Russian Pharmaceutical Market Trends in 2020

Deloitte CIS Research Center
Contents

Foreword ........................................................................................................................................... 3
Russian pharmaceutical market in figures ....................................................................................... 4
Market trends in 2017-2019 .................................................................................................................. 5
Market structure in 2019 versus 2018 ................................................................................................. 9
Key drivers on the Russian pharmaceutical market .......................................................................... 10
Key drivers .......................................................................................................................................... 11
Track & trace requirements for medicines .......................................................................................... 12
Online sales of medicines ..................................................................................................................... 13
Price regulation ................................................................................................................................... 15
Possible restrictions on incentive payments to pharmacy chains .................................................... 16
New realities and evolving risks .......................................................................................................... 17
New realities and emerging opportunities ......................................................................................... 18
Contacts ............................................................................................................................................... 19
Foreword

We are pleased to present our overview of the trends that shaped the Russian pharmaceutical market in 2019 and the first nine months of 2020. The year 2020 marked the arrival of a “new normal”: a world where the pace of change is so rapid that the latest data will be out-of-date in just a few days time. Decisions have to be made quickly in a volatile environment. This requires clear information, presented as concisely as possible.

This is why we have altered the format of our report to make it more succinct, while still delivering a comprehensive overview of the main trends affecting the Russian pharmaceutical industry.

We will discuss the core takeaways from 2019 and the most important trends over the first nine months of 2020.

We hope you will find the new format informative and intuitive. As always, we encourage you to share your thoughts and ideas. If you have any questions regarding this report, please contact us.

In 2019, the Russian pharmaceutical market increased its growth in ruble terms for the first time in years. This was driven by higher prices for medicines, demand shifting towards more expensive medicines and an increase in the share of the public segment (in ruble terms), which has a higher weighted average cost per package than the commercial segment. However, overall consumption of medicines fell after five years of sustained growth.

Market growth rates continued to increase in ruble terms in 2020. The ongoing pandemic — the main story of 2020 — amplified trends that had already started emerging in 2019, such as higher prices for medicines and lower sales in unit terms.

One outcome of the COVID-19 pandemic in Russia was a heightened government focus on regulating the prices of medicines and medical devices. In 2020, legislators amended Federal Laws No. 61-FZ of 12 April 2010 “On the Circulation of Medicines” and No. 323-FZ of 21 November 2011 “On the Basic Principles of Healthcare in the Russian Federation”. These laws now permit the state to cap price rises for medicines that are not on the Vital and Essential Drug List (VED) and medical devices needed in the event of an emergency and/or the imminent spread of a disease that poses a threat to public health, or if the retail prices for these products rise sharply (by 30+ percent). 2020 also saw discussions commence on two new bills that could limit the size of incentives paid to pharmacies and pharmacy chains.

The pharmaceutical market took a major leap forward in terms of digitalization in 2020 with the launch of online sales of medicines, burgeoning interaction with healthcare professionals through webinars and email newsletters, a surge in online advertising, the maturing of native advertising, and the move to work-from-home arrangements.

These trends, fueled by the pandemic, took off in 2020 but are also likely to stay with us over the long-term, serving as the foundation for the pharmaceutical market going forward.

Best regards,

Oleg Berezin

Partner, Deloitte CIS
Head of the Life Sciences & Health Care Industry Group
Russian pharmaceutical market in figures
Market trends in 2017 — 2019 (1/4)

Market dynamics in monetary terms

In 2019, the Russian pharmaceutical market grew by 9.5 percent in monetary terms to RUB 1,843 billion. Growth was 3 percent in US dollar equivalent, rising from USD 26.7 billion in 2018 to USD 27.6 billion.

Market size grew to RUB 1,284 billion in January-September 2020, increasing 10.6 percent year-on-year. However, growth in US dollar terms was essentially flat compared to the same period in 2019 at USD 17.8 billion.

Despite this sustained growth, the Russian pharmaceutical market still only accounts for a small proportion of the global market at around 2.2 percent.

Russia ranks 30th globally in terms of per capita sales of medicines. In 2019, per capita pharma sales in Russia totaled USD 194 compared to an average of USD 462 for the top 30 global markets.

Source: DSM Group, Russia’s National Rating Agency (NRA)

Market dynamics in monetary terms

• For the first time in many years, the public segment was the main driver of market growth, increasing by 23.9 percent in 2019 versus 2018 due to additional investment in pharmaceutical procurements as part of the national projects program. Over the first nine months of 2020, public procurement of medicines increased by 10.1 percent year-on-year in ruble terms, from RUB 421 billion to RUB 464 billion.

