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Will Pharma's Global Customers Redefine Maslow's Hierarchy of Needs?

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15 comments

What do Maslow's [hierarchy of needs](#) and pharma have in common? On the surface, it might seem they have nothing in common. However, there are many points of connection in today's global economic landscape, where the world has not only flattened but also shrunk.

To some extent, the global customer base and its values have reconfigured Maslow's hierarchy. People are doing things that were unimaginable even 25 years ago. Suppliers are meeting their needs through innovation and lower costs, and they have profited. Following are some examples from outside pharma that should be harbingers of what to expect.

Until very recently, mobile phones were considered too luxurious for people in China, India, and other developing countries. Who knew that, in a few short years, China and India alone would have [more cellphone users](#) than the entire developed world? China and India have about 31% of the mobile phones used worldwide and more than six times the number used in the United States. Mobile phones have become a household staple; there's almost one phone for every person on the planet. These numbers suggest that the population is crossing the old boundaries of Maslow's need-based hierarchy.

Similar things are happening in other areas, including clothing, conveyance, food storage, and medical devices. Sonographs, though needed worldwide, once were expensive and could be used only in hospitals. The need for more ultrasound access was recognized, and portable sonographs were commercialized in the late 1990s. Though they were used for many applications, OB/GYN use was predominant and remains a key use now that strict controls have prevented its shocking misuse in promoting female feticide. Pulse oximeters, once considered only for elite hospitals, have become a necessary device and have improved healthcare.

Many in the developed countries take refrigerators for granted. With changing global economics, a significant percentage of the global population needs a food preservation device (cooler/refrigerator) but still cannot afford one. To address the issue of disrupted electrical supply in India, Godrej is exercising disruptive innovation. The company is [marketing a cooler](#) that works with 12-volt DC current or an external battery and is priced at one-tenth the price of a plug-in refrigerator. These coolers are also helpful in preserving medicines and injectables to serve a larger population.

Apple, once considered a failure, changed the world by creating devices and services the world thought it did not need. Amazon, digital imaging, and Google are disruptions. The world is changing, and companies are adapting to create products that were never considered a need. Companies that have hesitated are disappearing. We can see that multinational corporations (MNCs), in effort to increase their customer base, are creating conveniences for people in

developing countries. They are achieving this through product innovation to meet local demands of product functionality and price. Even the local customer base has assisted in the development of needed products. MNCs have retained their profitability.

All these examples reinforce the idea that what used to be considered the need normal has changed. People are looking for reasonably priced products that facilitate their lives. This also applies to life extension therapies, drugs, and devices. Companies in developing countries are using innovation and creative practices (such as cataract surgeries) to fulfil health needs.

In the last 50 years, big pharma has done an excellent job of discovering much-needed drugs and therapies. However, its emphasis has been on patients who can afford them through their healthcare programs or who can pay for them from their own funds. This has limited the customer base to (my best estimate) less than 50% of the global population. The reason and rationale for the limited customer base is more likely to be high drug prices, rather than lack of qualified physicians in developing countries.

Pharma would like to have access to the growing market on its price and availability terms, but the world does not want to let that happen. If pharma would like to expand its customer base, it will have to make drugs affordable and available. It will have to come out of its cocoon (if it is there) and acknowledge the growing need for quality drugs at reasonable prices. High prices and small customer bases remind me of the myopic thinking many MNCs had for the developing countries in the mid-20th century. These countries were called underdeveloped, because much of the population could not afford many items the developed world took for granted.

Generic pharma producers have capitalized on the opportunities available in the developed world and expanded their customer base. They have caused a perturbation in the big pharma model. As the world economies improve, opportunities exist for ethical (brand) and generic producers to fulfill an ever-increasing need for medicine.

It seems that, by its actions, big pharma has not considered these expanding opportunities. Instead of having less than 50% of the world population, pharma could have 70% or more of the population as its customers. For that to happen, pharma has to review and improve its methods and costs related to other components of its business -- manufacturing technologies and methods, supply chain, regulatory compliance, product quality, etc. If properly developed and executed, economies of scale will significantly boost big pharma's revenue and profits. It has steadfastly neglected these opportunities; the focus has been on discovering new drugs, selling them during a short patent life, and moving on.

The citizens of the world would like pharma companies to discover new therapies that are affordable. Many humanitarians want to equalize the world's healthcare and make it affordable through their foundations and deeds. At times, even they are challenged. It is up to pharma to rationalize its business model to capitalize on a unique opportunity. Except for mobile phones²⁸, no global business has this level of opportunity.

Innovation in drug discovery, therapies, manufacturing technologies, and business processes are needed to move placement of drugs from the upper half of Maslow's need triangle to the lower half.

Do you think people power will force a change?

Recent buzz advancing the "You are with us or against us" concept could change the playing field very quickly with some very drastic steps (including government edicts). I hope they are not used, because they will be anti-capitalism. I don't think anyone wants to see that happen. What do you think needs to be done?