

## Reprint

### The New Branding Model: From Blockbusters to Targeted Therapies

By John Mack

The pharmaceutical industry is in the midst of a “perfect storm,” according to Francoise Simon, Ph.D., professor of marketing at the Columbia University Graduate School of Business and co-author of the book “Building Global Brands: Taking Biotechnology to Market.” She was speaking at the World Congress on Pharmaceutical Marketing held in Philadelphia, PA, on May 25-27, 2004.

#### At an Inflection Point

The traditional blockbuster approach (products with more than \$1 billion in annual sales) is yielding diminishing returns while post-genomic research is driving towards personalized medicine. The biopharma industry, contends Dr. Simon, is at an inflection point where the emphasis on blockbusters and traditional mass-marketing is being challenged by the new paradigm of personalized medicine.

Dr. Simon contends that Pharma company drug portfolios are shifting away from mass-market blockbusters toward more targeted therapies, which are effective against small patient groups segmented according to genotype. This model, according to Simon, requires a fundamental reorganization of the biopharma value chain, from discovery to manufacturing and marketing.

Specifically, sales and marketing personnel must be retrained and reorganized to accommodate the new targeted branding model. This model requires evidence-based, science-driven positioning in which the sales force needs to be highly trained and complemented with medical liaisons. In addition, Simon says, targeted therapy marketing must establish close links with patient advocacy groups and put a greater focus on online communications to reach these targeted patients who, as a rule, are more “Internet-positive” than the general population.

#### Biologics are Big Business

Biotechnology is a big business and already produces several “neo-blockbusters.” In 2002, eight biologics were in the billion-dollar sales club.

Epoetin alfa, Amgen's leading product, is the second best-selling drug with \$6.6 billion in combined sales in 2002 (sold as Epogen by Amgen and Procrit by J&J) vs. \$7.9 billion for Pfizer's Lipitor, the number one traditional blockbuster drug.

The increasing presence of biologics in pharma portfolios means that pharma marketers must accommodate mass-market blockbusters as well as targeted therapeutics. The good news is that marketing ROI is much higher for targeted drugs than for mass-market drugs for several reasons:

- The specialist physician audience is much smaller than the general primary-care physician audience and can be reached with 100 or less sales reps in the US compared with 3,000 to 5,000 required to reach the general physician population.
- The patient group for targeted drugs is small as well and highly motivated. This group also tends to use the Internet for health purposes more than the general population. They also tend to congregate in well-defined “channels” that are easily targeted by eMarketing techniques. Consequently, marketers can use cost-effective Internet marketing techniques to reach this group more effectively.
- Finally, customized drugs can command high prices.

#### Evidence-Based Marketing

The biotechnology sector needs to find an alternative to traditional consumer marketing if targeted drugs are to become the new blockbuster engine of the pharmaceutical industry. Factors are already at work forcing a shift away from experience-based marketing, which focuses on emotions, to evidence-based marketing, which focuses on research data to support a product's advantage.

These factors include regulators who have less tolerance for me-too products, payers who are de-

manding positive outcomes based on pharmaco-economic studies, and physicians who want more emphasis on efficacy and safety. Consumers, who have direct access to scientific literature via the Internet, are another important factor not to be dismissed.

Experienced-based marketing will continue to be effective in noncritical categories such as allergies. For critical areas like oncology, however, evidence-based marketing will be demanded.

### Lamisil: A Case Study

Cynthia Hogan, Senior Vice President and Head of Novartis Ophthalmics North America, presented at the same meeting. Her presentation, "Transferring Mass Market Skill Sets to Targeted Brands," used the Lamisil marketing strategy as a case study for evidence-based marketing of targeted or specialty brands.

Some mass-marketing skills are transferable to specialty brands, but most are not (see TABLE, next page). Segmentation analysis and branding

Managed care did not want to pay for cosmetic treatments and many physicians ignored the problem in the first place. Clearly, the Lamisil marketing message had to emphasize that onychomycosis was an infection and that Lamisil was the cure. Competing messages, however, from external toenail products—"treat the infection from outside, where it grows"—led to consumer confusion.

In 2003, the Lamisil marketing strategy was reshaped to put more emphasis on disease education with a branded campaign featuring the Digger icon—you know, that wacky dermatophyte that lives deep under the nail! The result was a significant increase in total prescriptions in 2003 vs. 2000.

### Absolute Shift to Personalized Medicine Unlikely

An absolute shift from blockbuster mentality to targeted treatment mentality is not likely, says Dr. Simon, because several factors will continue to

	Experience-based Marketing	Evidence-based Marketing
<b>Physicians</b>	<ul style="list-style-type: none"> <li>• Messages focused on drug dosage, delivery, and convenience;</li> <li>• Supported by CME, patient programs, practice management;</li> <li>• Trusted company and sales rep relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Messages focused on hard clinical endpoints of efficacy, safety, and tolerability;</li> <li>• Key opinion leader and medical liaison influencers;</li> <li>• Formulary inclusion and pharmaco-economic factors</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>• Messages focused on delivery, convenience, quality of life improvement;</li> <li>• Brand loyalty;</li> <li>• Strong traditional media influence;</li> <li>• Supported by corporate reputation and disease-related experience</li> </ul>	<ul style="list-style-type: none"> <li>• Messages focused on efficacy, safety, tolerability;</li> <li>• Supported by disease-related education, especially via Internet;</li> <li>• Physicians, pharmacists, nurses are influencers;</li> <li>• Reimbursement and copay issues</li> </ul>

message skills, for example, are transferable whereas the DTC skill set is not. Specialty marketing requires a direct-to-patient (DTP) focus and Hogan believes "there is still a lot we can do as an industry to learn how to communicate directly to the patient in terms that they accept."

