

TABLE OF CONTENTS

	Page No.
Indian Healthcare Sector	2
Telemedicine market in India	3
About TATA 1mg	4
Business Model of the company	4
4P's and SWOT analysis	5
Marketing Research	6
STP Analysis	7
Marketing Strategies	8

Indian Healthcare Sector:

India's healthcare industry has been growing at a Compound Annual Growth Rate of around 22% since 2016. At this rate, it is expected to reach USD 372 Billion in 2022. Healthcare has become one of the largest sectors of the Indian economy, in terms of both revenue and employment.

India's healthcare industry comprises hospitals, medical devices and equipment, health insurance, clinical trials, telemedicine, and medical tourism. These market segments are expected to diversify as an ageing population with a growing middle class increasingly favours preventative healthcare. Moreover, the rising proportion of lifestyle diseases caused by high cholesterol, high blood pressure, obesity, poor diet, and alcohol consumption in urban areas is boosting demand for specialised care services.

India has emerged as one of the fastest-growing emerging economies over the last two decades, receiving large FDI inflows, which have grown from USD 2.5 Billion in 2000-01 to USD 50 Billion in 2019-20. The healthcare sector has received heightened interest from investors over the last few years, with the transaction value increasing from USD 94 million (2011) to USD 1,275 Million (2016) – a jump of over 13.5 times.

In the hospital segment, the expansion of private players to Tier 2 and Tier 3 locations, beyond metropolitan cities, offers an attractive investment opportunity. According to Invest India's Investment Grid, there are nearly 600 investment opportunities worth USD 32 Billion (INR 2.3 Lakh Crore) in the country's hospital/medical infrastructure sub-sector.

With respect to pharmaceuticals, India could boost domestic manufacturing, supported by recent Government schemes with performance-linked incentives, as part of the Aatmanirbhar Bharat (Self-Reliant India) initiative. Further, between 2018 and 2024, patents worth USD 251 Billion are expected to expire globally, presenting a lucrative opportunity for the country's pharmaceutical sector, including the patent market. In addition to generic drugs, there are investment opportunities in other segments of India's pharmaceutical sector, in the medical devices and equipment segment, expansion of diagnostic and pathology centres as well as miniaturised diagnostics have high potential for growth. Medical Value Travel, especially wellness tourism, also has bright prospects, given India's inherent strengths in alternative systems of medicine. including over-the-counter drugs, vaccines and contract manufacturing and research.

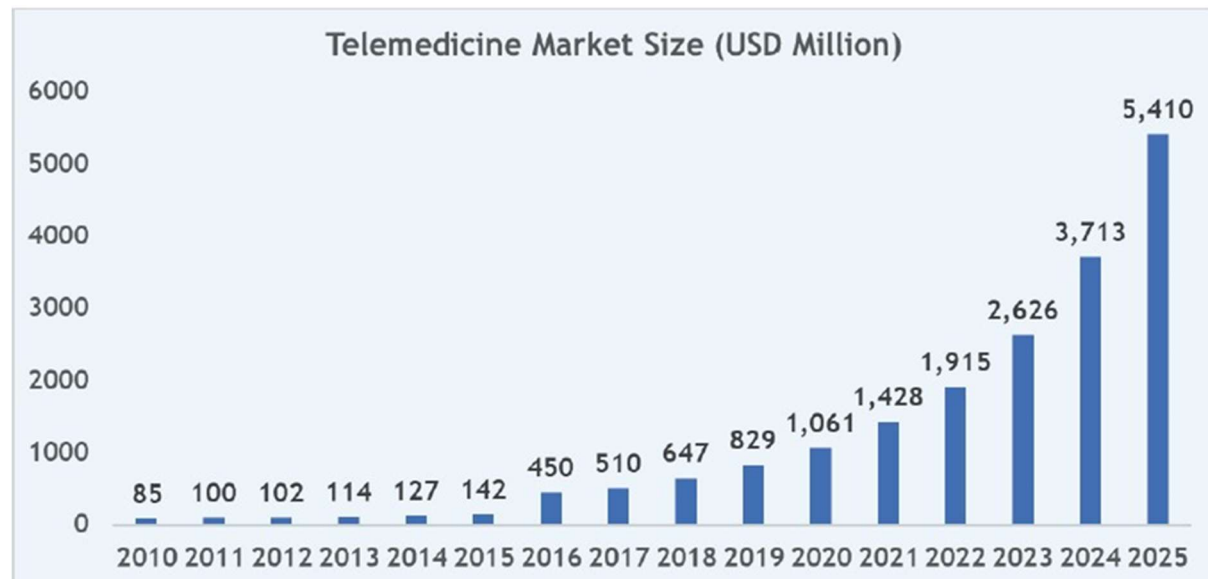
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Technology advancements such as Artificial Intelligence (AI), wearables and other mobile technologies, along with Internet of Things, offer several avenues for investment. Key segments where new opportunities are likely to emerge for health technology players soon include development of tools to facilitate emergency care and improvements to medical infrastructure, through technology-based optimization. This includes expanding the scope of wearable devices to track health conditions, developing patient-facing mobile health applications as well as greater integration of AI, robots, and blockchain technologies.

