



Feature Article

Protection from Brand Infection

Marketers Must Take Control of Their Brands, Especially Online

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Drug counterfeiting—drugs sold under a product name without proper authorization—puts the general public at risk. According to the FDA, counterfeiting can apply to both brand name and generic products, where the identity of the source is mislabeled in a way that suggests that it is the authentic approved product. Counterfeit products may include products without the active ingredient, with an insufficient or excessive quantity of the active ingredient, with the wrong active ingredient, or with fake packaging.

Scope of the Problem

It is estimated that up to 30% of the medicines consumed in poor countries are counterfeit or substandard. The World Health Organization estimates that 10% of all medicines available around the world are counterfeit.

Not only can counterfeit drugs be dangerous to patients, counterfeiting also hurts pharmaceutical companies' bottom lines. An estimated \$30 billion worth of drugs are counterfeited each year and that number is expected to increase.

"Make no mistake," says the Chief Marketing Officer (CMO) Council in the opening statement to its report *Marketer's Fight Against Fakes, Frauds, and Infringements*, "marketers and their brands are under siege. A vast and ever-expanding range of threats to brand value, integrity and image are bearing down on marketers in the form of counterfeits, gray market knock-offs, phishing attacks, cybersquatting, and a broad range of patent and trademark trespassing—especially online—that will likely intensify thanks to a softening economy."

Brand Theft on Internet

Online brand infections are especially widespread. According to MarkMonitor, a global leader in enter-

prise brand protection, phishing attacks rose by 7 percent in 2008 (Brandjacking Index 2008). MarkMonitor also recorded more than 1.7 million individual instances of cybersquatting in 2008, an 18 percent increase over the prior year.

Brand theft on the Internet may be as simple as creating a web page or purchasing a URL. Tactics employed by savvy brand extortionists and cyber scammers include bogus brand name emails, web sites, deals and inducements that entrap, extort and expose consumers to financial loss, identity theft, and viral infection.

Cybersquatting is the greatest problem, especially in overseas domain names, but pirated digital content, ecommerce scams, and trademark hijacking for online scams are pervasive problems that are increasingly difficult to police and sometimes harder to halt, says CMO Council.

Drug counterfeiting occurs less frequently in the U.S. than in other countries due to the strict regulatory framework that governs the production of drug products and the distribution chain, and enforcement against violators, says the FDA. However, the U.S. has recently experienced two highly publicized examples of counterfeit drugs within the U.S. distribution system: Lipitor tablets, a cholesterol-lowering medication, and Procrit, an injectable drug used to stimulate red blood cell growth.

In 2003, a Miami man was charged with selling nearly 1.8 million counterfeit Lipitor pills to Rite-Aid and CVS drugstore chains as well as online. Other Pfizer products, including Norvasc, Viagra, and Celebrex have been counterfeited. During 2007, authorities in 41 countries seized more than 8.6 million counterfeit Pfizer tablets.

Counterfeit Medicines

"Counterfeit medicines pose a serious threat to patient health and safety," said John Clark, Vice

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Brand Infection Also Hurts Brand Loyalty

Nearly 50% of patients stop taking their medicine after a few refills and 64% of prescriptions are now for generic drugs. With those sobering statistics in mind, these days it is more important than ever to protect the loyalty of patients to your brand.

"The brand relationship of pharma products and its customers can best be described as sterile and cold," said Rich Meyer of World of DTC Marketing Blog (<http://tinyurl.com/ralc1l>). "Pharma brands do nothing to embrace people into the brand experience. Pharma has largely ignored its current customers to focus on market share and new Rx's. That's a shame because now more than ever people want to form relationships with brands that provide the value beyond the product."

Protecting your brand from infection—be it counterfeiting or phishing attacks—and informing your customers of your actions will go a long way to establishing a trusted relationship between your brand and your customers (including physicians!).

Pharma's Online Brand Infection Problem

CASE #1: Cialis Blog: Real or Counterfeit?

