

# Cialis Case

MBA 6210 - Section 070

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**1. What are the most relevant dimensions along which to segment the patient market for ED treatment? Of the segments identified, which would you initially target with Cialis?**

The most relevant dimensions to segment the patient market for ED treatment are geographic, demographic, behavioral, and benefits sought. We can split these segmentation variables into three categories: *who* buys, *what* they buy, and *why* they buy it [Gupta, pg. 10]. For Cialis, *who* would be purchasing the product are the estimated thirty million men in the U.S. and 150 million men worldwide experiencing chronic ED [Ofek, pg. 2]. Based on the studies performed by the Global Market Research (GMR) team in the U.S and Europe, they identified that the average ED patient was in his 50s, with U.S. patients seemingly more educated about the condition than in other countries [Ofek, pg. 7]. Therefore, our geographic segment can be split into the U.S. and Europe, and our demographic segment is identified as men in their mid-to-late 50s.

*What* these men are buying is a prescription drug to help them treat this chronic condition. According to the results of the study, most of the men actively seeking treatment for ED had Viagra as the most commonly suggested medication; despite this, consumer levels of satisfaction with Viagra were mixed [Ofek, pg. 7, Appendix A]. We can use this to segment these men into three groups: a) *Viagra current users*, b) *Viagra dropouts* (had used the drug once but discontinued usage) and c) those who had *never used* Viagra [Ofek, pg. 8].

Finally, *what* benefits were being sought by these individuals - what was driving these men to even seeking treatment in the first place? Another finding from the survey conducted by GMR was over 80% of the men seeking treatment had a sexual partner [Ofek, pg.7]; many of the men suffering from ED had problems with intimacy with their significant other. When the product team conducted interviews with sufferers of ED, a common theme emerged characterizing the condition: feelings of insecurity and detachment from their sexual partner, a questioning of his role in other contexts of his life, and a considerable effect on the individual's sense of place in the world [Ofek, pgs. 8-9].

Based on the outcomes from the market research and the segments identified in the case, I would target males 55 years and older in the U.S., Germany, and the U.K., who were either current users of Viagra or dropouts, and those who had been with their sexual partner for longer than five

years. I made this determination based on the average age of ED sufferers, the high percentage of willingness to try Cialis from consumers in those countries, and because these men were already actively seeking treatment for their condition (see Appendices B, C, D). While this seems like a very *niche* [Gupta, pg. 20] segment, it makes sense for Cialis to carve out a small space in the market as this is the first drug they are launching, and analysts were predicting that between Viagra, Cialis, and Bayer advertising ED drugs, it would be the most heavily advertised category of pharmaceuticals [Ofek, pg. 13].

## 2. What is Viagra's positioning in the marketplace in 2002? How would you characterize the Viagra brand?

Viagra's positioning in the marketplace in 2002 is the "established" brand name and drug of choice prescribed by physicians with patients seeking to treat their ED. Distilling the message being used in print ads at the time [Ofek, pg. 10], we could write their positioning statement [Gupta & Avery, pg. 7] like this: For [*couples suffering a decline in sexual activity*], Viagra is the only brand among all [*medications for patients suffering from ED*] that [*cares about our consumers*] because [*Viagra is urging you to see your doctor*]. Viagra created *resonance* [Gupta & Avery, pg. 12] for their product position by emphasizing (in bold letters) in their print ads that Viagra is a proven treatment with **9 million men** having used the drug [Ofek, pg. 10].

Viagra also slightly *repositioned* [Gupta & Avery, pg. 24] themselves from their earlier ads featuring Bob Dole. In 2001 Pfizer used Mark Martin, a well-known NASCAR race driver in his 40s, to drive around his #6 car (sponsored by Viagra) encouraging men to ask if "...a 'six-pack' free sample of Viagra was right for them." [Ofek, pg. 10]. The message being conveyed by Pfizer with Viagra is that not only were they the first to effectively treat ED, they were still the number one choice for men, even if they were not in their twilight years [Gupta & Avery, pg. 7].

Viagra as a brand is practically synonymous with ED, the symptom that it is treating [Ofek, pg. 2]. It is recognized far beyond just ED patients and became a cultural phenomenon, appearing in late-night TV comedies and being portrayed in popular magazines. Pfizer very astutely used a well-known and respected figure to advertise and build brand recognition during the initial launch of the drug. Bob

Dole was a 75-year-old former politician that advertised the drug on TV by encouraging men with ED to have regular checkups; this was likely the first time anyone had spoken openly about the condition in public. Bob Dole became a strong brand ambassador for Viagra because he was viewed as a hero for displaying determination, courage, and humor about his condition (he took part in the clinical trials for Viagra after removing a cancerous prostate) [Ofek, pg. 2]. The Viagra brand and name recognition were so strong that even though Pfizer had a minor hiccup six months after launching, they were able to turn around their fortunes and have sales top \$1 billion in 1999.