In 2002 the Lamisil market dynamics categorized onychomycosis (toenail infection), the indicated condition for Lamisil, as a cosmetic problem.

drive the need for blockbusters:

- The cost of developing a prescription drug averages \$897 million, according to the Tufts Center for the Study of Drug Development.
- Genomic technologies have a long payoff, high R&D costs, and are risky in the short term
- There is continued pressure to develop new blockbusters as patents expire on several drugs worth \$100 billion this decade.

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- Megamergers will drive the need for continued double-digit growth in sales or about \$1 billion in new sales each year.
- Marketing and sales costs have increased especially due to DTC advertising and increased difficulty gaining access to physicians.

Mass Marketing Skills	Specialty Marketing Skills
<ul style="list-style-type: none"> <li>• Physician and patient segmentation &amp; attitudes and behaviors</li> <li>• Branding, positioning and key messages</li> <li>• Direct to consumer marketing</li> <li>• Targeting and sales force alignment</li> <li>• Predominantly clinical sell</li> <li>• Message consistency to target physician</li> <li>• Skilled in competing in noisy, competitive markets with little differentiation</li> </ul>	<ul style="list-style-type: none"> <li>• Physician coding and reimbursement</li> <li>• Specialty pharmacies and distribution</li> <li>• Direct to patient and retail marketing</li> <li>• Key account approaches</li> <li>• Total office call approach (business &amp; clinical sell)</li> <li>• Rich level of sales data (individual prescriber)</li> <li>• Skilled in competing in niche markets</li> </ul>

### Possible Future Scenarios

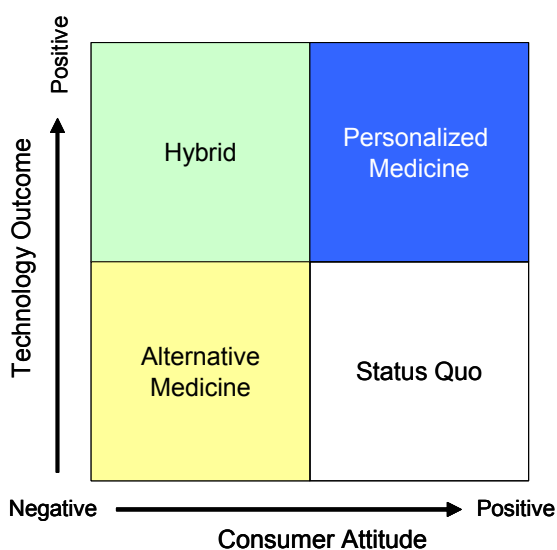
Consumer attitudes and technology will ultimately determine what the future holds for biopharma companies. Applying scenario planning principles to this industry (see “Scenarios on the Future of Pharma Marketing: No Time Like the Present to Think the Unthinkable,” [PMN Reprint 33-01](#)) yields four different possible scenarios when plotting consumer attitudes vs. technology outcomes (see CHART, right):

1. The convergence of positive consumer attitudes and positive technology outcomes would lead to **personalized medicine**.
2. Consumer ambivalence, however, combined with a positive technology outcome would result in a **hybrid system** in which both traditional

mass-market drugs and targeted therapies coexist.

3. On the other hand, if technology breakthroughs would lag while the consumer outlook was positive, then the current situation would prevail (**status quo** scenario).
4. Finally, if both technology outcomes and consumer attitudes are negative, that would reinforce skepticism about traditional medicine and foster further inroads by **alternative medicine**.

Consumerism vs. Technology Scenarios



So, toward which scenario are we headed? Consider the following:

On the one hand, consumer attitudes towards biotechnology are highly conflicted regarding biotechnology. This is evident in the various worldwide regulations regarding biotech research (e.g., gene therapy, stem cell research, cloning, etc.).

On the other hand, while genomic research has successfully identified many targets for new drug therapies, biotech companies are overwhelmed by the abundance, according to several experts speaking at BIO 2004, an industry conference held in San Francisco in June, 2004. Moreover, research is costly and failure rates are high.

According to a recent report by the FDA (“Innovation or Stagnation? -- Challenge and Opportunity on the Critical Path to New Medical Products”), “[t]here is great concern about the ability to bring the hoped-for outcomes of basic research advances -- much awaited new treatments -- to patients. There is concern that hoped-for advances in medicine and new treatments for diseases may never materialize.”

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“With so much promising technology in development in the clinical labs, ranging from engineered tissues to new kinds of biologicals and genomics-based treatments, we need to turn the process of bringing these technologies to patients from a costly and time-consuming art form to a well-understood science,” said FDA Commissioner Mark B. McClellan, M.D., Ph.D.

In other words, we may be headed toward the negative-negative territory (alternative medicine) area of the scenario chart. This, of course, is the worst possible outcome for the pharmaceutical industry.

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## **Experts Consulted and/or Cited In Articles**

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The following experts were mentioned or consulted in the preparation of articles for this issue.

- **Francoise Simon**, Ph.D., Professor, Columbia Business School.

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## **Resource List**

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The following resources were consulted in the preparation of this issue or cited within this issue.

- Simon, Francoise, and Kotler, Philip, 2003. *Building Global Brands: Bringing Biotechnology to Market*, Free Press/Simon & Schuster (New York).
- “Global Branding Strategy: From the Blockbuster to the Targeted Model,” Francoise Simon, Decision Resources, Inc., November 14, 2003.

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