies focus more on other stakeholders such as pharmacists.

The Turkish distribution system is highly concentrated, with the three leading wholesalers having a market share of around 87 per cent. In addition, there is a network of smaller wholesalers operating as sub-distributors on a local or regional basis.

There are 24,000 pharmacies in Turkey. Pharmacy chains are not permitted and there is no vertical integration by wholesalers into pharmacy. However it has become common practice for pharmacies to get together to purchase in large quantities and obtain bulk discounts. Furthermore there are signs that certain wholesalers are pushing for the introduction of pharmacy networks.

No direct-to-pharmacy distribution exists in Turkey, with all drugs
flowing through the traditional wholesale route, except cosmetics and some OTC products such as food supplements. Mail order channels do not exist, except for herbal non-prescription products. Pharmacy margins on the manufacturer’s selling price are fixed for all drugs. In recent years, the pharmacy sector has been badly affected by shrinking margins, the overall pricing situation and constantly changing prices. Pharmacy incomes reportedly dropped by 15-20 per cent during the year to December 2010.

LOCAL DYNAMICS
Despite all the pricing, reimbursement, regulatory and distribution challenges, Turkey remains an attractive pharmaceutical market due to its size and rapid growth potential as well as the existence of a well established and relatively stable pharmaceutical sector. However, global pharma players considering entering this market must not underestimate the value of local knowledge. Although Turkey is mimicking Western pharma market characteristics for the most part, specific local dynamics need to be considered when formulating a market entry strategy. This also applies to those considering business development and licensing opportunities there.

The Authors
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GOVERNMENT AND HEALTHCARE POLICY
With general elections scheduled for June 2011, the current ruling party (AKP), led by Prime Minister Recep Tayyip Erdogan, has been focused on delivering healthcare reform, the aim of which is to provide a universal healthcare system with equitable services provided to citizens. These efforts have paid off for the party so far, as Turks consistently cite better health services as the government’s most important achievements.

The government has implemented significant changes to the system over the past several years, while also attempting to control growing costs, as the population’s growth, ageing and medical access all accelerate and increased attention is made to boost improving, but still-lagging statistics like infant mortality, obesity rates and tobacco usage, among others.

One of the most recent changes was the implementation of a nationwide network of family doctors, designed to provide personal healthcare support, while controlling costs and maintaining lower patient loads for specialists. The system, rolled out in December 2010 after a multi-year development process, provides approximately one family doctor for every 3,500 Turks. They are charged with holding down costs by treating patients locally, catching conditions like hypertension, high cholesterol and diabetes early and controlling the referral process to specialists to reduce patient load burdens and related costs among these hospital-based physicians.

However, the need to control the government’s healthcare budget remains critical and the party has focused on limiting growing costs via drug prices over the past two years. In December 2009 and again in December 2010, the government mandated price decreases for original and generic drugs. These discounts have resulted in a 32.5 per cent reduction in prices for original products without generics available and a 20.5 per cent reduction for original drugs with generics available. While these price discounts have aimed to reign in the healthcare budget and expand patient access to the medications, it has also negatively affected the local pharmaceutical industry, which had been growing at 10-15 per cent annually but is now in decline, at least for the short term. This has resulted in significant layoff and hesitancy around investing in Turkey, particularly among the multinational pharma companies.

Prescription Drug Market growth
- 2006-07: 16 per cent to 11.09bn TL
- 2007-08: 9 per cent to 12.12bn TL
- 2008-09: 16 per cent to 14.11bn TL
- 2009-10: -1 per cent to 13.92bn TL

Government changes over the past several years have been dramatic and structural, led by Health Chief Recep Akdag, considered one of Prime Minister Erdogan’s most successful ministers. Among the most significant changes are:

- Unification of three systems of hospitals and insurance, previously structured to support different work professions, including a separate system for civil servants
- Permission for Turks to use their state benefits at private hospitals
- Implementation of a family doctor network to provide a gatekeeper role and continuity in personal health service, earlier diagnoses and preventative care, more efficient and effective specialty referral practices and overall cost control
- Implementation of a performance-based payment system for healthcare providers, to establish a payment and pricing system that encourages service providers to deliver efficient, productive and qualified services
- Provision of ‘Green Cards’ guaranteeing free treatment for more than nine million poorer Turks
- Establishment of a national electronic patient record system and initiation of statistical reporting on treatment outcomes based on this data
- Various price reductions for drugs, targeted at increasing value for money and expanding patient access.