(Originally posted February 1, 2006 on Pharma Marketing Blog by John Mack under "Cialis Blog--Shame on Lilly ICOS"; <http://bit.ly/qEjNo>)

In the *Pharma Marketing News* article "Blogs and the Pharmaceutical Industry" (PMN Reprint #411-01; <http://tinyurl.com/rbjlw2>), I made a passing reference to www.cialisblog.com as an example (albeit a BAD example) of a blog sponsored by a pharmaceutical company. Here's what I said:

"Consider www.cialisblog.com, an ICOS blog about the ED drug Cialis. This blog violates several blogging principles. Most importantly, it lacks a 'human voice.' Most posts to the blog appear to be company press releases and are signed "Posted by Cialis." This may be an attempt to establish rapport with the brand, but it doesn't work. The second problem is that posts are infrequent. Strangely, some posts are focused on ICOS profit data and have nothing to do with Cialis at all!"

"It turns out that the Cialis blog is not endorsed by the powers that be at Lilly ICOS, according to Lilly spokesperson Kindra Strupp," said Fard Johnmar of Envision Solutions. "Prior to my contacting Lilly, the company was unaware that the Cialis blog existed."

Pharmaceutical Executive Magazine, according to Johnmar, "reported in October 2004 that 'Eli Lilly and Icos . . . publish the Cialis Blog' (www.cialisblog.com). Given this report, it appeared that Lilly ICOS had successfully managed the numerous legal and regulatory issues associated with developing and publishing an official (sic) blog."

I found out about the Cialis blog from the piece in PE. If I read it, I am sure someone at Lilly ICOS read it too. That Lilly ICOS is now saying they were, until now, unaware of the blog is too far-fetched to be believed.

If Lilly ICOS was truly unaware that the Cialis logo was being misused then that just demonstrates incredible incompetence on their part. If you can't control your corporate assets—and your product logo is a VERY important one—then you should be shot, business-wise.

Johnmar tells me that the Lilly ICOS spokesperson also said it was "out of their control." That defense would not play well in Peoria nor in Rockville. It's a lame and indefensible excuse and I am surprised that it was offered by an official spokesperson. So, either Lilly ICOS is lying or they are inept or they are not taking any responsibility for proactively fixing the problem (unlike Pfizer, I might add, that vigorously protects its Viagra brand from counterfeit). Any way you slice it, shame on Lilly ICOS!

I hope Lilly ICOS will take swift action and halt the hijack of the Cialis brand logo and at least force its removal from a blog that disguises itself as an official Cialis site. That should be easy. The blog is hosted by Google Blogger, which should be able to pull the plug, especially if it receives a threatening call from Lilly ICOS's legal department.

Meanwhile, what would DDMAC think of all this if someone were to send them a screen shot of the Cialis Blog?

In a comment to this post, Dan Limbach of *PharmaVOICE* shared some information he discovered about the Cialis Blog site:

- Registered by a party (Mircea Piturca) in Romania (address may be real or not)
- Registering company is Vandelay Industries (A tribute to TV's Seinfeld no doubt)
- Registrant's email domain is swing-sets.us
- swing-sets.us is a website that links to other retailers as an affiliate

"Bottom Line: I don't think Lilly-Icos has anything to do with this blog," said Limbach. "This is an obvious attempt to hijack the Cialis brand for some other purpose. I would guess that all of the posts in the blog are copy-paste ripoffs from other sources just to have some posts. There are certainly legal and procedural options that they can pursue to shut it down, which they should do immediately."

Continues, pg 5...

President and Chief Security Officer, Pfizer Global Security. “Patients who unknowingly purchase counterfeit medicines are denied the therapeutic benefit of the medicines their doctors have prescribed. Counterfeits pose a further risk because they may contain ingredients that are actually harmful.”

Pfizer was so concerned about the distribution of counterfeit medicines via the Internet that it produced a graphic “dead rat” video commercial that was shown in cinemas in the UK. See “Cialis Blog: Real or Counterfeit?”; pg 7.

Protection from Brand Infection Survey

In response to concerns about the growing range of threats to brand value and the sheer volume of brand hijacking incidents, the CMO Council set out to assess the challenges marketers face as stewards of their brands. The result is Protection from Brand Infection, a seminal authority leadership report that outlines the proliferating threat-scape that marketers face and reveals how marketers are struggling to understand and measure the impact brand intrusions have on their second most valuable asset, their customer.