Telemedicine market in the India:

Telemedicine is the use of electronic and information technologies when individuals are positioned in separate places to deliver therapeutic services. Telemedicine is one form of this, including medical imagery, video consultancies, remote medical diagnosis, and assessments, teletherapy, and drug management.

The market size for telemedicine in India was around USD 830 Million in 2019. It is projected to increase to USD 5.5 Billion by 2025 growing at a CAGR of 31% during 2020-25. The figure below shows the India's telemedicine market size.



Growth drivers for the telemedicine market in India:

A low presence of doctors in semi-urban, rural, and remote areas has resulted in limited access to healthcare facilities for large numbers of people. Telemedicine and e-Health are potential solutions for addressing this lack of access, on account of the extensive smartphone penetration in India and improving mobile connectivity.

A timely 5-minute consultation enabled by telemedicine can save lives and avoid huge downstream costs. Tele-radiology is also an emerging area with several foreign hospitals now active in this space. These hospitals consult Indian experts for providing opinions to patients.

Affordable and quality healthcare can be enabled by Artificial Intelligence, wearables, and other mobile technologies as well as Internet of Things. Digital health can especially improve outcomes for people suffering from multiple co-morbid conditions because of the possibility of remote monitoring of health status and delivery of virtual care services through smartphones and artificial data solutions. This, in fact, could prove to be the next major booming industry in India.

Given that India has a shortage of qualified doctors, AI Doctor could be a long-term solution, especially in rural and remote areas. A leading NATHEALTH provider engaged with a State Government in a PPP project covering 182 Electronic Urban Primary Healthcare centres (E-UPHCs).³⁴ With a footfall of 12,000 daily, the program has touched 5.2 million lives over two years and has brought quality healthcare within the reach of all citizens.

About TATA 1mg:

