Genald Senior – General Manager, Leterago



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Genald Senior, general manager for Leterago, the leading pharma distributor in the Dominican Republic, discusses how the company has managed to control over a fifth of the market, the country's regulatory environment, the challenges of getting to the 1,800 pharmacies in the country, and their pandemic journey.

Can you begin by introducing Leterago as part of the Latin American pharma giant Megalabs?

Leterago is one of the oldest distributors within the group with over 55 years in the market. We have around 22 percent of the sales in the Dominican private market. We represent many of the largest laboratories present in the market, including Ethical Pharmaceuticals, Rowe and Megalabs, along with others such as Asofarma and CSL Behring. Of every 100 products sold, 22 have the Leterago symbol in the box.

The company has always strived to offer a first-class service and is ISO 9001:2015 certified. We also have environmental and logistics certifications, which allows us to operate efficiently at the country's customs.

When we interviewed Leterago Ecuador's Daniel Leczcz he explained that the company there is not vertically integrated, meaning that they do not operate an in-house marketing department, nor promote products in point of sale, rather, allow them to bring products to the retail point of sale. How does that model differ from the one you have in the Dominican Republic?

One of the main differences between the Dominican Republic and the rest of countries in the region is that the pharmacy chains, while experiencing growth, are not too big. That means that the universe in which we complete is more blurred. There are between 1,800-2,000 pharmacies and we go visit most of them. We do not use a wholesaler structure because we want to make sure that the products reach the point of sale at the adequate amount. It is all about efficiency.

What services do you offer to the pharma industry?

Leterago helps companies along the importing process, logistics, adapting to any temperature requirements, and our sales team makes sure that they are available to patients. We use our own transportation along with third parties, doing inverse logistics when products expire. Our products have complete traceability.

Around 70 percent of our revenue comes from local companies. In terms of multinational companies, we distribute for Asofarma (also called Tecnofarma in other markets), CSL Behring, Nestlé, and are in negotiations with a Spanish company.

To what do you attribute the fact that local companies control around 75 percent of the Dominican market in terms of units sold?

I believe that, particularly at the beginning, local companies made a push for quality and price. The Dominican industry offers good quality products that can compete with lower prices, making it more accessible for patients. Local products have gained the trust of doctors, who understand that the therapies being prescribed offer the same result but at a considerably lower cost.

Today, it would be inaccurate to affirm that the social security system has comprehensive coverage for all Dominicans because the yearly quota per patient is 8,000 pesos, around USD 130; it is not much considering that the average product price is between USD 12-14. The system in place does help the population but we are pushing for doctors to be able to prescribe any product

that they believe can help the patient, not only cheap generics.

How has the COVID-19 pandemic affected the company's operations?

At the moment we are operating at pre-pandemic levels. The main challenge today is in the logistics side because of the curfews implemented by the authorities. It has been a rather challenging year for everyone. When the pandemic hit the country, back in March of last year, there was a spike in panic-induced stockpiling. We broke sales records. In the four months that followed, the sales dropped significantly because doctors were not prescribing, and the strict curfews made it hard to visit pharmacies in rural communities. Our team was not able to visit every single pharmacy, so we focused on the main pharmacies in each region to avoid a shortage of medicines.

Once the business hours were expanded, the sales began to go up again. Leterago is now growing compared to the end of last year. We are doing well and expect an overall growth of 10 percent this year.

How feasible is it to expand your 22 percent market share?

It depends on the performance of our partners' products, new launches and demand, but we could achieve growth with new clients. Our competitive advantage lies with our dedicated sales team, we can reach any corner of the country. If there is a pharmacy, Leterago will be there. Since we do not use wholesalers, when products arrive, they do it in the necessary amount. We also excel in new launches; when Leterago promotes a new product, it is always well received. We have earned the trust of the healthcare industry.

Multinationals in the country tend to use multiple distributors but we do not accept co-distribution agreements because going at it alone makes us stronger, we are more efficient that way.

So, you are keen on exclusivity agreements?

Not necessarily, not in the traditional sense. The Dominican Republic has a law called "Ley No. 173 sobre Protección a los Agentes Importadores de Mercaderías y Productos", which states that multinational importers have to indemnify the distributor that first registered the product. We do

exclusivity agreements based on trust; we sign non-exclusive agreements but agree to be the only one. They can always choose another distributor if they are not happy with us, which, fortunately, has never happened.

How do you see the role that technology can play to make the distribution process more efficient, particularly at a moment when giants such as Amazon are looking at entering the pharma distribution industry?

Technology will certainly continue to impact our industry, even though it will take time. The nature of our services requires a human touch, especially in the promotion of products, inverse logistics and new launches. Our teams are trained on the products so they can guide pharmacies in the same way pharma companies do with doctors. That being said, we have to be open to the use of technology to be more efficient and provide a more comprehensive service. Regarding Amazon and other tech companies, we have to be at the forefront and accept change. We are always evolving.

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