Sponsored by MarkMonitor, Protection from Brand Infection examined the array of threats marketers face and how well they understand their impact on brand equity, good will, intangible asset value and their bottom line. Finally, the report assessed the measures and campaigns marketers are undertaking in their fight to protect their brand from criminal misuse. The study has amassed input from more than 300 marketers from companies from regions

across the globe and of all sizes, including some of the most prominent names in consumer and business products and luxury goods.

We summarize a few of the top-level results of this survey, for which *Pharma Marketing News* was a media partner (see page 8 for how to order the full report).

Pharmaceuticals Cited Among Top Six Market Segments Affected

The top six market segments with the highest prevalence of trademark abuse, product piracy, brand hijacking or online counterfeit sales and the percentage of respondents citing them are as follows: Digital media (54.3 percent), luxury goods (41 percent), software (30 percent), footwear and apparel (24.6 percent), Internet ecommerce (24.2 percent), and pharmaceuticals (16.7 percent).

Marketers Must Play Key Role in the Solution

Too few marketers have responsibility for managing brand protection, says the report. Just 15.2 percent reporting their group has oversight of brand protection functions. The greatest segment of marketers, 38 percent, report their corporate legal department is in charge. This overweighting toward legal oversight is unfortunate given the greatest impact of counterfeiting, cybersquatting, and other kinds of brand hijacking are on the customer experience and perception of brand value and integrity.

“The byproducts of counterfeit goods include mass consumer confusion, dilution of brand value, and loss of trust in the brand,” notes Liz Miller, Vice President of Program Operations for CMO Council.

“Marketers can play a key role in the battle against counterfeiting and other brand infection practices if they are allowed to. As marketers begin to understand that they are the owners and protectors of the customer experience, they are beginning to actively partner with legal and IT to make sure that consumers are being educated both online and offline on how to protect themselves against counterfeit products.”

“The good news,” says Miller, “is that pharmaceutical marketers already interact extensively with their legal/regulatory people and can leverage that relationship in the fight against brand infection.”

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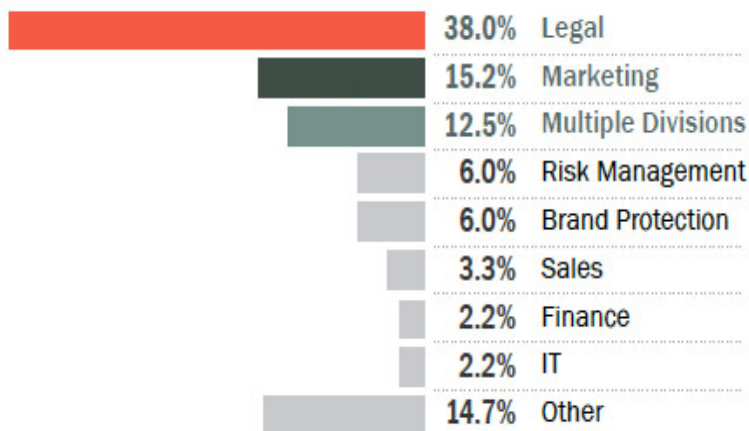


Figure 1: Q: If you have a formal enterprise Brand Protection group, or outsource to a third-party, in what department does responsibility and oversight of the function reside? (If applicable). Source: Protection from Brand Infection Survey: <http://bit.ly/xMAIb>

Pharma's Online Brand Infection Problem (cont'd)

An anonymous commenter suggested it was impossible to monitor all the sites—like cialis-blog.com—that use the name Cialis. “[It’s a] global whack-a-mole game that no general counsel @ Lilly can win. Google et al must step up ... but they won’t do so without pressure.”

John Kliewer, Vice President and General Counsel at Lilly took action after I informed him about Cilais Blog by e-mail. “Thank you for your note regarding the site at www.cialisblog.com,” said Kliewer. “We monitor the Internet on a regular basis and take action as appropriate to prevent the unauthorized use of our trademarks by third parties. We are aware of this site and will follow up according to our standard processes.”

