



Research Paper

Evaluating Business Strategies of Opsonin Pharmaceuticals Ltd.

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ABSTRACT: In this paper, the Business Strategies of Opsonin Pharmaceuticals Ltd, Bangladesh have been discussed. Pharmaceuticals industry of Bangladesh is growing rapidly. Opsonin pharmaceuticals limited meets national demands as well as exports in the foreign countries. To keep the sustain business growth, Opsonin pharmaceuticals limited adopts strategies that helps it to grow it business faster. In this paper, I have discussed all of the strategies of the company as well as the unethical practices of this company.

KEYWORDS: SWOT Analysis, Pestel Analysis, Porters Five Forces Analysis, BCG Matrix Analysis, 7Ps Analysis, 4Cs Analysis, Ethical Practices

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I. INTRODUCTION:

Opsonin Pharmaceuticals Ltd always provide standard medical products from its inception since 1956. They provide health care solution through the proper channels and processes.

Late Mr. Abdul Khaleque Khan established this company in 1956 and his successors gave an image of innovation and substitute to the pharmaceuticals industry. The company has grown from smaller to larger and its sales turnover is more than one thousand crore taka per year. After a long hurdle, Opsonin Pharmaceutical has become able to open a new horizon in the pharmaceutical sector in Bangladesh.

The company has always tried to expand their business around the country. The company has a dream to serve the mankind. Since it's a local manufacturing company, it has some social responsibility. They have opened new research and development lab to innovate new products.

II. MISSION:

The Slogan of the Opsonin Pharmaceuticals is “**Success through Continuous Improvement!**” They have successfully positioned at no.4 in pharmaceuticals industry now and they have a mission to be the no.1 company of the country

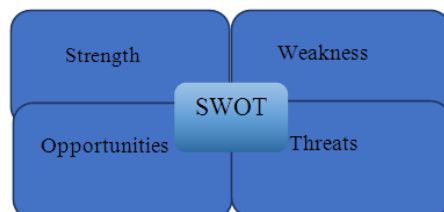
III. VISION:

Since it has expanded its business around the country. It tries to reach every corner of the country. They are enriching their manufacturing and distribution qualities along with improvement of the products.

IV. COMPETITIVE ANALYSIS OF OPSONIN PHARMACEUTICAL LIMITED:

Opsonin Pharmaceutical maintains a consistent growth over last few years. Their annual net sales almost 1000 crore taka. Opsonin is the fourth largest company of Bangladesh. They maintain at least 20% Growth year to year.

4.1 SWOT Analysis



4.2 Strength:

- They owned more than 500 doctors around the countries.
- They use the most up to date technology to produce medicine
- They have wide customer coverage around country
- They produce and maintain very high standard and defect free medicine.
- They launch new products almost in every month.
- They have high skilled and effaced employee
- They have enough amount of resource to launch new plants
- They appointed high skilled employees in key areas to ensure sales

4.3 Weakness:

Though they have much strength in this area. Their competitor always try to beat them. Due to high competency, they also have weakness. The competitors are using these weakness to beat Opsonin Pharmaceutical. Here are the weakness.

- They provide medicine with reasonable price but it has been tough for them due to price increase of raw materials.
- The production cost is high
- Their delivery system is not as strong as their competitors. Usually a client can make only one order daily where the competitor like Square provides more than two orders delivery in each day.
- They do not maintain all ethical practice
- They are very slow to make decision.