• The growth of the commercial segment slowed in 2019, inching up a mere 3 percent from 2018 in ruble terms. The size of the commercial segment was RUB 820 billion in the first nine months of 2020, up 10.9 percent year-on-year.

• The market’s positive momentum in ruble terms had a marked impact on industry sentiment. Twelve out of 21 pharmaceutical companies surveyed in 2020 assessed the current state of the pharmaceutical and medical devices industry as “fairly positive”, with one company giving a “positive” rating. Nineteen respondents were “fairly optimistic” about their company’s market position, and one respondent said they were “optimistic”. In addition to the overall growth in market size, the industry was given a further boost by the fact that most pharmaceutical and medical devices companies did not have to shut down their operations due to COVID-19.

Market dynamics in unit terms

• Consumption of medicines fell in 2019 after five years of sustained growth. Consumption declined in both the commercial and public segments despite substantial market growth in ruble terms. In 2019, medicines sales in unit terms dropped by 2.4 percent to 6,173 million packages. This trend persisted into 2020, with the market contracting by 4.7 percent year-on-year in January-September.

• Unit sales of medicines in the commercial segment decreased by 1.7 percent year-on-year to 3,741 million packages in the first nine months of 2020.

• Sales in the public segment contracted 18.5 percent to 672 million units in the same period.

Data on the number of units sold in the parapharmaceuticals segment is not available.

Source: DSM Group, NRA

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Change in the weighted average cost per package

The weighted average cost per package of a medicine sold in the public segment went up by 31 percent in 2019 to RUB 535. This trend continued into 2020 with the weighted average cost increasing to RUB 690.1 per package in January-September, up 29 percent versus 2019.

Average cost per package the commercial segment rose by 4.9 percent compared to 2018, reaching RUB 199.3 in 2019. The first nine months of 2020 yielded a further increase of 9.9 percent year-on-year.

Overall, in January-September 2020, the weighted average cost per package in the public segment was 3.15 times higher than in the commercial segment.

Source: DSM Group

Trends

The pharmaceutical market’s 9.5 percent growth in 2019 in ruble terms was driven by higher medicine prices, demand shifting in favor of more expensive medicines and an increase in the share of the public segment in ruble terms (from 26.9 percent in 2018 to 30.4 percent in 2019), which has historically had a higher weighted average cost per package than the commercial segment. The market’s 10.6 percent year-on-year growth (in ruble terms) over the first nine months of 2020 was fueled by trends that had already started emerging in 2019 and were amplified by the pandemic. These include rising prices for medicines and the shift towards more expensive medicines (partly due to consumers opting for larger sized packages). However, the decline in unit sales that began in 2019 continued into 2020.

Two COVID-19-related trends that had a major impact on the pharmaceutical market in January-September 2020:

1) Changes in consumer preferences brought about by COVID-19. Sales of medicines increased considerably in Q1 2020: sales of over-the-counter (OTC) products increased by 106.2 million packages while sales of prescription (Rx) drugs rose by 64.9 million packages. This growth was largely driven by products that were cited in the media as offering protection against COVID-19 or alleviating its symptoms. However, demand started tailing off as early as April 2020. In April-September 2020, sales of OTC and Rx drugs were down by 176.7 million and 61.2 million packages year-on-year respectively. As a result, total OTC drugs sales fell by 70.5 million packages year-on-year in January-September 2020, while sales of Rx drugs recorded a minor increase of 3.7 million packages.

2) A weaker Russian economy and the reduced purchasing power of households exacerbated the decline in sales (in unit terms) that started back in 2019.

In addition to the decline in purchasing power, difficulties with the distribution of labeled medicines were also responsible for the year-on-year contraction in the size of the pharmaceutical market in unit terms in January-September 2020.

Source: DSM Group, NRA

Forecast

According to the NRA’s short- and mid-term forecasts, growth on the Russian pharmaceutical market will be primarily driven by higher investment in public procurement of medicines and the implementation of the national Pharma 2030 Strategy. The strategy aims to boost exports of domestic drugs, phase out imports and localize the manufacture of medicines and active pharmaceutical ingredients (APIs).

NRA expects the size of the domestic pharmaceutical market to reach USD 40 billion (about RUB 3 trillion) by 2025.