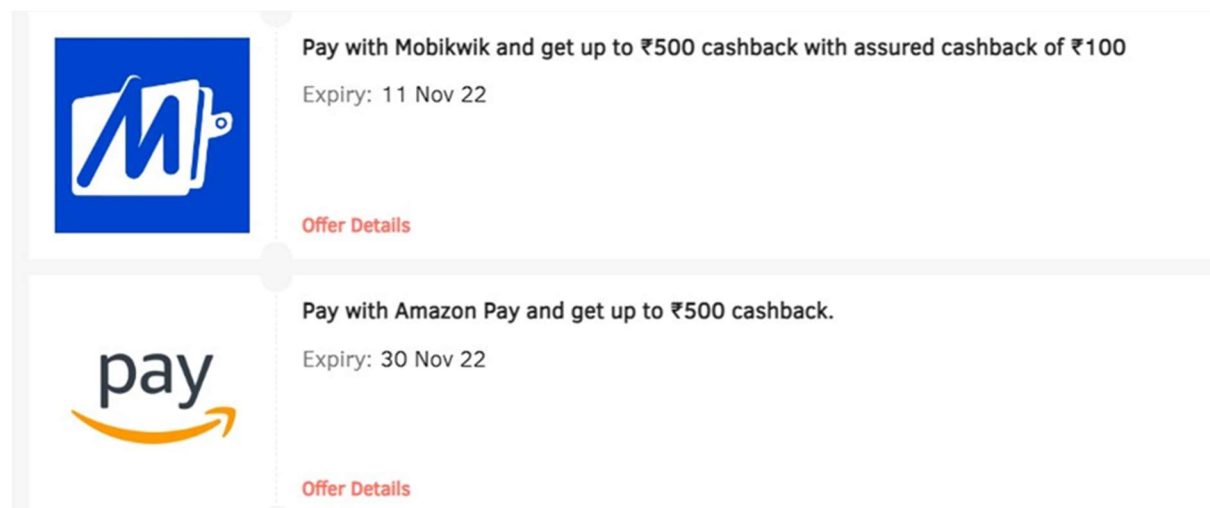
Founded by Prashant Tandon in 2015 as 'HealthKartPlus', today TATA 1mg is a leading player in the eHealth space and enables easy and affordable access to a wide range of products like medicines, health & wellness products, diagnostics services & teleconsultation to customers. The company operates three state-of-the-art diagnostics labs, has a supply chain covering over 20,000 pin codes across the country, and through its subsidiaries is also engaged in the business of B2B distribution of medicines and other healthcare products. 1mg is an initiative taken in the spirit of public service with a vision to empower Indian consumers and caregivers to select the most appropriate healthcare service at the best possible price. In the year 2021, TATA Digital acquired major share in '1mg technologies private limited'.

Tata 1mg is India's leading consumer health platform. It aspires to be the trusted health partner for all Indians and its mission is to make healthcare accessible, understandable, and affordable for a billion Indians. It enables consumers to learn more about their medicines and find more cost-effective substitutes. 1mg's doctor platform aims to revolutionize how a consumer finds the right healthcare professional for his needs. Its diagnostics service brings transparency and price-effectiveness to lab tests.

The digital platform has its presence on android and iOS platforms through a mobile app and it has web app accessible to windows platform as well. TATA 1mg delivers medicines and other health products in 1000+ cities across India from licensed and verified pharmacies. It also provides diagnostic services from certifies labs and 24*7 online consultation service.

Currently, TATA 1mg is one of the top players in digital healthcare. The platform has 260 million plus customers viewing their webpage and app and the company has served more than 31 million of customers till the date.

Business Model of TATA 1mg:



The image shows a screenshot of promotional offers on the TATA 1mg platform. It features two distinct offer cards. The top card is for Mobikwik, displaying a blue icon with a white 'M' and a credit card, with text stating 'Pay with Mobikwik and get up to ₹500 cashback with assured cashback of ₹100' and an expiry date of '11 Nov 22'. Below this is a red 'Offer Details' link. The bottom card is for Amazon Pay, displaying the 'pay' logo with an orange arrow, with text stating 'Pay with Amazon Pay and get up to ₹500 cashback.' and an expiry date of '30 Nov 22'. Below this is also a red 'Offer Details' link.

TATA 1mg follows E-commerce model for making profits. The revenue streams for TATA 1mg are revenue from pharmaceutical sponsors, revenue from advertisements, and commission earned from selling each type of drug of different brands. The platform also gets revenue by selling coupons of other collaborated E-commerce and UPIs through offers.

Marketing Mix (4Ps)

PRODUCT

The idea behind the company's establishment was to provide information about medicines and lab tests. This idea also reflects through its product which promises the service of 22+ specialists for e-diagnosis and over 2000 tests that are tested by 120+ top labs which also guarantees authenticity of the process. TATA 1mg delivers product from different fields ranging from homoeopathy, ayurveda, chronic disease segment to segments as simple as skincare and fitness related food. Popular brands related to these fields are available on the app.