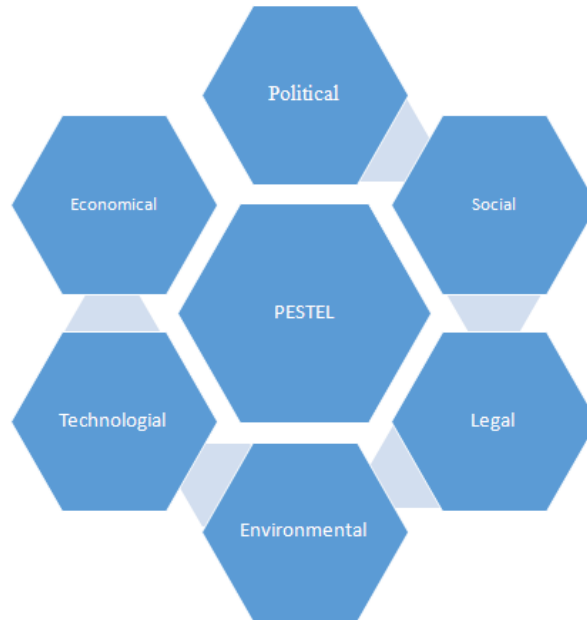
4.4 Opportunities:

- They are trying to add more customer group in the current segment
- They have become a multinational brand and they are exporting their products in foreign countries like Hong Kong, Fiji, Myanmar, Macau, Srilanka, Kenya, Afganistan etc.
- They cover their operation in more than 13 countries around the world
- They are trying to enter in new segment of Pharmaceutical business like hormones items, Cancer products.

4.5 Threats:

- Increasing the price of raw materials
- Government regulation for specific amount of raw materials. For example: Company cannot produce clonazepam more than the limitation in a calendar year
- Shortage of products supplies
- Don't deliver the products on time
- Don't promote the major products.
- Don't identify the competitor's aggressiveness.

V. PESTEL ANALYSIS:



5.1 Political

Since Opsonin Pharmaceutical is a local manufacturing company, it faces a lot of challenges specially the political challenges. The government tax policy, labor law and medical service policy, restriction of trade of medicine outside of the country etc. are much challenging factors for the Opsonin Pharmaceutical. Sometime, the foreign government rules and regulation restricts the company not to expand their business. For example: US FDA has not approved Opsonin Pharmaceutical yet to do their business in USA where the Beximco are doing business there.

5.2 Economical

Economic growth is important factor for a company because it enables the buyers to buy a products. Sustain exchanges rates and inflation rates will be known from the purchase ability of the products.

5.3 Social

A concern patients knows about the reputation of a company. Like other leading company, Opsonin has emerged as a leading brand and depicts itself before the customer's eyes as a loyal brand. Because of its loyalty, doctors changes the products on their prescriptions.

5.4 Technological

Opsonin has always become a technical brand since 1956 from its inception. Recently the have launched their **Rupatoli Plant** with 20 Acres areas of land. And it has different machine in different plants. Since they produce huge amount of medicine with fastest technology, they can offer medicine with affordable prices.

