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A STUDY REGARDING THE MARKETING STRATEGIES IN THE CLASS OF GEMMOTHERAPIC PRODUCTS

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Abstract. Even though it is a new therapy, the therapy with the meristematic tissues products is spreading. On one hand, the preparations contain primary and secondary plant metabolites which are very actives, and on the other hand they have a reduced toxicity which conveys them some competitive advantages compared to the classical phytotherapeutical products, but also compared to the allopathic medication. In this paper, we realized a marketing analysis after which to be able to emphasize the main strategies which the producers on this market use to insure their economic success.
To begin with, we realized a study regarding the market of these preparations, identifying the weak and strong points, but also the existent opportunities and threats in this segment. Afterwards, we identified the manner in which every producer interferes into the marketing mix variables (product, price, place and promotion).
KEYWORDS: pharmaceutical marketing, SWOT analysis, gemmotherapy, meristematic tissues products, marketing mix

INTRODUCTION

Around the 1950s, Dr. Pol Henry introduces in the therapy a new concept that is the one which uses extracts from vegetal meristematic tissues to treat different diseases. Thus, gemmotherapy is born (Lat. *gemma*, bud, and Grk. *therapeia*, medical treatment). After only a few years, a monograph dedicated to these extracts is introduced in French Pharmacopoeia [2-4].

In 1994, the first producer PlantExtrakt starts its activity on this segment of the Romanian market [5]. For more than 10 years, it remains the only player, which gave it the advantage to develop new lines, but also to develop this range in its length and depth.

PlantExtrakt, the market leader, has GMP (Good Manufacturing Practice) and GAP certifications (Good Agricultural Practices): ecological cultures and ECO authorization to collect from spontaneous flora. The fabrication and quality control is realized according to the European, French or the German Homeopathic Pharmacopoeia, and its own cultures ensure over 90% of the necessary raw materials. The plants harvest is accomplished at the optimal moment, so that the vegetal product to be able to arrive in about 2 hours in the factory. To ensure the necessary fertilizers for the medicinal plants cultures, the company has founded an ecological agricultural farm for cattles and horses. The export represents more than 10% of the company's turnover, being directed in this way: homeopathic products (India, Germany etc.), gemmotherapic products (Germany, Austria, Italy, England, Japan, Ukraine, Kazakhstan, Estonia, Letonia, Lithuania, etc.).

The second competitor entered on this segment is Hofigal, and the third (entered only in 2013 on this segment) is Dacia Plant [6-7].

Hofigal Import Export produces exclusively natural products, using only ecological vegetal raw materials (over 450 products: supplements, ecologic teas, cosmetics, volatile oils and gemmotherapic products). The company owns about 250 hectares of cultivated field with aromatic and medicinal plants which ensure over 85-90% of the production's needs and has GMP certification for 7 fabrication flows, Integrated Management System (ISO certification also for environment and food safety, BS OHSAS health and occupational security, energy) and GMP certification for veterinary products. The quality control of the raw materials and finished products is done according to the European Pharmacopoeia. Moreover, Hofigal has many awarded products at different fairs, saloons, and exhibitions. In 2003 Hofigal opens the Natural Therapy Centre from Breaza, Prahova County, and in 2006 the Non-Invasive Medical Diagnosis Centre Hofimed. The company makes exports to countries from the European Union (e.g. Greece, Germany) and non-EU (Azerbaijan, Moldavia, San Marino, and Canada, countries from South America, Australia and New Zeeland). The producer has as registered products over 80 registered brands at the Estate Office for Inventions and Brands, but also registered products in France, Germany, Italy, Greece and registering products in Slovakia, Moldavia, and the Gulf countries. The best sold products are Redigest (asked worldwide) and Spirulina.

Dacia Plant produces tablets, ointments, gemmotherapic products, teas, syrups and powders, many after traditional and original recipes. The bio cultures and spontaneous flora covers 80% of the production's needs. In 2010 Dacia Plant opened a new production factory which respects the GMP standards and it founded its own distribution network. Over 30 brands are registered at the Estate Office for Inventions and Brands.

Since 2012, they have started collaboration with Acad. Dr. Ovidiu Bojor, and since 2013 with Prof. Dr. Ursula Stanescu. In 2014, they started the production of

juice, jam and syrups without sugar (the range Bun de tot). In 2015, Dacia Plant wanted to invest in the expansion of the production line, of the storage places, but also of a conference centre. They export only in Hungary, Italy, Spain and this represents 1% of the turnover.

The last studies show that the total market of the food supplements in Romania reached in 2013 to about 50 million Euros of which almost 10% belong to the extracts from meristematic tissues [1].