“DESPITE INCREASING NUMBERS OF DOCTORS IN RECENT YEARS, TURKEY CONTINUES TO HAVE THE LOWEST NUMBERS OF PHYSICIANS PER CAPITA AMONG ALL OECD COUNTRIES, RESULTING IN VERY LARGE PATIENT LOADS”

Despite increasing numbers of doctors in recent years, Turkey continues to have the lowest number of physicians per capita among all Organisation for Economic Co-operation and Development (OECD) countries, resulting in very large patient loads. In 2008, Turkey had 1.5 physicians per 1,000 population, less than half the OECD average of 3.2. While the government and health sector are pressing for more physicians, significant increases will take time.

Turkey has seen one of the greatest gains in life expectancy among the OECD countries, with an overall increase in longevity of 25 years since 1960. The infant mortality rate has dropped from 190 deaths per 1,000 live births in 1960 to 17 deaths in 2008, but it is still almost four times higher the OECD country average of 4.7. Vaccination practices have improved and measles and malaria have been virtually eradicated. Tobacco smoking has also shown marked decline, particularly since it was banned in public indoor...
locations in July 2009. However, obesity rates have increased in recent decades, foreshadowing increases in other healthcare problems like diabetes, cardiovascular diseases and asthma.

FUTURE HEALTHCARE SYSTEM

Over the next 10 years, many of the numerous reforms should be implemented fully. A 2008 OECD evaluation stated: ‘The Health Transformation Programme in many ways reflects ‘good practice’ in the development and implementation of a major health sector reform...Strong government commitment and leadership, along with major financing reforms, have been complemented by carefully planned service delivery reforms. Turkey is closing the performance gap with other OECD countries and, on a number of measures including overall costs, performs well relative to other comparable upper-middle income countries.’

A key challenge for the government will be how to continue to increase broad access to better medical services and products significantly, with a growing population that is seeing increased prevalence of chronic diseases related to developed countries, while maintaining sustainable public spending on health. Policies to achieve this critical balance will focus on continuing to increase efficiencies, while also maintaining control over prices of drugs and costs related to diagnostics and hospitalization. The family doctor network will be a focus of attention, as patients and healthcare providers adapt to the related changes of this network, and success of the programme will be critical in keeping overall costs in control.

Allowing use of state healthcare benefits at private hospitals has prompted significant growth in these hospitals and related clinics. Continued growth in this sector is expected, as higher-end and niche services are accessed by the larger population. Local and international investors are active in supplying capital for growth in these markets and this trend is expected to continue.

DISEASE BURDEN

Turkey’s health disease burden and health indicators vary significantly from major urban centres, where they are approaching European standards, to outlying rural areas, particularly in Eastern Turkey, where tuberculosis (TB) and similar infections still occur.

A concerted vaccination programme for children has virtually eliminated the most dangerous communicable diseases, like measles, particularly in the cities. However parasitic and infectious diseases are still among the leading causes of death. HIV/AIDS prevalence is officially relatively low compared to most European countries.

The pharmaceutical industry has provided initiatives and funding for vaccination programmes. In 2009, Wyeth (now Pfizer) sponsored a national immunization programme against pneumococcal disease; similar programmes have been seen in smoking cessation.

Continued partnering between the government and industry has potential, but recent mandated price reductions may make pharmaceutical companies reconsider such investment in the future.

Among non-communicable diseases, the leading causes of death include major vascular diseases (responsible for 35-38 per cent of deaths). COPD and lung cancer are among the most common causes in men, due to tobacco smoking. The ban on smoking in enclosed public spaces is lowering smoking rates.

Approximately 150,000 people are diagnosed with cancer each year, according to the Turkish Association for Cancer Research and Control (TKASK). However, many cancers are caught later than in developed countries, as screening, referral and diagnosis processes are not optimal. Increased government focus on curbing healthcare costs has also seen restrictions in access to newer cancer drug therapies.

