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After Brazil, Torrent is looking to strengthen its foothold in the Mexican market. The general manager of the local affiliate explains the opportunities Latin America offers to Indian companies, how – despite an apparent slackening performance – the Mexican pharmaceutical market is growing and how niche is the name of the game.

Torrent has decided to enter the Latin American marketplace first through Brazil and more recently through Mexico. What opportunities does the region offer to Indian companies?

Most large Indian companies like Torrent are already present in India, Europe, US, Australia as well as Russia and CIS countries, but Latin America has somehow been an unexplored region, mainly because of entry barriers, high access costs and local competition. Also, Latin America has always been a mainly innovator-driven market. Hence, it was very difficult for Indian companies selling branded generics to access it. However, the scenario has changed. The economic turmoil and increasing prices have affected consumers' purchasing power, especially for long-term therapies, so they are increasingly looking for more affordable options.

As a company we have a rule of thumb: if you have a market with a population larger than 100 million, you have to be there. If you look at Latin America you only have two markets above the 100 million threshold, Brazil and Mexico – that's why it is so important for us to be here.

When did Torrent start operations in Mexico and what are the company's ambitions for the market?

The Mexican affiliate was established in 2006 with the vision of becoming a leading branded generic company in the therapeutic areas of cardio-vascular, central nervous system (CNS) and diabetes, three segments Torrent has been traditionally strong in. We want to focus on chronic long-term therapies, whereby patients look for quality products at affordable prices.

Unfortunately over the past few years the overall performance of the Mexican pharmaceutical market has not equaled the one of other large emerging markets such as India and Brazil, which have both seen double-digit growth rates. Still, it offers a number of opportunities. Everyone in India talks very highly about Mexico and thinks it's a market to be present: out-of-pocket still represents a high percentage of health expenditure and healthcare is not robust, so branded generics have space to flourish.

According to IMS Health the Mexican market has been shrinking in 2014. How do you justify your optimism?

According to IMS Health at the end of January 2015 the audited private market had decreased by 4.3 percent. Besides the increasing penetration of generics, the bankruptcy of Casa Saba, one of the most important wholesalers, has put the whole market under strain. However, there is much more than that. Saba used to focus on nearly 22,000 independent pharmacies, which from one day to the other stopped receiving products. Since they are not supplied by other big wholesalers, they turned to smaller distributors, which are not tracked by IMS Health.

Also, when products go off-patent, they are mainly taken over by small local Mexican companies, which do either supply the government or smaller distributors, thus are not traced either. Store brands, the so-called push market and low-priced generic pharmacy chain *Farmacias Similares* have also all grown – and they are all not captured by IMS Health. Hence, my assumption is that the Mexican market is growing, but the growth is not being captured because it has gone to parallel markets. We estimate these parallel markets must have grown at least 25 percent over the past few years.

How much do you think this unaudited market represents today?

We estimate the total Mexican pharmaceutical market is worth nearly USD 15 billion. Out of this USD 8.5 billion (nearly 60 percent) is audited market, USD 4 billion (almost 25 percent) is government market and approximately USD 2.5 billion is shared by the low-priced generic chain *Farmacias Similares,* pure generics and push market – this is the unaudited market.

What are the most important trends you have witnessed in Mexico since you started operations?

The regulatory authority COFEPRIS, especially after the appointment of Mikel Arriola, has been promoting an increasing penetration of generics. Today for any product going off patent, COFEPRIS releases at least five-to-six generic registrations at a time to create competition, thus drive down prices. This was not the case in the past: if you were a fast generic maker, you could gain a good market share; today, that's not the case anymore.

Shifting of prescription at pharmacies is also becoming a big issue. Patients get at the point of sale with a prescription, but pharmacists change it, often for a home brand. Leading wholesaler Nadro recently launched a TV campaign exhorting people not to get their prescriptions switched, as only the physicians knows what is the best drug the patient should take.

What has been the company's most important milestone so far?

We launched the CNS business in 2010 and within two years we have been able to gain a very good brand image within the medical fraternity. We are today among the top four branded generic companies in the CNS space in Mexico; key opinion leaders talk very well about the quality of our products and about the pricing we have decided to adopt in the market. We are pioneers in branded generics and among the fastest companies to launch generics for off-patent products. The company is fast and agile, which allows us to always be ahead of the competition.

How does the company's portfolio look like in Mexico today?

In Mexico Torrent used the same business model applied to enter the Brazilian market back in 2002. Brazil is our big brother: we want to emulate their performance, because in a very short time the company has been able to create an amazing brand image in all therapeutic areas. As for Mexico, back in 2006 we had planned to launch the three segments, but over time things have changed. So far we are only focusing on CNS, but plan to move into cardio-vascular soon, probably in 2016. We are waiting for some marketing authorizations and plan to be fast second generic players for some products, which are going off patent. We always try to be among the fastest two or three entrants to ensure we can capture a good market share.

Being a local manufacturer is fantastic, as you can offer contract-manufacturing services, be in the branded generics segment and sell to the government –three segments which are very strong in Mexico. Being an Indian manufacturer, we cannot participate in government purchases, so we will continue playing in the private market. In the Americas we have big plans – not only for Mexico and Brazil, but also for the US.

We have seen you have a patient program called '*Tu vida en color*' (Your life in color). Could you please explain to our readers what it is and what was the vision behind its creation?

'*Tu vida en color*' is a loyalty program whereby a patient can call a hotline and get the drugs directly delivered at home for free. We are looking at creating customer loyalty with our patients and in turn pass on the benefits of procuring the product at very affordable price through this program. Usually branded generics companies do not launch such initiatives, but we want to give more benefits to a needy patient.

In Brazil Orlando Famá told us that when he started the local Torrent affiliate he decided from the very beginning to do it 'the Brazilian way'. How are you approaching the Mexican market?

At Torrent we go 'gLocal': we are a global company but want to implement our strategies in a local way. My philosophy has always been 'Be like a Roman in Rome – don't try to be an Asian in Rome, because it won't work.' When I arrived here I was already fluent in Spanish, because in Mexico people are confortable when you speak in Spanish. We have respected the 'gLocal' approach also with regard to the team. You cannot bring in a mixed culture, as it would be confusing. Sometimes being the middleman with headquarters in India is not easy, but we are happy to be a 100 percent Mexican company.

Where would you like to see Torrent in five years from now?

We are not interested in primary care segments, as competition is high and customer loyalty low. We want to focus on niche therapeutic areas. In the chronic segment, once a customer understands you offer a good quality product at a good price, you won't loose him or her easily, especially under the economic constraints we are currently experiencing. Besides CNS and cardio-vascular, we'd like to enter diabetes, a huge problem in Mexico and a segment where we have a solid backward integration.

What are you most proud of after almost nine years in Mexico?

I am very proud to see that Torrent is very renown among psychiatrists and neurologists and the feedback I get from Mexican opinion leaders is very positive. Also, we have built a great team. We started the company among two people and today we are around 100. They seem happy to be with Torrent and I am very happy to be with them. As I always like to say, a company is successful not only because of the products, but because of the great team – something we have at Torrent Mexico.

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