MATERIAL AND METHOD

To evaluate the economic efficiency, was calculated the gross profit percentage for every producer in 2014 and respectively in 2013, results which were afterwards compared. In this study were also used the comparative method and the logical analysis to study the strategies used by all the three producers [8, 9].

Thus, the SWOT analysis of this market segment has been realized, but also the analysis of the product, price, place and promotion strategies through which the producers interfere into the four elements of the marketing mix.

The materials which the study was based on are: the food supplements notification lists according to the Order nr. 244/401/2005, updated in February 2015, as well as the online catalogues above mentioned available on the 15th of April 2015.

RESULTS

According to the published data by the Finance Ministry, in 2014 Hofigal Import Export had the highest turnover, but also the lowest gross profit. The situation is reversed in the case of PlantExtrakt, which has the highest profit at the lowest turnover care (table 1).

Table 1 The economic efficiency of the gemmotherapic products producers in 2014[10]

To have a better look over the performances of the three companies, was analyzed the way in which they evolved in 2014 compared to 2013, the turnover and the gross profit percentage of every company (Fig. 1).

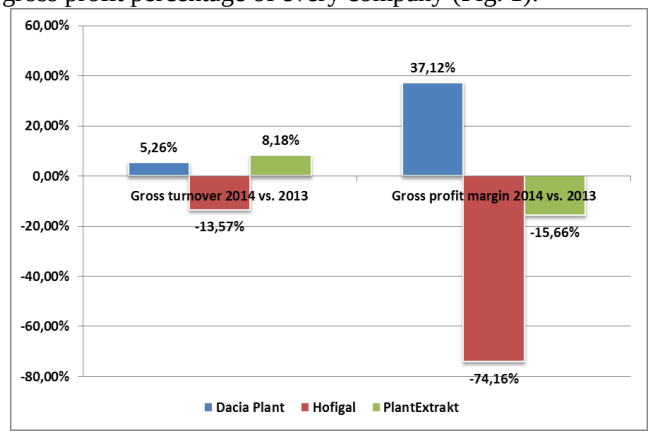

Fig. 1 The economic yield of the three companies in 2014 vs. 2013

Table 2 The gemmotherapic products producers' portfolio [5, 6, 7, 11]

Producer	Gemmotherapic products range		
PlantExtrakt	Unitary, diluted (50 ml bottles)	Complex (50 ml bottles)	Unitary, concentrated (15 ml bottles)
	67	20 Polygemma	10
	Length : 97 products; Width : 3 lines; Range depth : 67 ; 20 ; 10		
Hofigal	Unitary gemmotherapic products (box x 30 monodoses with 1 ml; 1,5 ml or 2 ml)		
	40		
	Length : 40 products; Width : 1 line; Range depth: 40		
Dacia Plant	Unitary gemmotherapic products (50 ml bottles)		
	10		
	Length : 10 products; Width : 1 line; Range depth : 10		

In table 2, was realized an analysis of each producer's ranges from the point of view of their length, width and depth. There are also presented the side ranges manufactured on the basis of some gemmotherapic extracts. In table 3 it is presented the way in which the gemmotherapic products are superposed in the three producers' portfolio.

	Turnover (lei)	Gross Profit (lei)	Gross Profit (%)
Dacia Plant	23,444,739	1,733,908	7.40%
Hofigal	26,892,281	1,424,696	5.30%
PlantExtrakt	16,161,020	2,619,681	16.21%

Table 3 The superposition of the products' portfolio

	No. of common unitary gemmotherapic products
Dacia Plant / Hofigal / Plantextrakt	9
Dacia Plant / Plantextrakt	1
Hofigal / Plantextrakt	29
	No. of exclusive unitary gemmotherapic products
Hofigal	2
Plantextrakt	28

DISCUSSIONS

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According to table 1, it has been observed that, in 2014, Hofigal has the highest turnover (26,892,281 RON), and PlantExtrakt the lowest (16,161,020 RON). On the other hand, the gross profit obtained by PlantExtrakt is the highest, thus the gross profit percentage is the highest of all (16.21%). Hofigal obtained the lowest gross percentage in 2014 (5.30%), and Dacia Plant 7.40%.

Regarding the turnover, in 2014, PlantExtrakt and Dacia Plant had a positive evolution in 2014 compared to 2013 (8.18% and respectively 5.26%).