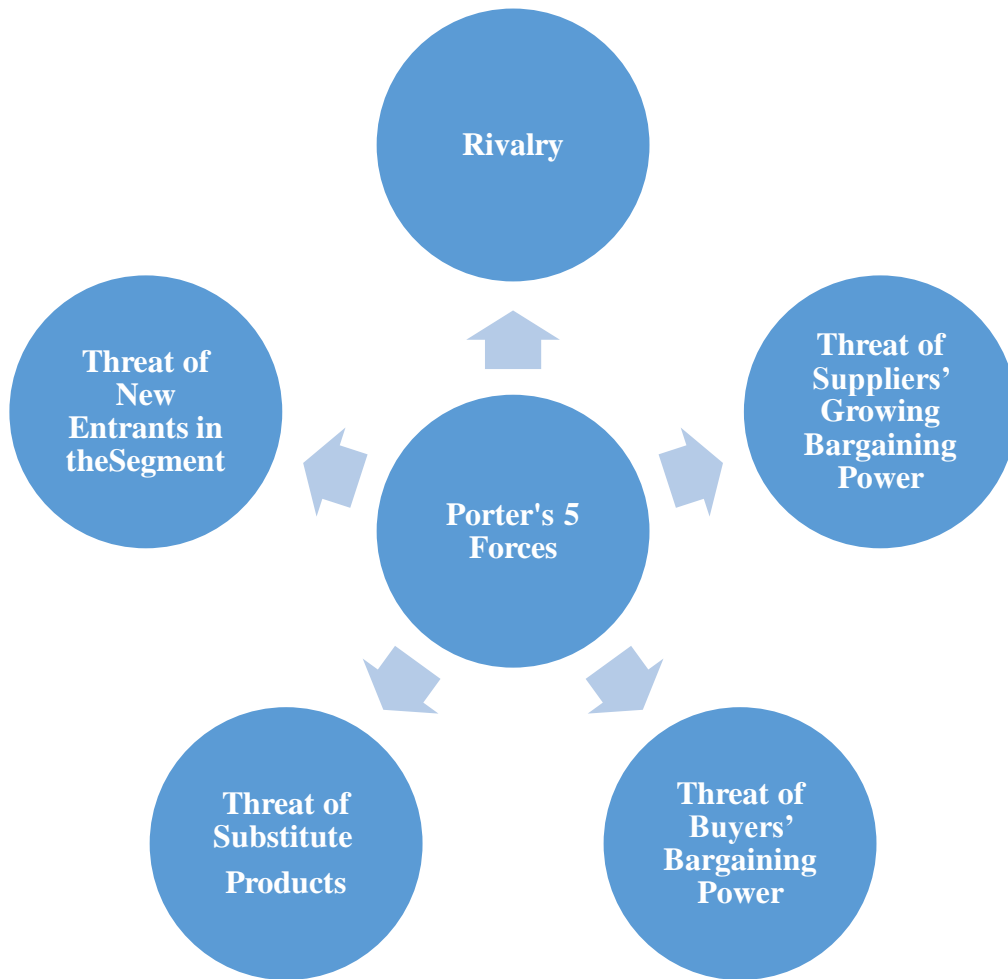
5.5 Environmental

Opsonin Pharmaceutical's plants are fully air conditioned and they do not flow the chemical outside their plant rather they destruct the chemical into refinery plants.

5.6 Legal

The government created the opportunity for the local manufacturers imposing tax on multinational companies. As a result, the market has become open for local investments and Opsonin are taking the advantages of the government's legal facilities. However, if any company wants to get export license, they can easily register from the government.

VI. PORTER'S 5 FORCES BUSINESS MODEL



6.1 Rivalry:

The rivalry segment is considered as the center of the Michael Porter's Five Forces. Usually the rivalry is influenced by various factors. When there are too many companies doing the same business then the competitors face extreme competition and the segment becomes unappealing. When the business is established and sustained then the segment becomes more unappealing. New products launch, extra discount on products, new sales campaigns and after sales service are the few outcomes of business rivalry. All of these cut profit of the business and the industry becomes less appealing. So the key issue is to determine the attractiveness of the industry. Few robust factors that will affect the company are:

- Level of transparency
- Strategic competitive Decision
- Budgeting the promotional expenses
- Track the competitors performances
- Track competitors' products and services
- Smooth operational activities
- Strategic flexibility

6.2 Threat of New Entrants in the Segment:

In this segment, the entry barriers for a new firm is comparatively high where the exit barriers are very low. So in this situation, a new company can enter here and can sustain their business. If they do not perform well, they can exit easily. In accordance with Porters five forces, this segment is considered as the most attractive segment. At the time of the analysis, I found that the pharmaceutical business's entry and exit are not tough. Here are few factors that can affect the Opsonin Pharmaceuticals Limited.

- Legal Policies of the government
- Enough resource for the company

- Exact cost
- Economic of scale production
- Product differentiation
- Brand Loyalty
- Customer loyalty towards the company
- Comparison the performance with competitors etc.