PLACE

The company is now active in 1800+ cities. It has retail outlets in all the major cities for medicines and medical tests. They are expanding their reach to further more cities with their aspiration to make healthcare more accessible.

PRICE

The company follows introductory pricing strategy. Indian market is a price sensitive market, taking this into consideration, the app has a separate tab for offers. Subscriptions are available at prices as low as ₹46 per month.

PROMOTION

Push notifications and emails are used for promotions. Apart from it, TATA 1mg highly believes in word-of-mouth marketing. The company has also initiated campaigns such as 'Grandmaster Series' which focussed on giving recognition to unsung heroes in the field of medicine. It also runs a program in which it provides a health partner which engages audience. 'Sehat ke Sathi' scheme was used as a franchising opportunity to get franchise at low costs.

SWOT Analysis:

Strengths:

The app tries to make healthcare a hassle-free experience for its users covering a wide range of medicines from allopathic to ayurvedic and homeopathic medicines. In addition, it has vitamins & nutrition supplements and other health-related products as well. App users can also book lab tests online for hassle-free home sample collection service and get reports online. For online consultation the app offers features like getting a prescription or talking with qualified doctor within 30 minutes.

Tata 1mg greatly engages its customers by its plans and offers. Care plan offered in the app is like a subscription for a 3 or 6-months duration having various benefits like 7% off on every order, free lab test, no shipping charge etc. It has a very user-friendly interface making it easy to use for everyone.

Weakness:

The app is not available in regional languages making it difficult to use the app for the segment of market who do not understand English. Timing of the appointments with doctors are not consistent affecting the reliability of its users. Also, lack of availability of doctors and infrastructures deviates users to opt the traditional ways of consulting through hospitals or clinics.

Opportunity:

During COVID-19 the telemedicine sector has grown long ways as people were not preferring to step out. So, through using the app they were able to get medicine delivered to their doorstep and also consult doctors online.

With advancing internet connectivity like the introduction of 5G and network coverage in almost every part of India is helping this sector to reach new heights. Also, mobile penetration is increasing day by day which further paves way for the app to reach larger masses.

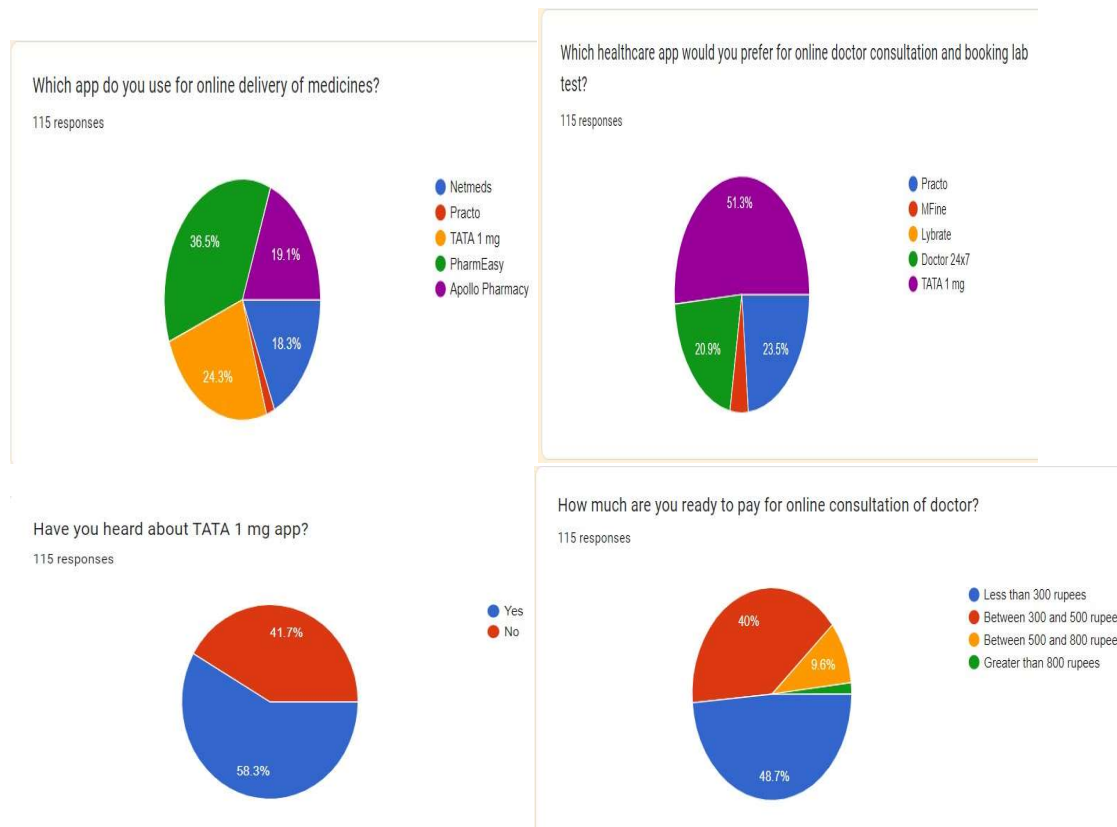
Threats:

The highly competitive nature of this sector is a big hurdle for Tata 1mg to get hold of the target market. Other players in the market like Pharmeasy and Netmeds have been able to reach customers through repetitive and catchy television advertisements and celebrity endorsements. Also, private hospitals started in their telemedicine services increasing the competition further.

In today's world nothing is more valuable than data so as the app has health related information about the user, breach of consumers' data in the segment of privacy and policy puts a big threat.

Market Research:

Marketing research encompasses market, product, pricing, promotional, and distribution research. Marketing research is a multistep process, and the exact number and order of steps varies from one analyst to the next and from one campaign to another. Generally, the process begins with defining the issues at hand, involves developing a research plan, and ends with presenting the results to decision makers. As the part of project, to get idea about market potential of tier 2 cities and pain points of the customers we did a primary market research using online survey and personal interview modes. The snapshots of the responses to the online questionnaire are shown below:



The online survey received 110+ responses. The responders sample consist of both male and female of different age groups. The interviewed sample consist of healthy individuals and patients suffering from various illness, who are interviewed randomly.

Results of online market survey and personal interviews:

- 1) The tier 2 cities market is untapped by the TATA 1mg. The customers are not fully aware about the app.
- 2) The customers are willing to opt for telemedicine service but they have income constraint to pay for the online services.
- 3) The customers are concerned about data privacy.
- 4) The customers who have already used the services have pain points like late delivery of medicines, unavailability of lab test reports on time, technical glitches while using the app, and dissatisfaction after using the service. All these issues have led to high dropout rates for the app.
- 5) Patients suffering from critical illness and chronic diseases do not trust online consultations.
- 6) The people in tier 2 cities are preferring e-pharmacy services over telemedicine services.

STP Analysis:

SEGMENTATION

Requirements of every age group and genders are different so segmentation can be done based on these two factors. Further segmentation can be done on the basis of geography (population from Tier-1, Tier-2, Tier-3 cities) and income (consumers having high income, middle income and low income). Consumer's behavioural attitude can also be a factor on which segmentation can be based upon. In the survey, we find out that most of the customer fail to fall under the category who have used the more than once, that is, TATA 1mg has failed to retain its customer so the marketing tactics that should be used to convert these people into regular customers will be different from the one that should be used for regular or loyal consumers.

TARGETING

Everyone is the target audience for this sector at some point of their life. Target market can be characterized as price conscious, active mobile users. This industry also caters the need of patients with chronic disease and that of highly health & fitness conscious people. Results from our survey suggest that our customers mainly consist of millennials who are tech savvy.

POSITIONING

TATA 1mg has strong backup of TATA group which differentiates it from the other competitors. The platform has unique certifications related to e-pharmacy and data privacy which sets the platform apart from its competitors. The brand has position itself as leading player in medicine delivery.