Outlook for the Russian pharmaceutical market (in ruble terms):

- NRA1 (based on data from DSM Group): +10.2% in 2020;
- FitchSolutions2: +5% in 2020 (-6.7% in US dollar terms), +6.2% CAGR in 2020-2024 (+4.2% in US dollar terms);
- The Economist3: + 4.3% CAGR in 2020-2024.

Forecasts for the global pharmaceutical market (in US dollar terms):

- NRA1 (based on data from IQVIA): +5.2% in 2020 and +5.3% in 2021;
- GlobalInfoResearch4: +3.2% CAGR in 2020 — 2025.

3 The Economist Intelligence Unit: Industry Report Healthcare Russia 3rd Quarter 2020
### Market structure in 2019 versus 2018

#### In monetary terms

<table>
<thead>
<tr>
<th></th>
<th>Generic drugs</th>
<th>Original drugs</th>
<th>Imported drugs</th>
<th>Domestic drugs</th>
<th>Rx drugs</th>
<th>OTC drugs</th>
<th>non-VEDs</th>
<th>VEDs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong></td>
<td>59.8%</td>
<td>40.2%</td>
<td>1.2 p.p.</td>
<td>-1.2 p.p.</td>
<td>67.3%</td>
<td>32.7%</td>
<td>50.8%</td>
<td>49.2%</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The share of original drugs increased in 2019, both in monetary and unit terms: by 1.2 p.p. and 0.5 p.p. respectively. This was driven by increased government funding for the purchase of expensive original drugs.

The market split in monetary terms between imported and domestic drugs was the same as in 2018, at 70 and 30 percent respectively. The share of imported drugs grew slightly in unit terms (+0.5 p.p.) while the share of imported drugs in unit terms increased in both the commercial and public segments.

The share of Rx drugs also went up in monetary and unit terms (+3.3 p.p. and +0.4 p.p. respectively).

#### In unit terms

<table>
<thead>
<tr>
<th></th>
<th>Generic drugs</th>
<th>Original drugs</th>
<th>Imported drugs</th>
<th>Domestic drugs</th>
<th>Rx drugs</th>
<th>OTC drugs</th>
<th>non-VEDs</th>
<th>VEDs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong></td>
<td>85.5%</td>
<td>14.5%</td>
<td>-0.5 p.p.</td>
<td>+0.5 p.p.</td>
<td>44.4%</td>
<td>55.6%</td>
<td>48.7%</td>
<td>51.3%</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sales of Rx drugs make up the larger share in monetary terms, while OTC drugs lead in unit terms. This trend is driven by the higher average price of Rx drugs in the commercial segment compared to OTC drugs (RUB 293 versus RUB 149).

OTC drugs are mostly sold through pharmacies, which account for 97 percent of all OTC sales in ruble terms. Rx drugs are mainly sold via the public segment, accounting for over 90 percent of total tendered purchases.

The VEDs to non-VEDs split remains largely unchanged. The share of VEDs grew by 0.2 and 0.3 percent in monetary and unit terms respectively in 2019.

Source: DSM Group
Key drivers on the Russian pharmaceutical market
Key drivers

COVID-19
- Decline in pharma sales in unit terms due to the country’s weakened economy and the reduced purchasing power of households;
- Shift in focus towards online promotion of medicines.

Legalization of online sales of medicines
Online sales of OTC drugs were legalized in 2020.

Loosening of the “Three is a Crowd” rule
Restrictions removed with respect to the procurement of nine medicines used to treat oncohematological conditions.

Supply APIs to Russia. The top three suppliers are China, France, and India

Possible restrictions on pharmacy incentives in 2021

2020
- The rank of medicines among all product groups imported into Russia
- Total cost of APIs imported in 2019: RUB 118bn
- Weaker ruble:
  - Higher cost of imported APIs: only 15 percent of APIs are manufactured domestically. A weaker national currency increases the cost of imported APIs in ruble equivalent, which may affect the operating margins of local pharmaceutical manufacturers;
  - Rising cost of imported non-VEDs and biologically active additives;
  - Higher costs of imported equipment, including labeling equipment.

July
- Launch of the track & trace system for medicines (for high-cost nosologies — starting from 1 October 2019):
  - Removal of imputed income tax on sales of labeled medicines;
  - Unpreparedness of some market players for the roll-out of the track & trace system;
  - Technical issues with the national track & trace system.

