

# Global Pharma Marketing: Emerging Trends

**Like other businesses, the drug companies also aim to make money. For this, they engage in a variety of marketing tactics that inform patients, doctors, hospitals, etc., of the efficiency and effectiveness of their products. As consumers are becoming more aware, these marketing programs are being redesigned target consumers also.**

Typically, a pharmaceutical company spends between \$450 and \$800 mn over 12 to 14 years to bring a single drug into the market. The chances of any one drug eventually making it to the market after successfully completing all phases of clinical trials and regulatory scrutiny are one in 10. A recent research suggests that in order for the drug companies to maintain their growth, a company would need to launch at least four new drugs every year. Considering that the FDA approvals have fallen drastically in recent times and the period of exclusivity (when patents apply) has shrunk, drug companies have to fine-tune their marketing efforts to boost sales.

A recent research conducted by the Boston University School of Public Health (BUSPH) reveals that brand name drug makers in the US employ 81 percent more people in marketing than in research, and the gap has been growing. It was also found that the total staff in marketing increased by 59 percent between 1995 and 2000, while the number of research staff declined by 2 percent.

Quite clearly, drug companies are taking their marketing activities more seriously than ever before. Currently the pharmaceutical market is faced with three challenges in the formulation and implementation of marketing strategies:

- Regulations with respect to what marketing tactics are permissible,

- Pressure from the public, government and insurance companies to control drug pricing and
- Defining the target group from among physicians, consumers, wholesalers, pharmacy chains, independent pharmacists, hospital personnel and HMOs.

## Emerging Trends in Drug Marketing

### Targeting Doctors

Drug companies have attempted to promote their products to doctors in various ways. Sometimes doctors are paid by the pharmaceutical companies to attend or speak at the dinners. Along with an array of gifts such as pens, notepads, mouse pads, golf balls, sales representatives in the US also come in with comfort foods like donuts and pizza. All these moves are aimed to get the sales representative in the door and to create top-of-the mind awareness. Another powerful promotion tool is the free sample. Most doctors receive it from representatives and pass it on to their patients. When the free samples eventually run out and when a prescription needs to be written, often the doctors write the prescription for the same drug even though they might have actually considered a different drug. As companies spend more and more money for pampering doctors,

the ethical dimensions of some of their actions are coming under scrutiny. So marketers have to employ their marketing tools judiciously.

To what extent do drug-marketing strategies influence doctors in writing the prescriptions? Most doctors claim they are not influenced by marketing ploys but research has shown otherwise. According to a study conducted by the Journal of the American Medical Association (JAMA), doctors who made specific requests to insurance companies that a particular drug be added to the formulary list, were 13 times more likely to have met with a pharmaceutical rep promoting the drug than doctors not making any such request.

### Targeting Patients

Just like physicians, patients also play an important role in promoting drugs. There was a time when most people kept their medical problems to themselves and didn't know the names of the medicines they took. Their doctor prescribed something for them and they took it. Today drug makers are pitching their prescription products directly to consumers instead of relying on doctors to spread the word. Anyone with access to TV, newspapers or the Internet can get into prolonged discussions on many ailments.

This newest marketing scheme is called the Direct-to-Consumer (DTC) advertising. DTC (US and New

Zealand are the only countries that allow DTC advertising of prescription drugs, although Canada is considering such a policy) aims at “embedding the name of a drug on to the mind of a patient so the patient will carry it into the doctor’s office, often with a request to try it.” DTC advertising has increased drastically since the FDA loosened regulations in 1997. Those marketing efforts have been credited with driving patient inquiries, encouraging better doctor-patient dialogues and increasing consumer health awareness. Merck reportedly spent \$160.8 mn on promoting Vioxx (arthritis drug), more than what PepsiCo spent on advertising Pepsi.

Again, the ethical dimensions of this direct selling approach have come under scrutiny.

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### **Targeting Health Maintenance Organizations (HMOs)**

One very important part of drug marketing effort is to contact “payors,” or HMOs, and try to negotiate a place for the drug on the HMO’s list of approved drugs, called a “formulary.” The objective of these companies is to provide high-quality drug care at the lowest possible cost. These organizations constitute a billion dollar industry that influences drug selection for tens of millions of patients. For the prescription drug market, Pharmacy Benefit Management (PBM) companies act on behalf of the HMOs to negotiate rebates with the drug companies.

Consider the following example of Prilosec, a very commonly used medication to treat a painful condition known as gastrointestinal esophageal reflux. Due to DTC advertising, promos of Prilosec are found everywhere and even patients suffering from light heartburns and dyspepsia are known to go to their physicians requesting them to prescribe Prilosec. Prilosec costs about \$3 a day, whereas a cheaper version that is most effective for milder symptoms costs only about 50 cents a day. Because of this price difference between a branded and a generic drug, the PBM tries to negotiate with AstraZeneca (makers of Prilosec). In order for Prilosec to be listed with the PBMs, AstraZeneca would enter into contracts with PBMs by paying millions of dollars in rebates for promoting the sales of Prilosec. If AstraZeneca fails to reach an agreement, then they face the threat of being sidelined by some cheap generic drug on the PBM “formulary.”

### **Creating Disease Awareness**

The most recent trend in drug marketing is to create an awareness of a particular disease. Companies are using advertisements to raise awareness, if not for their drugs, but for specific conditions themselves. Pharmacia, for example, tied up with the American Cancer Society to educate the public about colon cancer. The informative advertisements recommended colon screening by the age of 50 and stressed the importance of early detection. The print ad featured the Pharmacia logo along with the message: “This message is made possible by Pharmacia Corp.”

