

**U?ur Bingöl – General Manager, Ibrahim Etem
Menarini, Turkey**



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U?ur Bingöl, general manager of Ibrahim Etem Menarini, speaks of his company's rapid growth and new product lines. He also describes his take on the Turkish pharmaceutical market and outlines his strategic priorities to continue growing Ibrahim Etem Menarini's presence in Turkey.

When we last met in 2015, you were relatively new to the role and hadn't yet gotten a chance to implement new strategies. That established, how have you changed Ibrahim Etem Menarini in the past three years?

I have good news in this regard – for the past four consecutive years, in fact, we have been one of the fastest growing pharmaceutical companies in Turkey. In terms of CAGR, we rank third in overall growth, and we have managed to double our turnover.

To accomplish these feats, I drew upon my 25-year experience in the pharmaceutical market. In my career, I have garnered a bit of experience in all fields of the pharma industry – I have seen opportunities present themselves many times, and when I arrived at Ibrahim Etem Menarini, I was able to identify new, productive avenues to venture into.

In this respect, my job was facilitated by Ibrahim Etem Menarini's scope and history in the Turkish market; Ibrahim Etem was the first pharmaceutical company in Turkey, established in 1903. We have a strong history of pioneering and developing the domestic market. I just needed to come and make the company more efficient. Upon arrival, we made strategic changes in our staff, streamlined our processes and prioritized our portfolio. Together, our new team has ushered in a new era of success for Ibrahim Etem Menarini.

All of our success notwithstanding, we are still a bit behind when it comes to implementing biological products into our portfolio. We have focused largely on conventional therapies.

Has Ibrahim Etem Menarini expanded its production capabilities?

We have just recently received GMP approval from the Minister of Health for our new production centre – we have constructed a new oral solids department worth EUR 15 million. We are committed to the localization movement in Turkey, and by next year, 90 percent of our portfolio will be Turkey-made. This localization will help our profitability and growth potential.

On that, will you be looking for partnerships in the future to capitalize on your new production capacity?

Frankly, we have very little space for partnerships and contract manufacturing. We will do so when we have excess capacity, but Ibrahim Etem Menarini's volumes are large, surpassing 100 million packs per year. We use up nearly all of our own capacity.

How has the pricing pressure impacted Ibrahim Etem Menarini thus far?

We have continued to invest in Turkey despite the currency depreciation and the pricing pressure. Naturally, though, the fixed price alongside the fall in the lira has caused the entire market to stagnate. Especially considering that the market is still heavily reliant on imports, margins have fallen significantly. I am not worried about this in the long-term, though. Turkey is resilient, and even amidst the problems, exports have increased and localization has picked up.

I am not sure exactly how the market will correct itself in Turkey. I believe that we will need to wait one more year before we know anything for certain.

Regardless, we will find a way to continue growing.

Could you tell us more about the new product lines that you mentioned earlier?

Given our history in the company, we have a diverse portfolio in Turkey. Our sales are split largely between antibiotics, cardiovascular products, and pain alleviating products. We are particularly strong in the hospital market.

Moreover, we have been very successful in bringing OTC products to the market. We have more than tripled our sales in this area by combining our OTC and OTX strategies. This year, we established a new sales force of 50 people dedicated to OTC operations, and we have already seen sales climb 40 percent as a result.

On that, has it been difficult to introduce your OTC line to the market, given the lack of codified OTC regulation in Turkey?

Yes and no. The government is a bit concerned about implementing these measures because they fear the misuse of products. That said, I think that today, we are not ready for an OTC law in Turkey just yet – we have many things, as industry and government, to sort out before anything final is passed.

What do you believe is your role, as an executive, in working with the government to pass more effective pharmaceutical legislation?

We work with our network of associations in consulting directly with the government. The

government comes to us, as a group, and we present our thinking.

Mostly, when we make suggestions and the government does not implement them, it is due to budgetary constraints. Accordingly, we are working with the government in finding the most cost-effective solutions possible.

At Ibrahim Etem Menarini, we are concerned with finding the socially optimal solution to drug regulation and pricing. For instance, we were in favor when the government worked to limit over-consumption of antibiotics, despite the fact that they are a major source of revenues for us. Our main objective is to create a healthier Turkey.

More broadly, though, Ibrahim Etem Menarini has its focus set on innovation and creating new, beneficial product lines. And, with the current pricing paradigm in Turkey, innovation is not possible due to budgetary constraints. It is in everyone's interests that the pricing situation is solved.

Given that government spending has not increased despite the rise in social health coverage, do you prioritize increasing your generics offering as a means of providing a cost-saving alternative?

While we do have generics in our portfolio, I do not think that this is the best line of thinking. In Turkey, generics and original product prices are virtually the same. It is best to keep focused on innovative solutions.

Ibrahim Etem Menarini engages in export activity in the region. Moving forward do you intend to increase this Menarini affiliate's international reach?

While we do export to some of the Turkic countries and various African countries, the future of Menarini exporting will come from our headquarters. We will continue our current export strategy, and the low exchange rate will likely help us in that regard. We are aiming for small growth in our export portfolio, but the lion's share of our growth will be domestic.

Of all of your accomplishments from the past four years, of which are you proudest?

Given my background in marketing and sales, I am especially proud of our new, successful product lines and our strengthened commercial team.

Menarini is an international company with an Italian headquarters. That established, which qualities of the Turkish culture do you think Menarini could adopt at the global level to reach further success?

That is an interesting question, but honestly, I don't believe that Italian culture is much different from Turkish culture. We are both Mediterranean countries that share many of the same business values. I believe that both cultures value communication and transparency, and it is what helps us become a trusted brand on the global stage.

Do you have any final messages to our audience?

For the industry to grow, we need predictability in the pharmaceutical sector. We have an opportune market, with a large population and an educated workforce. With some predictability, I believe that industry will invest heavily in Turkey.

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