2021
- Price regulation:
  - Effective September 2020: Regulators can cap maximum sale prices for manufacturers and maximum wholesale and retail mark-ups for non-VEDs and medical devices in the event of an emergency and/or the imminent spread of a disease that poses a threat to public health, or if the retail prices for these products rises sharply (by 30+ percent).
  - Effective 3 November 2020: Permission to register an increase in the maximum sale price for VEDs where such medicines are or may go out of stock.
  - Before 1 January 2021: Maximum sale prices for VEDs must be re-registered in accordance with the new guidelines.
  - Effective 1 March 2021: New guidelines for setting maximum wholesale and retail mark-ups for VEDs come into force.

1 “Russian Pharmaceutical Market in 2019”, DSM Group
Track & trace requirements for medicines

Medicines (other than those covered by the Seven Nosologies Program) produced before 1 July 2020, or before 1 October 2020 if approved by the Russian Federal Service for Surveillance in Healthcare (Roszdravnadzor), may be stored, transported, dispensed, sold and otherwise distributed unlabeled before their respective expiration dates.

Not all pharmaceutical companies and pharmacies were fully prepared to implement the track & trace system when it was first introduced. Companies reported some technical issues with the system in October 2020. According to the Center of Advanced Technologies (CRPT), the national track & trace operator, 10-15 percent of medicines in circulation were labelled as at 11 November 2020. CRPT therefore notes that labelling could not have significantly affected the availability of 85 percent of medicines. After transitioning to a simplified procedure at the end of October 2020, the track & trace system no longer had an impact on delivery speeds of the remaining 15 percent of medicines.

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December 2020

More than 82,000 market participants registered in the national track & trace system (Chestny Znak) and over 4.9m codes have been issued.

2 November 2020

Russian Prime Minister Mikhail Mishustin signed a decree simplifying track & trace procedures for medicines. Some of the changes are temporary and will expire on 1 February or 1 July 2021. The changes apply to all medicines except for high-cost nosologies.

1 July 2020

Labeling requirements come into force for all medicines manufactured after 1 July 2020.

30 June 2020

Temporary permission to release unlabeled medicines into civil circulation if they were manufactured domestically or imported into Russia from 1 July through 1 October 2020.

1 October 2019

Labeling requirements come into force for medicines covered by the Seven Nosologies Program.
18% of Russians bought medicines online in Q2 2020.¹

Russian regulators authorized pharmacies to sell OTC drugs online in 2020. Online sales were not authorized for Rx drugs, narcotic and psychotropic medicines, and ethanol-containing medicines (containing 25% percent ethanol).

However, the Russian government was granted the authority to introduce a temporary procedure (effective until 31 December 2020) permitting the online sale of Rx drugs in the event of an emergency and/or the imminent spread of a disease that poses a threat to public health. As at the date of publication of this report, the government had not exercised these powers.

Top 15 online retail pharmacies in Russia in Q1 and Q2 2020² ³

<table>
<thead>
<tr>
<th>No.</th>
<th>Pharmacy chain</th>
<th>Website</th>
<th>Gross online sales, RUB billion⁴</th>
<th>Average online purchase amount, RUB '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apteka.ru</td>
<td>apteka.ru</td>
<td>24.91</td>
<td>1.58</td>
</tr>
<tr>
<td>2</td>
<td>Eapteka</td>
<td>eapteka.ru</td>
<td>3.37</td>
<td>2.02</td>
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<tr>
<td>3</td>
<td>Apteka-Timer</td>
<td>apteka-ot-sklada.ru</td>
<td>3.34</td>
<td>0.81</td>
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<tr>
<td>4</td>
<td>Erka Pharm Group</td>
<td>stoletov.ru, samson-pharma.ru, 6030000.ru</td>
<td>2.91</td>
<td>3.83</td>
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<tr>
<td>5</td>
<td>Neo Pharm</td>
<td>neopharm.ru, stolichki.ru</td>
<td>2.46</td>
<td>1.40</td>
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<tr>
<td>6</td>
<td>Monasteryrev</td>
<td>monastyrev.ru</td>
<td>2.12</td>
<td>1.59</td>
</tr>
<tr>
<td>7</td>
<td>ASNA</td>
<td>asna.ru</td>
<td>2.03</td>
<td>1.73</td>
</tr>
<tr>
<td>8</td>
<td>Rigla</td>
<td>rigla.ru, aptekazhivika.ru, budzdorov.ru</td>
<td>1.92</td>
<td>1.15</td>
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<tr>
<td>9</td>
<td>36.6</td>
<td>366.ru, gorzdrav.org</td>
<td>1.70</td>
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<td>10</td>
<td>Pharmland</td>
<td>farmlend.ru</td>
<td>1.04</td>
<td>1.05</td>
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<tr>
<td>11</td>
<td>Zdorov.ru⁵</td>
<td>zdorov.ru</td>
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<td>12</td>
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<tr>
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<td>aptekaNplus.ru</td>
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<td>14</td>
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<td>apteka-april.ru</td>
<td>0.09</td>
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<td>15</td>
<td>OAS Chelyabinsk</td>
<td>apteka74.ru</td>
<td>0.09</td>
<td>0.43</td>
</tr>
</tbody>
</table>