TOP 10 INTERNATIONAL AND LOCAL PHARMACEUTICAL COMPANIES

<table>
<thead>
<tr>
<th>Top 10 International Pharmas</th>
<th>2010 Est. Share</th>
<th>% of Total Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novartis</td>
<td>13</td>
<td>7.6</td>
</tr>
<tr>
<td>sanofi-aventis</td>
<td>11</td>
<td>6.8</td>
</tr>
<tr>
<td>Pfizer</td>
<td>9</td>
<td>5.3</td>
</tr>
<tr>
<td>GlaxoSmithKline</td>
<td>7</td>
<td>4.3</td>
</tr>
<tr>
<td>Bayer</td>
<td>6</td>
<td>3.8</td>
</tr>
<tr>
<td>Merck</td>
<td>6</td>
<td>3.6</td>
</tr>
<tr>
<td>Roche</td>
<td>6</td>
<td>3.5</td>
</tr>
<tr>
<td>AstraZeneca</td>
<td>6</td>
<td>3.4</td>
</tr>
<tr>
<td>Abbott/Solvay</td>
<td>5</td>
<td>2.7</td>
</tr>
<tr>
<td>Menarini</td>
<td>4</td>
<td>2.5</td>
</tr>
<tr>
<td>Other international</td>
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<td>15.6</td>
</tr>
<tr>
<td>Totals</td>
<td>100%</td>
<td>59%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Top 10 Local Pharmas</th>
<th>2010 Est. Share</th>
<th>% of Total Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abdi Ibrahim</td>
<td>16</td>
<td>6.3</td>
</tr>
<tr>
<td>Bilim</td>
<td>11</td>
<td>4.7</td>
</tr>
<tr>
<td>Deva</td>
<td>8</td>
<td>3.3</td>
</tr>
<tr>
<td>Sanovel</td>
<td>7</td>
<td>2.9</td>
</tr>
<tr>
<td>Eczacibasi</td>
<td>5</td>
<td>1.9</td>
</tr>
<tr>
<td>Santa Farma</td>
<td>5</td>
<td>1.9</td>
</tr>
<tr>
<td>Mustafa Nevzat</td>
<td>4</td>
<td>1.8</td>
</tr>
<tr>
<td>Nobel</td>
<td>4</td>
<td>1.7</td>
</tr>
<tr>
<td>Aliraif</td>
<td>4</td>
<td>1.7</td>
</tr>
<tr>
<td>Biofarma</td>
<td>4</td>
<td>1.5</td>
</tr>
<tr>
<td>Other Local</td>
<td>32</td>
<td>13.2</td>
</tr>
<tr>
<td>Totals</td>
<td>100%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Source: IMS

PHARMACEUTICAL INDUSTRY FOCUS

The Turkish pharmaceutical market is quite fragmented: there are about 300 pharmaceutical companies operating in Turkey, including about 50 multinational companies, some of which only recently entered the market, such as Nycomed at the end of 2009.

In 2010, the prescription market was estimated to be over $10bn and accounted for about 90 per cent of the total pharmaceutical market value. The top 20 companies maintain over 70 per cent share of the market, with the top 10 multinationals holding over 40 per cent.

Pharmaceutical manufacturing is similar to that in the EU, with the exception of some biotechnology products and some drugs using the newest production technologies. There are 42 manufacturing facilities, most concentrated in the Marmara region, including Istanbul, Kocaeli and Tekirdag. There are 13 multinational companies with local manufacturing facilities, including sanofi-
aventus, Baxter, Bayer, GlaxoSmithKline, Novartis, Pfizer and Roche.

While the manufacturing base is strong, Turkey’s export to import ratio for pharmaceuticals was only 12.7 per cent in 2010 (source: IEIS), meaning the value of exports was only about one-eighth the value of imported drugs. Relative to the size of its domestic market, this indicates drug exports are quite low.

One opportunity to increase exports in the long term is to increase local R&D. However, the Turkish industry lacks significant investment here. In 2009, Turkey accounted for about $38bn of the estimated $100bn spent on R&D worldwide. Some business analysts indicate that additional political support is needed to engage the industry and allay perceptions of business risk, providing for a more collaborative government-industry approach.

Some pharma companies are already committing to more R&D in Turkey, like Pfizer, which launched an R&D office in Ankara in January 2010. Pfizer is partnering with Hacettepe University, looking to support clinical studies in new molecule discovery and investigate better information transfer, infrastructure development and support of scientific research.

GENERICS

In 2010, the generics market in Turkey grew about 6.5 per cent, reaching 745 million units, worth €2.6bn. Its relatively strong pharmaceutical manufacturing market supports one of the highest rates of generics penetration in Europe, 37 per cent by value and 51 per cent by volume, which is second only to Poland.

While penetration is high, some believe it can increase further with incentives like lower patient co-payments and financial rewards for physicians and pharmacists for prescribing and selling generics. Even without such incentives, Business Monitor International (BMI) forecasts accelerated growth of generics in Turkey, to reach 8-15 per cent by 2015.

The generics market is viewed as a significant cost savings mechanism for the government, payers and patients. The Pharmaceutical Manufacturers Association of Turkey (IEIS) estimates that savings of €372m were achieved through the use of generics.