One day later, the Cialis logo was gone from the blog and this statement was the last thing ever posted there: “CialisBlog is not affiliated with Lilly ICOS. Rercent (sic) articles in various newspapers mentioned CialisBlog.com as belonging to Lilly Icos. CialisBlog is no way affiliated, endorsed, or sponsored Lilly Icos. CialisBlog is not an attempt to hijack the Cialis brand. The site contains only news and information about Cialis and makes no claims whatsoever as being affiliated with Lilly Icos.”

CASE #2: Pharma Brand Hijacking on Twitter

(Originally posted May 26, 2006 on Health Business Blog by David E. Williams under “Big pharma’s products on Twitter: Unimpressive”; <http://bit.ly/JmXix>)

In Big Pharma and Twitter = Big joke! (<http://bit.ly/pdoth>) I demonstrated that big pharma’s presence on Twitter is pathetic. Few of the top 10 companies even maintain the Twitter address with their company’s name. If anything, the situation is even worse when it comes to the top-selling drugs. Big pharma expends considerable effort and dollars to produce and promote slick product-specific websites for its brands. Look at Lipitor.com for example. All the big drugs have sites like that.

By contrast the Twitter presence is a real horror show. Let’s have a look at the top 10 drugs by sales and their presence on Twitter:

1. Lipitor: <http://www.twitter.com/Lipitor> “has been suspended due to strange activity.” In other words, the same characters who sell fake Lipitor via Spam had probably also registered the Lipitor site on Twitter until Twitter put a stop to it. (The Twitter Viagra site <http://twitter.com/Viagra> is suspended, too.)
2. Advair: <http://twitter.com/advair> The name on this one is “CUSTOMER CARE,” following no one, and with two followers. “This person has protected their updates” –not sure why.
3. Plavix: <http://twitter.com/plavix> has two followers and a single one-word update: “Eating” from October.
4. Nexium: <http://twitter.com/nexium> is maintained by Rui Manuel Fonseca, who describes himself as “Newly graduated photographer looking for his way...”
5. Norvasc: <http://twitter.com/norvasc> is maintained by Jason Lovett, whose bio reads “Viva La Revolucion”
6. Remicade: <http://twitter.com/remicade> is maintained by someone you know who decided to babysit until the owner wakes up
7. Enbrel: <http://twitter.com/enbrel> is registered to someone named Dave Allingham who hasn’t posted any updates. He is following one person: Consumer Reports.
8. Zyprexa: <http://twitter.com/zyprexa> is registered to MaryAnn Hutchinson who’s posted one update, “Listening to KTAR and getting pissed regarding imigration and cigarette prices.”
9. Diovan: <http://twitter.com/diovan> has one update from way back in 2007, a classic piece of spam, “Buy Diovan Purchase Diovan (Valsartan) Online Diovan, Order Diovan at Canadian pharmacy.” It links to 1canadameds.com, which seems to have been shuttered.
10. Risperdal: <http://twitter.com/risperdal> is held by Benjamin Blevins. His one update, from April, is an offer to sell this name. He lists his gmail address.

I understand that it’s not totally obvious what pharma companies should do with product sites on Twitter. But I find it pretty lame that not a single one of these top 10 drugs –each with marketing budgets in the millions or more– has paid any attention to this element of brand identity.

Digital Invasion Causing Most Harm

Marketers are up against a broad range of threats to their brands' integrity but by far the greatest vulnerability is digital properties and channels. Cybersquatting or illegal use of trademarks or brands in domain names causes the greatest harm to the business and reputation for 28.4 percent of respondents while 24.7 percent pointed to illegal copying of digital media content, games, books, or software. This is followed closely by the 21.2 percent of respondents who cited reverse engineering or illegal use of IP as causing harm.

Direct to Consumer Anti-Counterfeiting Initiatives

Marketers are going direct to consumers or pooling their resources for education and anti-counterfeiting initiatives. The most prevalent activity for educating the consumer, channel and key stakeholders about fraud, fakes, online phishing or trademark infringement among marketers is running "genuine and authentic" marketing and merchandising programs, with 26.4 percent opting for this approach. Almost as many—25.8 percent—

said they contribute to an industry communications and public education campaign. And slightly fewer marketers—24.4 percent—reported they take the message directly to the consumer by identifying risks or threats in customer emails, calls or other means as well as gather intelligence and insight through third-party resources.