### 3. What would be the most effective way to position Cialis in the marketplace?

The most effective way to position Cialis in the marketplace through *vertical positioning* [Gupta & Avery, pg. 16]; the marketing team should highlight that Cialis, Viagra, and Levitra all offer a potential treatment to combat ED while stressing that Cialis has demonstrated superior performance using words like *more convenient*, and *has less side effects*. While Viagra was the first drug prescribed for sufferers of ED, it was not as effective as it could be, lasting only four hours after dosing [Ofek, pg. 1]. Viagra left many existing customers dissatisfied with their results, as evidenced by only 25% of patients still using Viagra one year after initiating treatment [Ofek, pg. 11]! This is the first thing that I would highlight as a marketing manager - that Viagra is a drug that is not a **long term** solution for ED sufferers, and for those consumers looking to try something else, Cialis offers the opportunity to try a drug that was proven to be more effective and longer lasting in clinical trials [Ofek, pg. 1].

Another effective way to position Cialis in the marketplace is by using the *points of difference* [Gupta & Avery, pg. 16], the unique product attributes unique to Cialis. The greatest differentiator of Cialis compared to Viagra is that it did not contain many of the same side-effects, including blue-tinted vision; in the advertising for Cialis, it might not be important to consumers to point out the specific details around the enzymes being inhibited in Viagra causing this blue-vision side-effect [Ofek, pg. 3], but to inform customers that Cialis was formulated in a way to avoid this problem altogether. By pointing out to consumers that Viagra also had other significant side-effects, including facial flushing, headaches, and indigestion, marketing managers could make consumers question whether these

drawbacks were worth the using the drug to help them overcome their condition. To differentiate Cialis from Viagra and make the brand position *durable* [Gupta & Avery, pg. 21], I would use a very clear positioning statement to consumers: “*Cialis: less side effects, longer lasting, and doesn’t require special (high-fat) meals to be effective.*”

#### 4. What marketing mix activities should accompany the launch of Cialis?

The marketing mix activities that should accompany the launch of Cialis are [Dolan, pgs. 18, 23, 30 32]:

- *Product offering* (how will Cialis deliver value to its consumers)
- *Promotion decisions* (what kind of advertising should Cialis use)
- *Place decisions* (what distribution channels should Cialis use)
- *Pricing decisions* (how to price Cialis compared to Viagra)

*Product offering:* Cialis will deliver value by providing sufferers of ED an opportunity to renew intimacy in their relationship with their loved one and a chance to return to normalcy; ED is a condition that can be treated, and Cialis offers a cure for this ailment.

*Promotion decisions:* Cialis should use TV as their main form of communication to consumers about the drug. TV is an effective medium because the FDA’s revision of the rules on prescription drug promotion in 1997 [Ofek, pg. 4] and Viagra used this to good effect with their ads featuring Bob Dole and Mark Martin. Studies showed that nearly a third of all adults initiated a discussion with their doctors about drugs they saw advertised on TV, and that 44% of those adults received a prescription [Ofek, pg. 4].

*Place decisions:* Since Cialis and drugs used to treat ED require a prescription from a physician [Ofek, pg. 7], Cialis needs to work with nation-wide (CVS, Walgreens) and local pharmacies to help distribute the drug. Many pharmacies already have partnerships with large health insurers to ensure customers have access to the drugs they need; Cialis would want to make sure that it is easy for consumers to not only fill their initial/first prescription but any subsequent trips to refill their prescription.

*Product lines (price points):* This is one of the biggest challenges facing Cialis prior to their launch: how should Cialis be priced considering:

- health insurance plans likely won't cover it [Ofek, pg. 13]
- potential customers were senior citizens (less disposable income) [Dolan, pg. 36].

I would price Cialis slightly cheaper (or the same base price) than Viagra to build up a sizable customer base. A customer's price sensitivity increases when they can easily switch from one supplier to another without incurring additional costs [Dolan, pgs. 38-39]; being at the same or lower price point than Viagra would get those customers already on the fringes, or already unsure of their satisfaction with Viagra, to switch over to Cialis.

**5. What would be the most important message to communicate to the target patients? To physicians? To partners?**

For target patients, there are three distinct messages that need to be communicated. For *current* users of Viagra, the message that should be communicated is that Cialis is safer, based on the favorable safety profile demonstrated during clinical trials [Ofek, pg. 1], lasts longer (onset time of 30 minutes and half-life of over 17 hours vs. four hours with Viagra) [Ofek, pgs. 1, 3] and the lack of side effects compared to Viagra. For Viagra *dropouts* the message that should be communicated is that although Viagra may not have served their needs, Cialis had been shown to improve the ability of 81% of men suffering from ED, even 36 hours after taking the drug [Ofek, pg. 1]; this would offer these men some hope that their condition could and would be treated by trying Cialis. Finally, for target patients who never took Viagra (either because they never sought treatment or never were prescribed a drug to help them with ED), the message that should be communicated is that there is nothing to be embarrassed about the condition (for younger segment), and that it was not a normal part of aging (for older segment), and that both of these groups could treat their condition by using Cialis.