In figure 1 it is presented the economic yield of the three companies in 2014 compared to 2013. Only Dacia Plant succeeds to increase the gross profit percentage (by 37.12%), and Hofigal and PlantExtrakt record decreases in the gross profit percentage in 2014 compared to 2013 (-74.16% and respectively -15.66%)

According to the data presented in table 2, it can be observed that PlantExtrakt has the widest range (3 lines: 67 unitary gemmotherapic products, diluted form, 20 complex gemmotherapic products, 10 concentrated unitary gemmotherapic products) and the longest one (97 products). Moreover, PlantExtrakt uses a part of these products to make other phyto-gemmotherapic products (*Alectra, Corphyt, Donavital, Vitanemin, Imunorezistan junior, Imunogrip junior).* Hofigal has 40 unitary preparations and 2 cosmetic products which contain meristematic extracts. On the date of the study, Dacia Plant had only 10 unitary gemmotherapic products commercialized on the market.

Of the 67 unitary gemmotherapic products, PlantExtrakt has 9 preparations common with both the other producers, 29 with Hofigal and 1 with Dacia Plant. The rest of 28 products are being made at the moment only by PlantExtrakt. Hofigal has also two products made only by this company.

SWOT Analysis

A) Some of the strengths which can be mentioned are:

- Romania's flora has a high potential;
- The harvested parts have higher concentrations of active compounds compared to the phytotherapic products;
- The producers have GMP certification or the production departments respect the GMP standards;
- The producers have their own certified cultures or they harvest ecologically plants from the spontaneous flora;
- The employees are specialized in medicine production, thus respecting the high quality standards;
- The administration of these products has minimal risks;
- To be closer to the consumers, the producers have established call-centers.

B) the most important weaknesses identified on this segment are:

- The gemmotherapic products are assimilated according to the national legislation as products based on alcohol, which makes them to not be included in the category of food supplements with the 9% VAT percentage. Thus, the afferent VAT percentage (24%) and the alcohol excise increase the price of these products;
- Another drawback is represented by the current legislation regarding the authorization, fabrication and control of these products;
- At the level of prescribers there is a restraint to prescribe natural products, firstly motivating this attitude by the lack of efficiency studies.

C) The opportunities which the three producers have are determined by:

- The patients more and more frequent orientation of the towards the natural therapies
- The producers possibility to develop new lines or even ranges which contain glycerin macerates (e.g.: *Polygemma, concentrated macerates, cosmetics, phyto-gemmotherapic products)*
- The possibility to administrate them to some special categories of patients (children, diabetic patients etc.)

D) The threats which the producers can face on this segment are:

- There is a disorder regarding these products commercializing through the existence of too many supplements producers which could approach this segment too;
- The entrance on the market of some international producers;
- The selling in the natural products shops, in online shops or in the hypermarkets and even by untrained people can have negative effects upon the population health by using incorrectly these gemmotherapic products.

4.2. The marketing mix contains 4 variables **(4P)** through which the organization can take action on the market or on the consumers to obtain the maximum impact and profit: **P**roduct, **P**rice, **P**lace (distribution), and **P**romotion.

A)Product strategies

a) "the cream skimming" of the market consists of higher prices and an intensive promotion *(PlantExtrakt)*
b) "slow penetration" of the market consists of low prices, reduced promotion*(Dacia Plant)*
c) The continuous extension of the basic line *(PlantExtrakt, Hofigal)*
d) The gradual and continuous improvement of the products by:
   - The use of some special vegetal parts: *catkins, acorns, bark, buds, sap, roots*
   - The use of more parts from the same species : *Salix* (catkins, buds, bark); *Betula* (sap, catkins, buds, bark); *Fraxinus* (buds, seeds); *Quercus* (buds, catkins, acorns)
   - The use of solvents made by GMP certified producers ;
   - The accreditation of the quality control laboratory by the ANSVSA *(PlantExtrakt, Hofigal)*
   - The products design modification

e) New markets and market segments penetration:

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- The introduction of new lines for other segments of patients *(Polygemma)*
- The administration to children or other special patient categories
- The extension on the international market

f) Obtaining of new ranges: *phyto-gemmotherapic products or cosmetic products*

g) Intensifying the product's popularization actions

- On their own sites or on the sites of some professional associations (e.g. ARGH)
- Gemmotherapy workshops
- Courses and symposiums credited by the National Association of the Pharmacists

h) Modifying the basic product *(PlantExtrakt: concentrated macerates)*

i) The buyback of some brands previously sold to Labormed *(PlantExtrakt)*

j) The diversification and development of some distribution channels:

- their own distribution network
- their own medical centers (Hofigal)
- on-line selling
- hypermarkets
- natural products shops etc.

k) The creation and development of a positive image for the product:

- organizing some scientific manifestations (The Gemmotherapy Conference)
- The emission and propagation of their own journals (Hofigal, PlantExtrakt)

l) Covering their production capacities at the maximum level:

- The extension of the production departments (Dacia Plant, PlantExtrakt)
- The activity in two shifts when it is necessary (PlantExtrakt)

m) Starting the actions which contribute to increasing the customer loyalty toward the product:

- patients fidelity cards
- call-centers
- forums

n) Differentiating the product by the type of packing (Hofigal):

- monodose vials (1ml; 1.5ml; 2ml)

o) Recommendation of the same minimum dose for all the products:

- Dacia Plant: 3ml/day

B) Price strategies

Regarding the price we can observe that the three producers practice the following categories of prices, thus:

- *PlantExtrakt:*
  - Differenced prices for the unitary gemmotherapic products: 11.65 lei/bottle without VAT (28 products; 12.52 lei/bottle without VAT (27 products); 14.16 lei/bottle without VAT (12 products); the concentrated gemmotherapic products (85% higher prices than for the unitary ones)
  - Identical prices for: *Polygemma* (14.16 lei /bottle without VAT.
- *Hofigal:*
  - Identical prices for all the products
  - Lower online selling prices than the prices offered by the distributors (9.36 lei without VAT vs. 9.50 lei without. VAT)
- *Dacia Plant:*
  - Identical prices for all the products (9.22 lei without VAT)

As a result, there can be identified the following price strategies:

a) Strategies based on a high price

-*PlantExtrakt – concentrated gemmotherapic products*

b) Strategies based on a moderate price (used to maintain the competitive advantage on the market):

- *PlantExtrakt : Polygemma, unitary gemmotherapic products*

c) Strategies based on a low price- used to enter on a market or on some market segments;

- *Unitary gemmotherapic products : Hofigal and Dacia Plant*

d) Price Strategies oriented toward the competition

- *Dacia Plant price under Hofigal (3%)*

C) Distribution strategies

Among the distribution strategies, gemmotherapic products producers have chosen :

a) direct distribution (producer - patient):

- *on-line selling*

b) short channel distribution (producer – pharmacy – patient):

- *Hofigal has direct distribution to the pharmacies*

c) Long channel distribution (producer – distributor – ±under distributor - pharmacy– patient):

- *Own distributors: Plantmed, Charme Cosmetics*
- *Under distributors: Onedia, Radix etc.*

d) Intensive distribution – the producer distributes the merchandise on as many channels as possible *(Hofigal).*

e) Exclusive distribution – the producer unpacks its merchandise by only one agent *(PlantExtrakt – Plantmed)*

D) Promotion politics

The elements of the promoting mix which the gemmotherapic products producers mostly appeal to are: 1) advertising: impersonal presentation of the products; 2)direct advertising: the use of some impersonal means (post, phone, internet) to present the products/services; 3) sales promoting: trial or buying products short term stimulation; 4) public relations: activities to promote and protect the image of the company and/or its products image 5) selling force (personal selling): presenting the product to one or more clients.

a) The commercial is realized by: commercial printing (leaflets, brochures, product catalogues etc.), advertising in own journals (Hofigal, PlantExtrakt)

or specialty journals (Farmacist.ro, PharmaBusiness etc.); Internet (on own sites by presenting the products and catalogues online or of some third parties as ARGH)

b) Participation or organization of promoting manifestations (fairs, exhibitions) or scientific ones (conferences).

c) Sales promoting by: *1) price discounts* (according to the value, number of units etc.) – e.g.: fidelity cards; *2) grouped sales* (for buying 2 products one can get a discount); *3)advertising at the selling place* (signalizing the products with stickers, labels, leaflets etc.); *4) free samples distribution* ; *5) merchandising* (arranging the products on the shelf: according to producer, range/line, disease, alphabetical order of the plant's name, price etc.) ; *6) Initiating some games or prize contests; 7) gift tickets or discount coupons distribution; 8) some gift distribution* (e.g.: ball point pens, handkerchiefs, soaps etc.)

d) Public relations by: press handouts and articles; publishing the results of the research activity under the form of scientific articles

e) Selling force by: medical representatives; own sales agents or those of the under distributors; telesales agents; call centers; own medical centers (Hofigal)

CONCLUSIONS

Nowadays, on the Romanian market three producers of gemmotherapic extracts develop their activity. PlantExtrakt has an experience of over 20 years on this segment. The age on this segment has offered to it a major competitive advantage, the company having now the widest, the longest, but also the deepest range. PlantExtrakt has recorded the highest profit (2.7 million RON). Although the company had the highest increase of the turnover in 2014 compared to 2013, Plantextrakt registers a decrease in the gross profit percentage (-15.66%), the same as Hofigal (-74.16%). Only Dacia Plant has registered a positive increase of this indicator (37.12%).

The SWOT analysis emphasizes that the three producers have many strengths. The segment of the gemmotherapic products is characterized by some weaknesses, caused especially by the deficient legislation on this domain. As it could have been seen, the producers can interfere by multiple ways on the four variables of the marketing mix (product, price, place/distribution and promotion).

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