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Glaxo bets India, China focus will help take on rivals

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<http://economictimes.indiatimes.com/articleshow/5942723.cms>

LONDON: GlaxoSmithkline plans to double revenue from India and China by 2015 as the drugmaker cuts prices to catch up with Pfizer, Sanofi-Aventis and Novartis in emerging markets.

Glaxo aims to beat the industry's 12% to 14% growth in developing-country sales, said Abbas Hussain, the president for emerging markets at the London-based company.

Worldwide, drug revenue will increase at least 5% a year through 2014, according to IMS Health, which tracks pharmaceutical sales. The difference underscores the importance of winning business in emerging markets, Hussain said.

"There's absolutely a land grab going on right now because obviously there's no growth in the US and Europe, or very little growth," Hussain, 45, said in a May 13 interview at Bloomberg's New York headquarters. "There's a real fight on for market share."

Chief executive officer Andrew Witty hired Hussain, a 20-year veteran of Eli Lilly & Co., in 2008. Glaxo's sales in emerging economies have jumped by 50 percent since 2007 to 3 billion pounds (\$4.4 billion) last year.

He's increasing the sales force and snapping up smaller companies. Glaxo now has 13,000 sales representatives in emerging markets and will expand further, especially in China, Hussain said.

"We've been playing catch up, particularly in China and Russia, with the likes of Novartis and the Sanofis and the AstraZenecas," Hussain said. Glaxo is first among its peers in India, Pakistan and the Middle East, he said.

Glaxo has been slashing prices of products in emerging markets by as much as 70 percent.

Price reductions have helped boost volumes in some markets by sixfold to ninefold in the past four quarters, he said. In February, the company introduced the Avamys allergy treatment in Mexico after doing "very sophisticated pricing research," Hussain said.

"The old mindset at GSK would have been: Come in and launch it and have access only to the top 5-10%, to the top people who can afford it," he said. "We brought it in at a 50 percent discount." Within four months the company had won 50 percent of patients, he said.

Glaxo is trying a similar strategy in Brazil for the medicine, he said. The company defines emerging markets as Latin America, Africa, the Middle East including Turkey, Russia and former Soviet states, India and China. Sales in those countries, excluding swine flu products, grew 17% last quarter.