

Global pharmaceutical firms start prioritising patients over pricing.

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A flexible approach towards pharmaceutical IP protection and adaptive pricing is making drugs more affordable and accessible in poorer countries, according to Vlerick business school.

Professor Walter Van Dyck and Professor Leo Neels discussed this following the recent decision of GSK, the London based global healthcare pharmaceutical company, to not seek patent protection on medicines in low-income countries. The decision was made to broaden the access to pharmaceuticals for local authorities and patients.

Professor Neels says, "The new initiative is an elegant example of adaptive pricing... adapted that is, to the standard of living in different countries".

The development will make GSK medicines freely available to manufacturers in low-income countries for local production, and presents a great example of how global companies can use a 'non-market strategy' to strive for stronger credibility and build trust with their consumers, according to Professor Van Dyck.

Middle-income countries will need license agreements arranged between GSK and manufacturers for a small fee, and full IP protection and consequential pricing will be applied in developed countries.

Van Dyck says, "While fundamentally market strategy is about making profits, a non-market strategy is about creating values, in this case about doing good.

"The ability for poorer countries to pay for pharmaceuticals is so low, so why not give it for – almost – free, but in a controlled way? In contrast to the developed world where they would take imitators to court. Overall, to do good for the poor? Or possibly to keep control of their brand and distribution in poor countries where they'd be copied otherwise anyway. They can also continue to fund innovation and by maintaining higher prices in the richer economies."

Abid Kanji, a pharmaceutical expert and Associate Director at NonStop Recruitment, comments:

"It's highly encouraging to see a shift in the nature of the pharmaceutical sector which means that poorer countries around the world are likely to have improved access to potentially life-saving and changing drugs. This means firms as employers are likely to have to bolster their recruitment strategies to take on board more licensing and sales representatives to meet the increased demand. It's going to be an interesting time for the entire industry, and many organisations will have to put increased focus on developing talent pipelines in regions they're probably not as familiar with."

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For more information or to speak with Professor Walter Van Dyck

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