### **Targeting Specific Customer Segments**

In January 2002, Pfizer (US) announced that it would offer its drugs to low income elderly people for a flat fee of \$15 a month for each

prescription (compared to the existing price of \$65). The company has estimated that close to seven million people could qualify for this program, which will be available to individuals with gross incomes under \$18,000 a year and couples with incomes below \$24,000. Though this effort will, in the short term, reduce the revenues in the US by roughly 2.5 percent, the company is optimistic about these patients completely switching to Pfizer medications. Pfizer is not alone in wooing the elderly. GlaxoSmithKline announced a similar drug discount program for low-income elderly people in October 2001 and it has already enrolled 20,000 patients. Novartis also announced a similar program in November 2001 and it has received about 2500 applications till date. Glaxo and Novartis promised discounts of 25 percent or more. Pfizer will issue cards and offer counseling and health information to people in its program.

### **Using Slick Promotions**

One of the best-known examples of drug marketing is that of Schering-Plough and Claritin, its allergy drug. The marketing strategy was designed and implemented on the lines of a consumer product. The campaign started in 1997 and before long the Claritin name appeared on tote bags, pharmacies started distributing Claritin pamphlets with information on allergies and prescription bags were filled with Claritin banners and inserts. TV ads were also launched with known celebrities like Joan Lunden, the host of Good Morning America (ABC Channel) and Mike Piazza, New York Mets’ (baseball) catcher. In 1998, Claritin became the first pharmaceutical product to sponsor Major League Baseball (MLB).

Pfizer’s Viagra is another great example of marketing success. Pfizer’s success has been attributed to how it

communicated the benefit to the patients. In tackling the delicate issue of impotence, Pfizer communicated that it understood how the condition would affect a man's life and his relationship with his spouse, and how Viagra could help. At the same time, by describing impotence as "erectile dysfunction," Pfizer made the message more acceptable. It equated the condition to something that an average man would experience at a certain age. Pfizer also communicated that being impotent was just another health issue. GlaxoSmithKline also attempted to project such an image with Valtrex (herpes medication). The TV commercial showed a young woman working out and showed the drug's

Most patients are covered by health insurance plans and since they don't actually pay the cost of their medication, they are actively demanding branded drugs as medication

benefit of offering "freedom" from symptoms of the disease. The commercial showed that the young woman was taking charge of her life and that she was undaunted by the disease.

### Partnering with Advocacy Groups

Another way many drug companies are positioning themselves is by joining hands with famous advocacy groups. Warner Lambert (now taken over by Pfizer) put together a \$1 mn campaign for Lipitor (Cholesterol lowering) along with the American Heart Association (AHA). This campaign included cholesterol screening events and lectures to educate the public about the dangers of high cholesterol.

Another company following this strategy is Astra Zeneca. Executives of this company attend the pharmaceutical round table meetings of the AHA. The company also works with the American Diabetes Association to fund education on the link between diabetes and heart disease.

### Online Marketing


Though the drug companies have not been great proponents of the Internet, they are now catching up fast. Many companies are extensively using the online media to advertise themselves. One of the main reasons is that the FDA has no special rules on online drug advertising. It also has no jurisdiction over any content that doesn't mention a drug by name, such as obesity.com (when a particular drug name is mentioned, then the company must follow the same standards that govern print advertising). As in offline mode, companies are creating awareness of the disease and not just promoting their drug.

Consider the example of Teva NeuroScience and its "Managing MS" website. This website is dedicated to providing information on Multiple Sclerosis (MS). The site includes a discussion board, a library with background info on MS, advice on how to manage symptoms, etc. The company conducts surveys of the site's users, which serve as a focus group that provides insights to the company on what MS sufferers want and need. According to Atul Singh, head of e-business at Teva Neuroscienc, "The focus here is on education. On the site we don't say that Copaxone is the best drug. We provide more information on the disease than on the therapy." Another example is thinhair.com by Merck. The company runs television commercials about hair loss and suggests men to visit thinhair.com. Neither the commercial nor the website talks about Propecia, Merck's

baldness treatment drug. Both the commercial and the website display a message saying, "If you would like information on one such treatment, click here." The link leads to Propecia.com.

### Conclusion

Drug marketing has changed in the past five years since the FDA relaxed its regulations on direct promotions. There is definitely a lot of hue and cry about the efficacy of the DTC campaign. The most vocal opponents are the doctors and the HMOs who are put under severe pressure to consider patient requests for a particular prescription. Most patients are covered by health insurance plans and since they don't actually pay the cost of their medication, they are actively demanding branded drug as medication. In spite of all the available literature both online and offline, it's a little difficult to comprehend that a patient can get an accurate understanding of his or her medical condition that the physician might not have known already. Marketing strategies like targeting senior citizens (Pfizer, Novartis, GlaxoSmithKline) and creating disease awareness have had tremendous success and we see more companies and patients appreciating such efforts.

Though such direct campaigns educate the public, healthcare is a very specialized field and any amount of medical literature cannot fully educate a non-medical person. From an ethical standpoint, drug companies should, target the medical community rather than the patients. As mentioned earlier, only US and New Zealand have approved DTC policies. There is a strict no to such campaigns in Europe and the rest of the world. In the following years, we will be seeing more such marketing strategies and the effects of DTC will be seriously debated. 

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