³ Note: This table does not include ozon.ru and zdavrcity.ru as data about these companies was unavailable.
⁴ Note: items (medicines and other products) ordered online for home delivery or pick up at a pharmacy.
⁵ Note: expert assessment on website traffic statistics and average conversion rates.
⁶ Note: all the regional Imploziya websites (over 50 sites in total) are included; the numerical value in the website address refers to the respective Russian region. For example, “48” in “apteka48plus.ru” refers to Lipetsk Region.
⁷ Note: this table does not include apoz.ru and zdavrcity.ru as data about these companies was unavailable.
Online sales of medicines (2/2)

Regulatory framework

• Presidential Decree No. 187 of 17 March 2020 allowing pharmacies to sell medicines online to customers;
• Russian Government Resolution No. 697 of 16 May 2020 setting rules governing the issuance of permits to sell medicines online.

According to Roszdravnadzor, Russian pharmacies had obtained 260 permits as at 15 December 2020.¹

Eligible organizations

Pharmacies (other than individual entrepreneurs) that have held a pharmaceutical license valid for at least one year and a permit from Roszdravnadzor have the right to sell OTC drugs online.

Eligibility criteria:
• At least 10 sale points in Russia;
• Facilities/space to store online orders in accordance with the distribution, storage and transportation guidelines approved by Roszdravnadzor;
• A website or mobile application;
• Own courier service with thermostatic equipment or a contract with such a courier service to enable delivery of temperature-sensitive medicines;
• Capacity to accept electronic payments and/or payments via terminals.

¹ Roszdravnadzor website: https://roszdravnadzor.gov.ru/services/ods
Regulators can now cap maximum sale prices for manufacturers and maximum wholesale and retail mark-ups for non-VEDs and medical devices in the event of an emergency and/or the imminent spread of a disease that poses a threat to public health, or if the retail prices for these products rises sharply (by 30+ percent).1

- Pharmaceutical companies can increase registered maximum sale prices for VEDs that are or may soon go out of stock because of the price regulation.2
- Roszdravnadzor determines that a certain product is out of stock (or nearly out of stock) based on medicines monitoring using information communicated by entities engaged in the distribution of medicines.
- A medicine may be considered out of stock (or nearly out of stock) when the variation index of medicines available for sale decreases by less than -30 percent. The index is calculated using the formula stipulated in Russian Government Order No. 1771 of 31 October 2020.
- Any subsequent increase in the maximum sale price can only be re-registered at least one year after the previous re-registration order was issued.

Maximum sale prices for VEDs must be re-registered using the new calculation guidelines.3

The new guidelines regulating maximum wholesale and retail mark-ups on the actual selling prices of VEDs in Russian regions will come into force.4

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2 Russian Government Order No. 1771 of 31 October 2020 “On the Approval of Regulation of maximum sale prices for VEDs and Introduction of Amendments to Certain Regulations of the Russian Government”
3 Russian Government Order No. 1683 of 16 December 2019 “On the introduction of Amendments to Certain Regulations of the Russian Government Covering State Registration and Re-registration of maximum sale prices for VEDs”
4 Federal Antimonopoly Service Order No. 820/20 of 9 September 2020 “On the Approval of Guidelines for Regional Authorities on Maximum Wholesale and Retail Mark-ups to the Actual Selling Prices of VEDs”
Possible restrictions on incentive payments to pharmacy chains

The Russian State Duma is currently considering bills No. 912246-7¹ and No. 923315-7² aimed at limiting incentive payments to pharmacies to a maximum of five percent of a pharmacy’s purchases of medicines. Bill No.912246-7 only limits service fees, while Bill No. 923315-7 limits pharmacy’s cumulative bonuses and service fees. In addition, Bill No. 923315-7 prohibits the payment of bonuses and service fees related to promotion of VEDs.