"The number of people looking to save money by buying pharmaceuticals over the web is growing rapidly while scammers are more aggressively exploiting loose controls over online sales of drugs," says Irfan Salim, president and CEO of MarkMonitor. "As consumers increasingly turn to the Internet to buy medications, brandholders must ensure these customers are not faced with the potentially life-threatening risk of buying fake or sub-standard medications."

"Let's face it, nobody's going to lose their life because of a fake Louis-Vitton handbag! The

Continues...

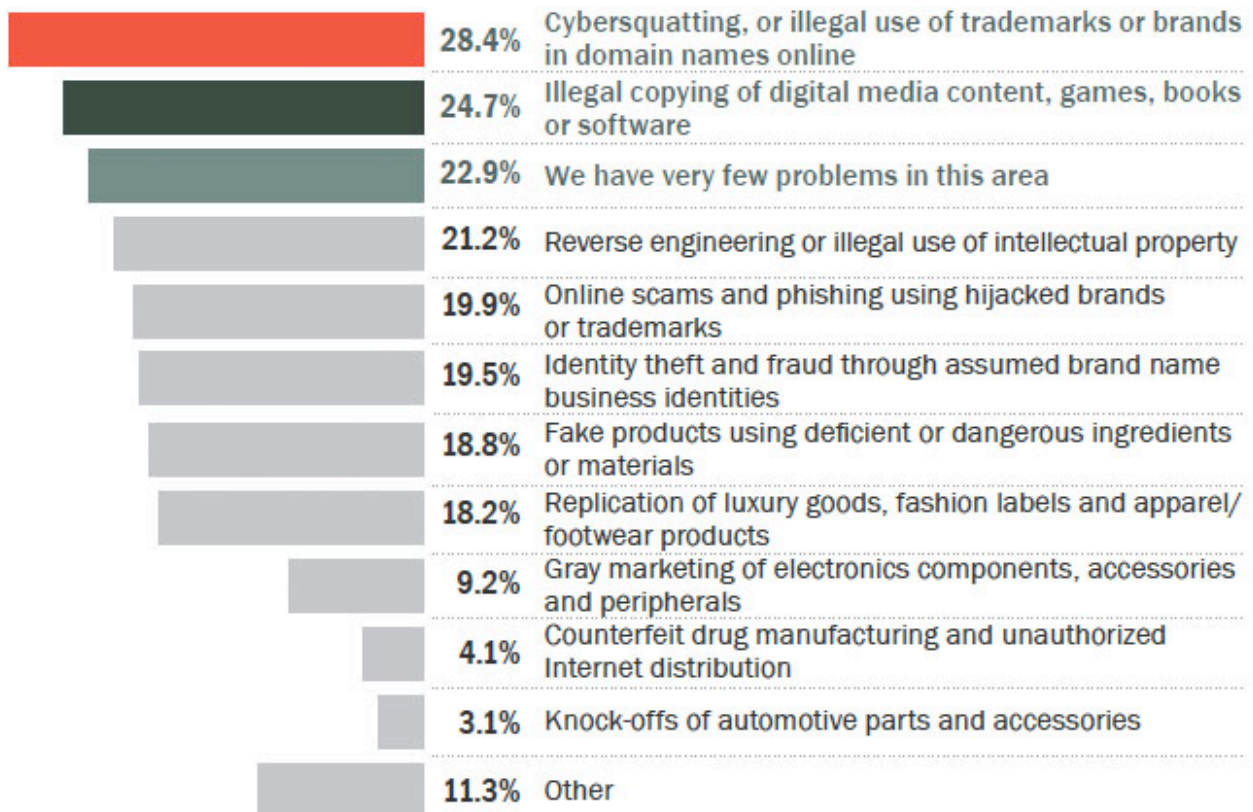


Figure 2: Q: What types of counterfeiting, trademark infringement or online scams are hurting your business and reputation? (Select the three most relevant statements). Source: Protection from Brand Infection Survey: <http://bit.ly/xMA1b>

Pfizer's Direct to Consumer Anti-Counterfeiting Initiative

Was a Rat Harmed in the Filming of This Pfizer Commercial?