Based on the conjoint study performed with 350 doctors split between urologists and primary care physicians (PCPs), the two most important attributes of ED treatment for physicians were *efficacy* (what percentage of patients had effective results from the drug) and *safety* - these two attributes accounted for 70% of the relative importance for these two groups [Ofek, pg. 6]. Many PCPs were apprehensive about prescribing drugs like Cialis because of the 130 deaths reported by the FDA attributed to taking Viagra; doctors felt patients had entrusted their lives to them [Ofek, pgs. 3, 6]. The first message to convey to physicians about Cialis is the promising clinical results of the drug to

assuage any fears from physicians that the drug was not effective or not effective for their patients. Since safety was also important, the other benefit that should be communicated is that Cialis demonstrated a favorable safety profile in clinical trials, and the incidence of visual irregularities (a side effect of Viagra) was rare for Cialis [Ofek, pg. 1]; this showed the drug was safer for potential patients.

Partners suffered from a lack of information regarding the condition; some partners assumed that ED was caused by work-related stress, others attributed it to other pre-existing medical conditions, and yet others feeling that **they** were the cause because they were no longer attractive to their partner [Ofek, pg. 9]. Their satisfaction with Viagra was mixed, and virtually all the women who were surveyed acknowledged inconveniences with the drug, feeling powerless because of their partner's need to take the drug. The first message to convey to partners would be to educate them about ED and what things can cause the condition like other medical diseases, lifestyle choices like smoking or alcohol consumption, and certain psychological factors like stress and depression (about 20% of cases) [Ofek, pg. 2]. By educating partners about the causes of the drug, it will help them to feel like part of the solution (instead of part of the problem), and they can continue having a high impact during the perception phase of the HCTM [Ofek, pg. 7] by helping their partner understand why they might be suffering from ED. Once partners are comfortable with talking about the condition after understanding how it happens, the second message to convey is that the delayed onset time and length of time Cialis lasts [Ofek, pg. 3] allows them to have more flexibility in their love life, and avoid that feeling of powerlessness.

## Appendix

### A.

**Table A** Satisfaction with Viagra

Satisfaction Level	U.S. (%)	France (%)	Germany (%)	Italy (%)	Spain (%)	U.K. (%)
<b>Very satisfied</b>	24	23	27	28	29	23
<b>Somewhat satisfied</b>	34	49	57	51	37	36
<b>A little satisfied</b>	19	20	14	16	14	11
<b>Not at all satisfied</b>	23	8	3	5	19	30

Source: Lilly ICOS.

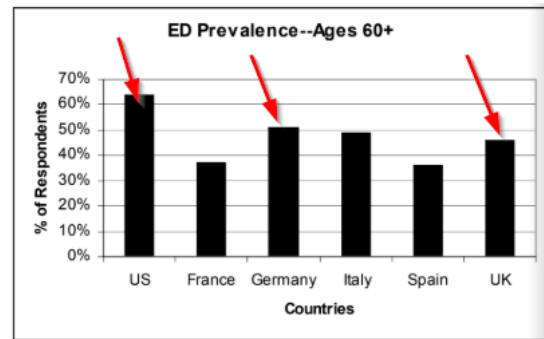
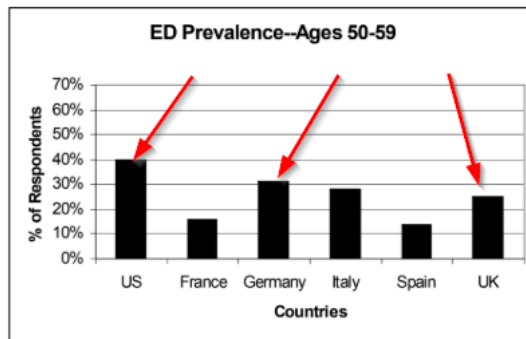
B.

**Table B** Interest in Trying Cialis (%)<sup>a</sup>

	U.S.	France	Germany	Italy	Spain	U.K.
Viagra current users	90%	97%	97%	58%	70%	100%
Viagra dropouts	84	68	89	52	70	100

Source: Lilly ICOS.

C.



D.

**Exhibit 6** Demographic Indicators of ED Patients

Demographic Indicators	U.S.	France	Germany	Italy	Spain	U.K.
<b>Age</b>						
Mean	58.4	50.7	53.5	55.4	50.7	56.9
<b>Employment</b>						
Employed full time	50	61	54	54	68	40
Employed part time	4	5	3	6	10	4
Student	<1	<1	1	2	1	2
Retired	44	26	35	35	<1	44
Not currently employed	2	8	7	3	22	10
<b>Marital Status</b>						
Single, never married	7	12	10	12	15	7
Married or living together	80	77	73	74	75	80
Widower	2	2	3	6	3	2
Divorced or separated	12	10	14	8	7	11
<b>Sexual Partner</b>						
Yes	86	92	85	91	86	87
No	15	8	15	9	14	13



## References

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