CHAPTER 1: INTRODUCTION

1.1 Purpose and Significance of the Study

The pharmaceutical industry is a fast growing and profitable industry. Over the last decade, the Malaysian pharmaceutical market had been growing at 8 percent to 10 percent annually. The total sale of western drug was approximately RM1.25 billion, which was about 15 percent of the Malaysia total healthcare cost (PhAMA Handbook 2002).

There are many innovative pharmaceutical companies (companies who develop its own pharmaceutical compound) worldwide. Some of them produce very specific products and the others produce wide range of product. In the treatment of some medical conditions like cardio-vascular diseases, pain management, diabetic and infection, the drug options available are usually plentiful. Different innovative pharmaceutical companies produce many of these.

For example, ACE Inhibitors for hypertension treatment, there are 17 types of products under this category available in Malaysia. Among the innovative drug producers are Prizer, Servier, Merck Sharp & SOHME (MSD), Aventis and Astra Zeneca, which are internationally well known. Another example is antibiotic like cephalosporins. There are 8 types of compounds under 1st generation, 12 compounds under 2nd generation, 16 compounds under 3rd generation and 3 compounds under 4th generation. There are 35 products under this group available in Malaysia. Many of them having the similar indications (treating the same medical conditions) and among those innovative drug producers are Schering-Plough, Pfizer, GlaxoSmithKline (GSK) and Bristol-Myers Squibb. For oral anti-diabetic agents, there are 35 products available and some of the innovative producers are Aventis, GSK, Pfizer, Servier, Merck, Nova Nordisk and Norvatis (MIMS 2004). Apart from the innovative producers, there are many generic producers selling the generic products that have exactly the same compound as the innovators' products but at much lower price.

Under such competitive market, how can a pharmaceutical company differentiate its products from the others? How can a sales representative convince a physician to prescribe his product but not the other innovators' products? Bearing in mind that other innovative pharmaceutical companies are promoting their products to the same physician.

The cost of developing an innovative drug further complicates the marketing effort. The cost to develop a new drug, including studies conducted after receiving regulatory approval, averages US$897 million, according to an analysis by the Tufts Center for the Study of Drug Development. Drug development is a time-consuming, risky and expensive process (Tufts Center for the Study of Drug Development 2003). Given the substantial financial risks of pharmaceutical product development, the effective marketing of drug has become a competitive edge of pharmaceutical companies.

This study would allow better understanding of Malaysia physicians' attitudes and preferences towards the sources of medical information and promotional tactics used by pharmaceutical companies.

1.2 Scope of Study

This study was conducted on specialist doctors operating in private, government and university-based hospitals located in Peninsular Malaysia.