6.3 Threat of Substitute Products:

Substitute products means the alternative of the products. When there is available alternative of the company's product, it is so difficult to keep the share of the products. This substitute segment of Porters five models are considered as most unattractive segment. Opsonin pharma has more than 800+ products and they have many substitute products of other similar companies. There are many factors that will harm Opsonin. These are

- Buyers tendency to switch in substitute
- Price benefit for the buyers
- Switching cost for the buyer
- Availability of the no of substitute products in the market
- Low standard of the products
- Standard depreciation etc.

6.4 Threat of Buyers' Bargaining Power:

The segment becomes very much unattractive when the buyers have strong power to bargain the products. When buyers get bargaining power, they get lot of option for them and they get a lot of substitute products. The switching cost plays a vital role for the organization. If the switching cost for other products are comparatively low than Opsonin Pharma does then the company will have to deal with the bargaining power of the buyer. The factors may include:

- Switching cost
- Availability of information's
- Availability of substitute products
- Price sensitivity of the customers
- Accumulated amount of sales etc.

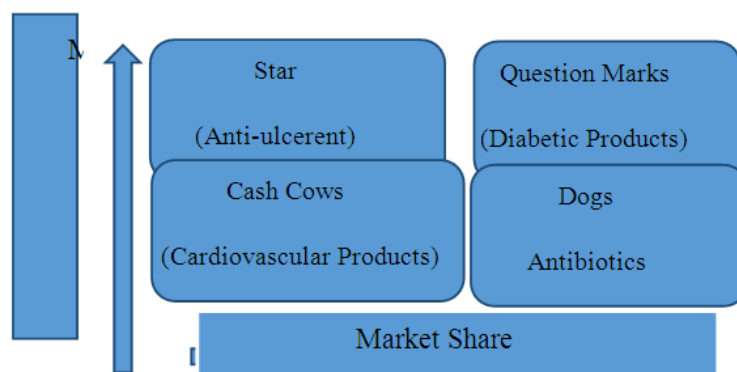
6.5 Threat of Suppliers' Growing Bargaining Power:

The Opsonin Pharmaceutical will face so many problem if the suppliers get the bargaining power.

VII. BCG MATRIX

BCG matrix is type of matrix invented by the Boston Consulting group where they have divided the business portfolio into 4 categories following the attractiveness of the industry. The four categories are

- Star
- Question mark
- Cash Cow and
- Dogs



7.1 Star:

Opsonin is growing at a rate of 20-25% per year but all of the products are not growing. The anti-ulcerent products are the star products of Opsonin pharmaceutical. They grab almost 15% of their total sales from only major three anti-ulcerent products. These three products are

- Finix 20 (Rabeprazole Sodium)
- Esotid (Esomeprazole Sodium)
- Pantid(Pantoprazole Sodium)

7.2 Question Marks: Opsonin Pharma's anti diabetic products are low growing and cash flow is comparatively negative. They have wide ranges of anti-diabetic products but only few are growing well. These are:

- Met (Metformin)
- Glizid (Glicazide)
- Glims(Glimpiride)
- Vildus(Vildagliptin)
- Linadus(Linagliptin)
- Vildamet(Vildagliptin+Metformin)

They covers almost 250 crore taka of their 1000 crore sales from this segment. They are disappointed with their anti-diabetic products performance and they don't have any kind of insulin products.

7.3 Cash Cows: Their cardiovascular products are high stable products among all products.The cardiovascular products are growing at increasing rate.they cover almost 500+ Crore taka from the cardiac products.The main cardiac products are:

- Bislol (Bisprolol)
- Avas (Atorvastatin)
- Ropitor (Rosuvastatin)
- Amocal(Amlodipine)
- Calnor(Amlodipine+olmesartan)
- Olsart(olmesartan) etc

7.4 Dogs:

Opsonin pharmaceuticals is suffering with their antibiotic products. Though they produce a wide range of antibiotics. The accumulated sales of antibiotics is not satisfactory. Even they are not being able to sustain their antibiotics sales. Most of the antibiotics sales comes from the push sales but that is also unstable and beyond the expected target. Few antibiotics are:

- Ceftid (Cefixime)
- Azicin (Azithromycin)
- Moxilocin (moxifloxacin)
- Moxin (Amoxacillin) etc

Though they are underperformer in antibiotic selling, they have a brand leader antibiotic that is Clavusef 500 (Sefuroxim+Clavulanic Acid).the gross sale of antibiotics is 200 crore.