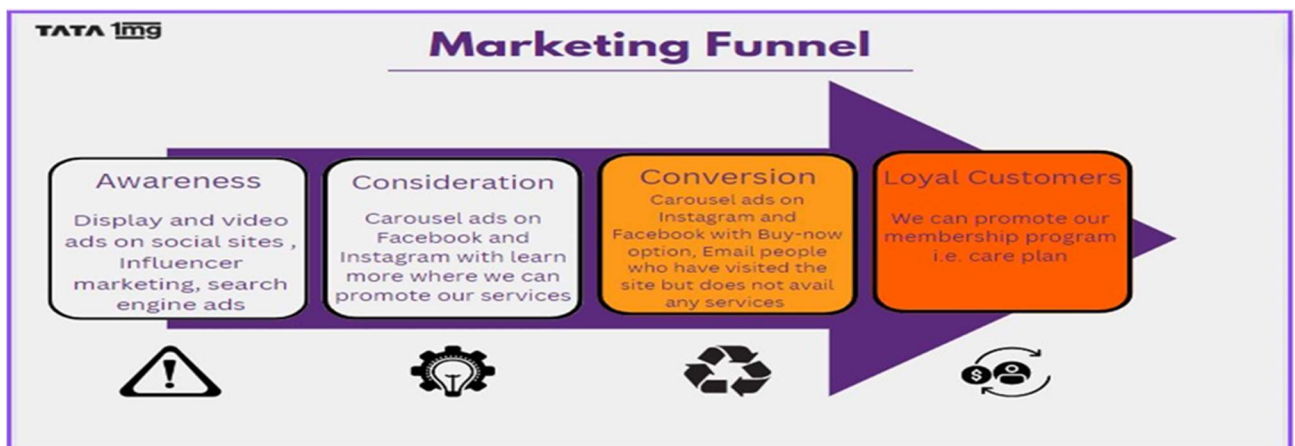
We can promote our products by offering fast, affordable, and reliable services.

We must promote our services with less lead time in delivering the products, consistency in the online consultation appointments, provide the medical test reports within the stipulated time.

We can work on building the trust of the people in online consultation services which can help in better customer retention.

Marketing strategies for TATA 1mg app:

A market development strategy (new market and existing product) focuses on discovering new market sectors based on different benefit profiles, establishing new distribution channels, developing new marketing approaches, and identifying underserved geographic areas. For developing marketing strategy, understanding journey of the customer from being aware about the product/ service till the point of consuming the product/ experience the service and becoming loyal customer plays important role in designing the strategy. The following figure depicts the various stages through which the customer goes and the strategies to attract and retain the customer at each stage.



For exploring and establishing TATA 1mg in tier 2 cities, the platform must adopt omnichannel (physical and digital channels) marketing strategies for-reaching to the customers, positioning the brand, attracting the customers, and retaining the customers.

The brand awareness for TATA 1mg can be done using above the line marketing (ATL). The advertisements through print media, billboards, TV, and radio will help to create the space for the brand in the mind of the potential customer. The advertisement posters with QR codes can be placed in the public spaces such as medical stores, bus stands, hospitals, and malls. Social media platforms like Facebook, twitter, and Instagram can be used for displaying the crisp and short contents about the services, products, health awareness campaigns through blogs, short videos.

Influencer marketing can be exploited to attract the potential customers. The social media health freak bloggers and food and nutrition bloggers could be a good choice as an influencer.

The platform can collaborate with health clubs in the cities and can sponsor their events. The platform can invest in developing a team of voluntary app promoters whom the platform can rewards at a specific interval for word-of-mouth marketing,

The platform can also reach to the customers in tier 2 cities by partnering with government under 'National Digital Health Mission' scheme by providing services at primary health care centres (PHCs).

For the first time user, the platform can provide services at a subsidized rate. The platform can deploy referral coupons system for the frequent users to convert them to the loyal customer base.