M. Sonay Gürgen – Chairman of the Board & General Manager, Selçuk Ecza Deposu, Turkey



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M. Sonay Gürgen, chairman of the board and general manager of Selçuk Ecza Deposu, Turkey's largest pharma distributory, offers his insider take on the pharmaceutical value chain in Turkey, the effects of the economic turbulence and the Turkish lira's devaluation, while highlighting the company's remarkable robustness and unrivalled consistency throughout the decades.

You have been with the company since 1976, and vice chairman and general manager since 1993: can you introduce the company to our audience, and explain why you are proud to be Selçuk's Chairman today?

Selçuk was founded 60 years ago, and I am proud to say that we have had 60 years of continuous success and growth. We continuously increase our market share, our number of employees (who total around 7,000) and our presence in the Turkish market. Currently, we have over 100 Selçuk branches around Turkey and we service over 20,000 pharmacies. With over 2,200 vehicles, we can service every province in Turkey. I am proud of our size and scope, as we are truly Turkey's premier healthcare wholesaler and distributor.

Further, I am proud of the stability that our company has been able to maintain throughout the years; while growth is impressive, *sustained* growth is all the more so. And lastly, I am proud of the trust that we have cultivated with the Turkish pharmaceutical ecosystem.

In fact, at Selçuk, we have a motto: balance, stability and trust. We have abided by this motto ever since our founding.

Your market share increased by a third between 2006-2017 and now, Selçuk holds a 44 percent market share of the Turkish distribution market. To what do you attribute this success?

From the beginning, we prioritized both the service that we were providing to our customers (pharmacists) and our financial prowess. These are the two key components to our strategy. Regarding our service, we always maintain top-of-the-line professionalism when we deal with our pharmacy customers, providing shipments on time and in the correct quantity. Financially, we ensure that we are expanding at a healthy, sustainable rate.

We did not have to do anything cavalier or bold. We have reached this level by keeping our business held to the same high standards as we have always had.

Consistency is really all it took. We did not have to do anything aggressive.

The mission of the company is to ensure that the right products are delivered to the right recipients, in the right quantity and at the right time. Can you explain to our international audiences the particular challenges that this task poses to a wholesale and distribution company in Turkey, who may not be familiar with the country?

We own our entire network here in Turkey. Our warehouses and vehicle fleet allows us to deliver any drugs to any pharmacy in about two hours, at most. This is no simple feat – Turkey is a large, populous country. Logistics and distribution is not always easy here. Nonetheless, our strength and our network has enabled us to tame any Turkey-specific challenges, if indeed there are some.

How has the devaluation of the Turkish lira impacted Selçuk?

Our business model is not highly dependent upon the effects of the Lira’s devaluation. What affects us within the current environment, though, is the fluctuating interest rates. Sometimes we need some cash for working capital, thus interest rates fluctuations may be a primary concern for us.

As the philosophy of the firm is to have a robust financial standing, a crucial practice that we have adopted is to always have cash on hand so that we are not hurt by changing economic conditions. Luckily, we were prepared for the most recent economic situation in Turkey, and we have not been harmed by the capricious interest rates.

We have heard that many multinationals are considering pulling out of Turkey, instead opting to work with distributors as a proxy. How has this trend impacted Selçuk?

There are some rumours that some companies are going to leave Turkey, but at this stage, they are only rumours. As of yet, there are no concrete plans that we are aware of and no companies have left.

I would be surprised, though, if companies actually did pull out of Turkey, regardless of what we hear. We are a country of 80 million people with tremendous growth potential in the pharmaceutical industry. Yes, they may grumble about leaving, but I haven't seen it happen and I don't expect it to. When things finally turn around for Turkey, they will want to have a presence here.

Both at the manufacturing and retail levels, the pharmaceutical value chain is very fragmented in Turkey. How do you see these two sub-sectors evolving in the coming years?

I do not expect the current structure in the pharmaceutical industry or the pharmaceutical value chain to change. At the manufacturer level, most multinational companies are already present in the country, so I don't see room for many market newcomers. At the retail level, pharmacy chains are not permitted in Turkey, by law, so there is very little potential that the current system undergoes radical changes.

Anyhow, the system that we have in Turkey seems to work well. The pharmacists, businesses and consumers are happy with the way things are, so I do not foresee any shifts coming soon.

e-commerce is disrupting distribution operations in many countries around the world, is it also the case in Turkey?

In Turkey there are a very low number of businesses turning to e-commerce, despite the global trend. But to tell you the truth, wholesalers, suppliers, pharmacists, and especially the government object to e-commerce in the healthcare industry. They are concerned that knock-offs will get sold, and if they find people that try to engage in internet commerce for pharmaceuticals, the government tries to close down the portal. The focus in Turkey is very much to maintain our current value chain's structure.

What is your final message on behalf of Selçuk and Turkey to our readership of global executives?

Selçuk has been in the market for 60 years. Wholesalers, like us, are the most important cog in the healthcare and life sciences value chain. My message would be that we are dedicated to maintaining our quality and excellence. Regarding Turkey, we, as any other country, face financial difficulties. It is not easy to overcome, and we know that our collaborators are feeling the strain of the economic downturn. We wish them luck and we are confident that things will improve soon.

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