VIII. MARKETING MIX:

Marketing mix is a set of factors that a company uses to convince and to influence its customers to boost the sales of the company. Like other companies, Opsonin Pharmaceuticals Ltd uses marketing mix to boost it sales.

8.1 7Ps Product



Opsonin Pharmaceuticals Ltd maintains high standard of their products to satisfy its customers and its products helps the customers to cure from the health problems. Opsonin Pharmaceuticals Ltd is trying to grab the competitive shares of the markets by offering wide ranges of products. Opsonin Pharmaceuticals Ltd offers high quality health care products with the economic segment.

8.2 Price:

Opsonin Pharmaceuticals Ltd tries to offer products in low price due to intense competition. Usually they add 20% profit on the cost of production and determine the product price. Though it is not rule of thumb in pricing all of their products.

8.3 Promotion: They take various types of initiative to attract customers. They launch sales campaign, brand campaign, cash discount, arrange scientific seminar every month. They have different promotional tools to attract the customers.

8.4 Advertising: Though direct promotional of health products in media is forbidden, Opsonin publishes various medical tips in print media to grab the attention of the customers. Usually the promotional Officers promote the advertisement manually to the customers. They also use their delivery van for their advertisement.

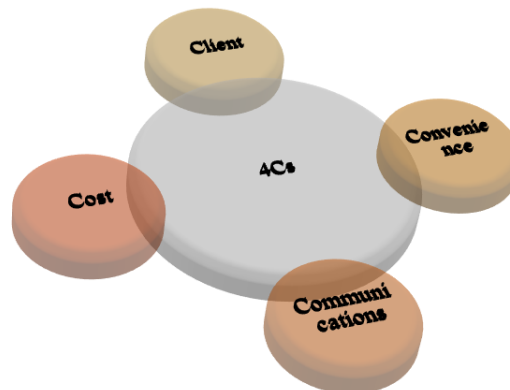
8.5 Sales Promotion: Opsonin Pharmaceuticals Ltd offers various types of sales promotional offers. They pays additional discount on products in sales promotion. Sales promotional discount ranges 10%-30% on particular products. Though they offer various sales promotion, doctors plays vitals roles in sales of medicines.

8.6 Place: Opsonin Pharmaceuticals Ltd distribute their medicine through the Devoy Distribution Company. Thus they make available medicine in the market. Opsonin Pharmaceuticals Ltd has 10 depots all over the country. From the depots. It supplies medicine to the market.

8.7 Process: Opsonin Pharmaceuticals Ltd maintains a proper chain of command. End of every year, they formulate a plan for the next year. And they plan is implemented around the whole year. They spot the obstacles and formulate the plan to beat it.

8.8 People: The workers of Opsonin Pharmaceuticals Ltd need to interact with the doctors and customers and that will make the customers to buy the product of Opsonin.

IX. 4Cs:



9.1 Clients:

Opsonin Pharmaceuticals should emphasize more on research and determine what kind of health care products are in search of. They should identify the potential customers by market research.

9.2 Cost: The Company should price the product perfectly. They should evaluate the actual value perceived by the customers. They should not overcharge the customers.

9.3 Convenience: The products should be available around the whole country. Shortage of the product will disappoint the customers.

9.4 Communications: They should keep regular communication with the clients and the client should get the up to date information regarding the company.