In 2003, antibiotics accounted for about a fifth of the market by value, followed by cardiovascular drugs at 14 per cent. Respiratory and oncology drugs accounted for less than 4 per cent of the market each. As reductions in infectious disease have been targeted and the market matures in access and disease epidemiology, antibiotics have reduced to just 14 per cent, with respiratory and oncology therapies at 6 and 7 per cent respectively in 2010. Other therapy areas, such as central nervous system therapies, have remained relatively stable (7 per cent).

In 2010, the OTC sector accounted for about 9 per cent of the total pharmaceutical market value. It is expected to grow with increasing disposable incomes, a young and rising population and increasing health awareness. However, the pharmaceutical industry’s influence in this awareness will remain limited, as attempts to relax the advertising restrictions for OTC medications remain unsuccessful.

OPPORTUNITIES FOR PHARMA

While the current business environment is challenging in Turkey, there is still much opportunity for long-term growth.

The Turkish government will continue to push hard for cost savings, looking to identify how to provide more for less for its citizens. It is eager to identify any potential cost-saving solutions and has shown a willingness to invest where large opportunities exist to eliminate costs from the system, such as with the establishment of the FP programme, or where overall healthcare cost savings can be demonstrated through mass preventative measures, such as the pneumococcal vaccine programme. Companies need to focus on proving how their products can provide these benefits and proactively engage the government in creative solutions focused on meeting their needs for cost savings and/or mass health benefits.

The advertising restrictions on pharmaceuticals are not likely to change soon, meaning the core marketing opportunities will remain limited to physicians and pharmacists. However, among these target groups, penetration of technology and internet access is high, providing the opportunity for creative and efficient targeting. Turkey should be viewed as a test bed for investing in the development and implementation of alternative marketing channels in emerging markets.

Overall, awareness of health issues, options and therapies is low among consumers. Turks are reactive in their healthcare practices, rather than proactive and preventative. The FP programme provides an avenue to increasing awareness and preventative approaches, while aligning with the government’s programme to increase healthcare access and reduce overall healthcare costs. Companies need to engage FPs in promoting increased awareness and preventative healthcare practices. Key to this will be identifying how to provide valuable services to meet FPs’ many needs as gatekeepers to health.

While the penetration of generics is very high, there is potential for increased penetration.

Introducing additional branded generics may provide lower cost options, while protecting companies’ shares in key indications.

MARKET ACCESS

Access begins with receiving marketing authorisation from the MoH, which has been relatively liberal in its marketing authorisation decisions for drugs overall, choosing to control costs and access to the drugs through prescribing restrictions or aggressive pricing discounts, rather than preventing access to the market by withholding marketing authorisation.

Many drugs are authorised with prescribing restrictions by physician specialty and/or line of therapy. Upon authorisation, pricing is determined for the product. Turkey has a two-tier pricing mechanism for pricing of drugs, comprising retail pricing based on international reference pricing and reimbursement pricing, based on tiered discounts applied to the determined retail prices.

Five EU countries constitute the international reference markets for the MoH: Greece, Portugal, Italy, Spain and France. The lowest ex-factory price across these markets is used as the reference price for a drug. If, at any time, the price of the drug in that reference market is reduced by more than 3 per cent, the company must notify the MoH within three months to update the price. The retail price for a drug is calculated by adding the wholesaler mark-up, the pharmacy mark-up and finally the VAT. Each mark-up is scaled based on the reference price level of the drug. Reimbursement pricing is determined by the SGK and has a three-tier discount structure based on whether the drug is an original without a generic available, an original with a generic available or is a generic, or is a pharmaceutical product at least 20 years old. The MoH has established electronic patient records for all citizens served by its national healthcare systems and has started to analyze these data for clinical outcome results. Its goal is to provide national treatment guidelines, and probably cost-benefit measures to be used for supporting market access and pricing negotiation decisions for drugs.
MARKETING AND PROMOTION

Generally, product managers start in a company directly out of university as either a market research/business analyst or a sales representative. Some companies require individuals to start as analysts to learn the business before progressing into product management. Turnover across product teams is often high. Recently, significant reorganisations have been common due to the budget impact that the drug price discounts has had on most of the companies.

Product management and marketing is seen as a desirable career by many young professionals, so there is a continuous flow of new university graduates entering the market. It is recognised that the healthcare industry is unique in its approach to sales and marketing, so any experience in the industry is seen as a significant benefit.