(First published January 20, 2009 on Pharma Marketing Blog by John Mack: <http://tinyurl.com/7ngpop>)



Pfizer wants people in the UK to know the dangers of purchasing fake medicines on illegal Web sites. So it created a video to depict that danger. The still image on the left is from a scene in that video, which is the centerpiece of the Web site www.realdanger.co.uk, aka, "The real danger of counterfeit medicines."

In the video, a guy takes a couple of counterfeit pills from a plain, unbranded box and then regurgitates a dead rat!

As Jim Edwards points out in his blog, the video "also raises an awkward question for Pfizer, where do its medicines come from? CEO Jeff Kindler told investors in October that he expected Pfizer to be 'in' 137 cities in China by the end of 2008. It

wasn't clear whether those cities would contain factories, R&D sites or offices for sales rep managers."

According to a story in the *New York Times* ("Drug Making's Move Abroad Stirs Concerns"): "The critical ingredients for most antibiotics are now made almost exclusively in China and India. The same is true for dozens of other crucial medicines, including the popular allergy medicine prednisone; metformin, for diabetes; and amlodipine, for high blood pressure.

"Of the 1,154 pharmaceutical plants mentioned in generic drug applications to the Food and Drug Administration in 2007, only 13 percent were in the United States. Forty-three percent were in China, and 39 percent were in India."

Meanwhile, Cleveland Clinic cardiologist Steven Nissen warned in a letter to *Nature* that "Currently, about 1,600 facilities in China manufacture drugs or components of drugs marketed in the United States. Recent high-profile cases—such as contaminated heparin—poignantly illustrate the risks inherent in globalization."

The Pfizer UK Web site claims that "One in 10 UK men interviewed recently admitted to purchasing prescription-only medicines from unregulated sources, without a prescription. What they probably don't know is that it's estimated that between 50 and 90 per cent of medicines sold in this way have proven to be counterfeit which means they are taking a real gamble with their health."

My guess, of course, is that Pfizer is concerned about counterfeit Viagra pills sold online (probably the most important "unregulated source"). Only men were interviewed about buying drugs online it seems.

You can find the video on YouTube by a search on "Rat Pfizer," which works much better than "Real Danger," which doesn't work at all!

P.S. "Pfizer Defends Merits of Dead Rat with (Over)Informative." Includes disgusting details about how the video was made. See <http://bit.ly/kMDeI>

stakes are much higher for the pharmaceutical industry,” said CMO Council’s Miller.

At least one pharmaceutical company—Pfizer—has launched a direct-to-consumer campaign focused on the problem of counterfeit drugs ordered through the Internet (see “Pfizer’s Direct to Consumer Anti-Counterfeiting Initiative”; pg 7).

Much More Work is Needed

While a significant number of marketers are planning to increase spending on brand protection, they still struggle to understand, monitor and measure the impact of brand corruption and product knock-offs on consumer trust and confidence.

Evidence of how much work marketers have to do in the area of brand protection is reflected in the number of respondents—just 30 percent—who reported they have developed best practices or pointers that could be disseminated to peers who are struggling with this issue, concludes the CMO Council report. It’s a good start but for a problem so pervasive and with such significant implications for bottom-line business issues as well as customer trust and brand integrity, the 70 percent who reported they have not is proof marketers need to shore up on the competency and institutionalize processes, procedures and solutions.

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Pharmaceutical marketers can greatly benefit from the insights contained within the “Protection from Brand Infection” report from the CMO Council. Through both enterprise and consumer research, the report identifies best practices for pre-empting counterfeiting and containing or mitigating the resulting damage to bruised or battered brands. The full report includes conversations with leading global marketers from a variety of industries about the strategies and effectiveness of resources, solutions, and services being employed in the both the detection and protection of brand infection worldwide.

To purchase the full report online or download a free executive summary, please visit <http://bit.ly/xMAIb>.

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