X. Marketing Strategy of Opsonin Pharmaceuticals Limited:

The company always realize the potentiality of future growth of the pharmaceutical market and plan to enhance the quality and values of the products offering. Opsonin Pharma divided 5 types of strategy for their field force. The company has almost 2600 employees on their field. So the implementation of the marketing strategy starts from the field force. Opsonin pharma has divided their marketing strategy into five criteria. Those are

- Brand Products
- Campaign Products
- Major Products
- Injectable Items
- Doctor Cum Chemist(DCC)

10.1 Brand Products:

Opsonin has major 10 products. Each year the brand products list gets changed. The medical promotional officers need to give special focus on the brand products. This year the brand product list consist of Azicin (azithromycin),Clavusef (Cefuroximeand+ClavulanicAcid),Ceftid(Cefixime),Bislol(Bisoprolol),Fininx(rabeprazole),Esotid(Esomeprazole),Calnor(AmlodipineandOlmesartan),Cildip(Cilnipedine),Ropitor(Rosuvastatin),Trilock(Montelukast).Medical promotional officer need to generate prescription and to complete sales at least 50box of the above brand products.

10.2 Campaign Products:

The campaign selling strategy involves pushing sales strategy. Here the salesperson need to push sales to the target customers shop giving discount on the products. The company announces discount (10%-20%) on the campaign products each month. The campaign products are not fixed. Usually seven to ten products are given for the campaign.

All products can be the campaign products except the brand products. This month (November 2017) the company has announced discount on seven products. These products are:

Myelin(B1+B6+B12),Domin(Domperidone),OstogenD(Calcium+D3),Traxon(Ceftriaxzone),Algisum(SodiumAlgina e+PotassiumBicarbonate),Boxol(Ambroxol),Butatret(Butamirate).

10.3 Major Products:

Major products are the main 32 products of the company that give the company consistent revenue over the year. Most of the 32 major products of the opsonin pharma are the brand leader of the generic. Example: Pregaba is the brand leader of the pregabalin generic .Major products are already established products of the company. The medical promotional officers need to generate Rx and do sales to remain the brand leader of the products. The major 32 products are:

Acerux,Ranitid,,Anset,Avas,Beklo,butaret,Ciprox,Clindax,Pylocure,Cosarin,Cotson,Deca on,Domin,Easium,Fixal,Firmvit,Flocet,Flucon,Folicz,Glizid,Hypen,Improcal,Ketoken, Larb,Levox,Liconor,Linadus,Met,Metryl,Solas,Moxilocin,Pase.

10.4 Injectable Items:

Opsonin Pharma offers high quality injectable items with low price. The company produce huge amount of injectable items to provide the product with low price. The company produces both the intravenous(IM) and intra muscle injections(IV) .The company always gives discount on the 14 injectable items to the hospital in the whole year. Few popular injectable items are Acerux IV,Anefer IV,Esotiv IV,Ometid IV,Colical IV,Traxon(IV/IM),Dionem IV,Ronem IV,Metryl IV ect. Usually the salesperson who work in specialized hospitals, he needs to sale a huge quantity of IV and IM injection. Otherwise each salesperson need to complete a 20 piece of IV/IM sales.

10.5 Doctor Cum Chemist (DCC): This strategy deals with the quack doctors who also own a medicine shop. The company gives 4% special discount (cash) except the invoice discount (3%) on the accumulated sales of the month. To get the special discount, the shop owner need to fulfill a criteria that is fixed by the company. He has to sale at least 20box brand products individually. He needs to alter the products of the prescription and boost the sale of our products

Additionally, the company provides various marketing strategy to ensure the future growth and stability of the products.

XI. PROMOTIONAL MATERIALS:

The company gives huge resource and promotional material to reach the potential customer. The field force get their promotional materials and tools within the 5th day of the month. The promotional material includes.

11.1 Printed Materials:

The printed materials especially the literature cards are given to the field force to give it to the doctors and chemists. The literature care consists the FAB (Features and Benefit) of the products, scientific studies result on human and animal trails, indication, FDA approval, dose Administration and references.