In recent years, pharma companies have partnered with universities to create pharma marketing certification courses and majors to create a more qualified stream of professional candidates. Many stakeholders influence the use of a drug, including the patient, physicians, pharmacists and the registration, pricing and reimbursement decision makers at the MoH and SGK.

Promotion of pharmaceuticals can only be made to healthcare professionals, specifically doctors, pharmacists and dentists. Direct-to-consumer (DTC) advertising for pharmaceutical products, and for pharma companies in general, is restricted by law, including for OTC products. Some public awareness campaigns regarding disease awareness are run, even with sponsorship by the pharma companies, but they are implemented through the government and without any pharma company sponsorship mention or branding.

The traditional marketing channels targeting healthcare professionals, particularly physicians, using sales representatives, congress sponsorship and so on are allowed and most common in Turkey. Alternative channels, such as virtual sales rep visits or calls, use of tablet PCs for multimedia presentations and internet channels, like forums and email, are also beginning to be used. While some have concerns that the Turkish culture of personal relationships and interactions could limit the effectiveness of these channels, research among physicians and pharmacists has shown preferences vary based on individual characteristics. A small segment of healthcare professionals does prefer the person-to-person, relationship-based sales representative channel, but other segments are eager recipients of the alternative channels.

Increasingly, pharma companies are taking a much more proactive and collaborative approach to working with decision makers in the Turkish government. They are developing bigger, more strategic and open P&R teams focused on ensuring their government counterparts have ready and early access to information and plans, to the benefit of all.

A more holistic approach to marketing pharma brands is taking hold. Product teams are increasingly interested in understanding the patient experience and the impact of this experience on the patient’s life, family and caregivers. Although DTC marketing is restricted, there is increasing recognition that the patient is at the centre of the opportunity for drugs and the full potential for a brand cannot be comprehended without fully understanding the patient.

The AiFD maintains a code of practice for promotions to healthcare professionals and patient organisations. In addition, most of the pharma companies maintain their own local codes of practice or adapt from their global codes.

With almost 26.5 million users, Turkey has the fourth largest population using Facebook in the world, with only the US, Indonesia and the UK having more. However, while this potential would be extremely appealing for pharma marketing, the restrictions on DTC marketing mean that social marketing efforts being explored in other markets are not considered in Turkey. Opportunities to use these channels with healthcare professionals are being explored, in line with the alternative channels discussed.

PATIENT PERSPECTIVE

Under the new network, patients’ first contact in the healthcare system is the family physician (FP). If the FP decides a specialist should be consulted, a referral is provided. The patient can see the referred specialist, or any other within the same specialty. The patient may consult a specialist directly, without seeing an FP but then the specialist’s consultation fee must be paid out-of-pocket.

Once a specialist prescribes a drug, the FP is expected to monitor the condition and write repeat prescriptions, except for longer-term follow up consultations with the specialist. As a control mechanism for a number of drugs and drug classes, the initial prescription is limited to a specialist (i.e., only certain specialists are allowed to prescribe certain drugs or drug classes). These restrictions aim to limit health expenditure.

This referral and control process is designed to decrease significantly the patient load on specialists and hospitals and provide a ‘triage’ process for the evaluation, diagnosis and treatment of many diseases.

All pharmaceuticals are purchased through a pharmacy; no drugs are available in supermarkets or other retail locations. Also, advertising of pharmaceuticals is prohibited. As such, the OTC market is restricted to the pharmacies. On the other hand, many drugs that require a physician prescription to access them in other markets are available at request or on recommendation of the pharmacist, without needing a physician prescription. Neighbourhood pharmacists play an integral role in the evaluation and treatment of patients, although they are legally prohibited from ‘clinical treatment’.

Government legislation to allow OTC sales in other retail outlets has been debated for years, but a strong pharmacy lobby and scepticism about patients treating themselves without consultation has prevented a law to allow this.

SOCIAL PERCEPTIONS

With increased access to information, particularly via the internet, patients are becoming more proactive in their own treatment. However, prohibition of drug advertising and access to drugs via pharmacies means this trend will probably remain slow.

The public’s view of the healthcare reforms has been quite positive overall. However, some patients prefer the old ways, while healthcare professionals have concerns about the pay-for-performance programmes, citing quality of service and workload issues.

Preventative medicine is still an early concept for many, but they consider healthcare professionals important consultants, so compliance rates with physician directions are typically high. Patients consult with pharmacists as well, so compliance rates with physician directions are typically high. Patients consult with pharmacists as well, but they put the greatest weight in physician consultation.

The Author

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