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Niche Market and Customer Analysis for the Introduction of a Potential New Pharmaceutical Product in Peninsular Malaysia

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ABSTRACT

Benign Prostatic Hyperplasia (BPH) is a non-cancerous condition in which the number of prostate cells increases, causing the gland to enlarge. Nearly all men develop BPH if they live long enough and about half would develop symptoms of BPH. Company A's product is one of three drugs competing for the BPH market. In view of the slow growth of its product, Company A was considering launching a new formulation. Thus, a customer and market evaluation was essential to understand the market and develop relevant marketing strategies for such a launch. The major objectives of this study were to: (a) determine the drugs commonly prescribed by local doctors, understand relative importance of factors determining drug therapy and evaluate customer perceptions and concerns, (b) evaluate future usage of major products currently available and assess the market for the improved formulation, and (c) investigate price sensitivity and project the optimum price for the new proposed formulation.

The survey was conducted through telephone interviews, with a sample of 45 respondents (physicians) comprising 15 Specialists and 30 General Practitioners (GPs). Frequency and variance analysis of data was performed to determine influence of class variables including physician type, percentage or categories of patients treated and factors influencing choice of treatment options and future usage of the drugs. Customer response on estimates of reasonable or affordable price of a product were computed from responses to questions on the price that was considered: too cheap, becoming reasonable, becoming too expensive but will still use the product, and too expensive to use. The optimum price point and acceptable price range were derived graphically.

Physician's choice of drugs was based on efficacy, safety profile, price, patient tolerability and severity of symptoms. In general, cost reduction and improved efficacy were more important reasons for expected increase in future usage of all the products. The results indicate that the proposed new formulation has significant market potential. The Specialists treat more BPH patients than GPs and at present more commonly prescribe Product Y. The Specialists therefore should be the main group of doctors who should be targeted by Company A. Compared to GPs, the Specialists were more concerned over safety profile of the product. The results indicate that programs to keep physicians up to date and create greater awareness amongst all physicians should focus on its better efficacy as well as its better safety profile.

The penetration price for the hypothetical new product derived from the customer survey was RM 1.10 for GPs and RM 1.40 for Specialists. With the relative advantage in terms of 'quality' characteristics (less side effects, better efficacy) and the benefit of the proposed once daily formulation, the product may be priced at a higher than the forecasted penetration price.