11.2 Free Sample:

The Company gives at least 3000cc sample pack each month to every officer to reach the doctors. The doctors get familiarized with the sample products and they give it to the poor patients.

11.3 Medical Promotional Officers:

The medical promotional officers are sufficiently trained of medical products. Their knowledge and information helps the doctor and chemist.

11.4 Gifts:

Every month, the medical officer also get free exclusive gifts along with the others promotional tools. The free exclusive gifts are advised to give it to the loyal doctors of the company. Usually the gifts are given on the brand products.

11.5 Scientific Seminar: The Company gives donation on proposal to arrange scientific seminar for doctors. The doctors get acquainted with the products and get free lunch in the seminar. Usually the scientific seminar arranged for the intern doctors.

11.6 Donation : The donation is given from the Chronic Care Department(CC).The company has formed this department to give financial help to the doctor in order to get prescription in favor of company's products. The CC department annual budget is 100crore this year (2017) and 150 crore for next year (2018).

11.7 Public relations: Public relation always boost the sales of the company. The company always put emphasize on the interpersonal relation with the doctor and chemist.

XII. ETHICAL PRACTICES IN PHARMACEUTICAL INDUSTRY OF BANGLADESH

12.1 Bangladesh National Drug policy:

In 1982, Bangladesh developed and enforced the national drug policy. There were foreign multinational companies who were charging too much for their medicine. Normal people could not afford to buy medicine because of it cost. There were eight multinational companies who produced 75% of all products by value. The national drug policy made them bound to shut their business in Bangladesh and local companies got encouragement from the government. Now more than 75% products are made by the local companies.

The Pharmaceutical Company's sales more than 7000 core taka per year. The Pharmaceutical companies ensure growth with their aggressive marketing policies. In consequences, they cross the boundaries of ethical practices. Like other leading companies, Opsonin Pharmaceutical don't abide by the ethical practices. Though they maintain quality they do not maintain their ethical standard.

12.2 Examples of Unethical Practices:

The first and foremost strategy that Opsonin Pharmaceutical adopts to promote their products is to present the products before the doctor through their sales representatives. There are almost 2400 medical promotional officers in Opsonin Pharmaceuticals. They provide free samples, gifts, snacks items to change the doctor's prescription patterns. To know about the doctors, Opsonin built a database with doctors information's by area wise, their habits, liking or disliking. Then the medical officer provides sales materials to doctors following the database.

Secondly, they target the chemists and medicine shops to alter the products of doctor's prescriptions. They usually provide 4% discount on the invoice. If any chemist convinced to alter prescription with opsonin products, he will get additional 5% totaling almost 9% discount on the products.

12.3 Special Donation:

Sometimes doctors ask for special donation. The donation ranges lac to crore taka. Recently Opsonin Pharmaceutical gifted apartment to a renowned doctor (He is professor of BSMMU) worth value of 1.5 crore taka just for prescribing Opsonin Pharmaceutical products.

Opsonin Pharmaceutical provides everything what doctors ask for. They just want doctor's prescriptions in favor of their products.

XIII. RECOMMENDATIONS:

- Opsonin Pharmaceutical should open more depo in each district to smooth the delivery process.
- Should tap the rural and remote markets
- The low cost strategy is an effective weapon to battle with the rivals so it should be kept on.
- They should increase their sales strategically just not to put pressure on push sales.
- They should plan and act with the changing policies of the government.
- They should convince the doctor in ethical process. They should not lure the doctors providing gift, samples and donation. In consequence, this will causes of health hazards of the patients.

XIV. CONCLUSION

Therefore, I can conclude from the study that the company applies different strategies to keep sustainable growth. Their aggressive strategies like sales promotion, brand promotion, public relationship with the customers etc. helps to keep it business in sustainable position. Additionally, it should stop the unethical practices.

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