As stated in the explanatory notes to the bills, they seek, among other things, to improve the population’s access to medicines and create the conditions for a seamless and stable supply of medicines. Federal Law No. 381-FZ of 28 December 2009 “On the Basic Principles of Trading Activities in the Russian Federation” introduced similar restrictions for food products. The law was mainly designed to ensure equal rights for food suppliers and retailers and limit price rises. However, it has also had some adverse effects, namely putting pressure on the margins of suppliers and retailers and intensifying unfair competition.³

If regulators prohibit or limit pharmacies’ bonuses and service fees for promotion of VEDs, many distributors and pharmacies may cease or significantly reduce their purchases and sales of certain VEDs (primarily low-priced medicines) as it may be no longer economically viable.

In this case discounts will become the key pricing tool on the Russian pharmaceutical market, we may see a “chain reaction” of reductions of maximum sale prices for VEDs. This may make the sale of some medicines in Russia unviable, forcing a number of businesses to withdraw from the market.

Pharmacies and distributors will try to compensate for their losses on VEDs by raising pricing in unregulated segments.

If Bill No. 923315-7 is passed, the payment of most types of bonuses to pharmacies, including the early payment bonus (a popular tool currently used by pharmaceutical companies to expedite payments from pharmacy chains and increase liquidity), will be prohibited.

¹ Russian State Duma website: https://sozd.duma.gov.ru/bill/912246-7
² Russian State Duma Website: https://sozd.duma.gov.ru/bill/923315-7
³ Kommersant: https://www.kommersant.ru/doc/3953183 (based on data from Russian Ministry of Industry and Trade)
New realities and evolving risks

Advertising of medicines — No. 1 on TV

The pharmaceutical market has historically seen TV as its core advertising medium. This channel remains the most popular and accounts for the majority of ads seen on TV today. Internet ads have also gained traction in recent years, although at a slower rate than the Russian advertising market as a whole. In 1H 2020, the Russian market for online pharmaceutical ads grew by 43 percent.²

However, the growing presence of pharmaceutical companies on television and the Internet has resulted in greater scrutiny from the Russian Federal Antimonopoly Service (FAS). The watchdog investigates medicine ads and increasingly imposes fines for violations of Federal Law No. 38-FZ of 13 March 2006 “On Advertising Activities”.

Over the past few years, regulators have also tightened their stance on payments made by pharmaceutical companies to healthcare professionals, checking these payments for compliance with Federal Law No. 323-FZ of 21 November 2011 “On the Basic Principles of Healthcare in the Russian Federation”. Some payments that do not meet the established requirements have been classified as bribes, and a number of pharmaceutical company employees and healthcare professionals have been prosecuted in court. Compliance risks related to the promotion of medicines and engagement with healthcare professionals online may be amplified by the pandemic.

1 Russian Association of Communication Agencies: https://www.akarussia.ru/knowledge/market_size/id9334
2 Deloitte made the assessment based on the data from Mediascope and Russian Association of Communication Agencies
New realities and emerging opportunities

As more restrictions on promotion of medicines have appeared in recent years, competition has intensified. This is forcing businesses to change their marketing strategies, adapting them to the new reality. Drawing on best global practices, Russian pharmaceutical companies are shifting their focus from promotion of medicines through pharmacy chains and healthcare professionals, to direct engagement with customers, including via digital technologies.

New opportunities create new risks and transform existing risks into new forms that pharmaceutical companies are not yet fully equipped to deal with, including:

- Theft of business information;
- Personal data leakage;
- Reputational risks arising from the dissemination of negative information about a company’s medicines by competitors/other third parties over the Internet;
- Customer churn to competitors due to the legalization of online sales of medicines: customers now have access to a wider variety of medicines and can quickly compare prices on various websites;
- Breaches of compliance requirements and advertising laws when promoting medicines to customers.

Source: Mediascope

Russian consumers are ready to buy medicines online:

- 49% would be willing to provide private medical information via a mobile app
- 73% would like to have an electronic record of their medical information
- 82% would welcome the opportunity to obtain prescriptions via mobile apps
- 65% trust medical websites

2 Research collaboration between Mail.ru Group and Research Me: https://corp.mail.ru/ru/press/infograph/10422/
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