

## THE ASPECT OF BRANDING IN PHARMACEUTICAL INDUSTRY - MANAGEMENT APPROACH

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### **Abstract:**

The basic function of any trademark or brand is to make the product unique, different from others. 'A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. A product can be quickly outdated; a successful brand is timeless.' Developing a successful brand yields numerous consumer benefits, and leads to easier accomplishment of market goals as well: reduced marketing costs due to high levels of brand recognition and express brand loyalty.

*Keywords: branding in pharmaceutical industry, pharmaceutical market, pharmaceuticals management-market mix*

## 1. OBJECTIVES

Following Smith's (2002) idea of the environmentalist nature of pharmaceutical marketing, we have tried to give a comprehensive elaboration of the constituents of this environment, which, according to the notable author, essentially determine the specific features differentiating this from the marketing of other products. Of course, one must also bear in mind the fact that the basic postulations of marketing, its original logic, function in this 'particular and unusual' environment. '...So dealing with chaotic environments is certainly nothing new. But pharmaceutical companies, whose marketing environment seemed so simple and orderly not too long ago, might as well be facing creation itself. To them, today's healthcare marketplace looks like the Big Bang that began space and time – utter chaos, with only a hint of future order. Clouds of customers surround them, pressing countless demands. Clusters of healthcare information, much of it key to pharmaceuticals, gather and interact from all directions.' (Koberstein, 2000). With this position of Koberstein, long-time editor of *Pharmaceutical Executive* magazine, which once again confirms the dynamic nature of pharmaceutical industry environment and the importance of understanding the complex impacts of multiple stakeholders, we complete the analysis of pharmaceutical industry's marketing environment. The next step is the analysis of the specific features of pharmaceutical products and their market in terms of 'levers' by which pharmaceutical marketers try to influence (and create) the world and/or the market around themselves (Dickov, Mitrovic, Kuzman 2011; Dickov & Kuzman 2011a; Dickov & Kuzman 2011b).

## 2. INTRODUCTION

The basic function of any trademark or brand is to make the product unique, different from others. 'A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.' (Kotler, 1997, p. 443). According to Czinkota *et al.* (2002), a brand is a piece of basic information used by consumers in making decisions and minimizing purchase risks. Kotler (1997) quotes S. King, highlighting the significance of brands and their superiority in relation to the product itself: 'The product is something made in factory; a brand is something that is bought by a customer. A product can be copied by competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless.' Developing a successful brand yields numerous consumer benefits, and leads to easier accomplishment of market goals as well: reduced marketing costs due to high levels of brand recognition and express brand loyalty; (Dickov 2011a) (Bhalla, Evgeniou and Lerer 2004) (Gundlach 2007).

- the company's bargaining power over distributors is significantly increased due to the fact that distributors want the product in their assortment;
- the possibility to charge higher prices for products as a result of the products' high quality as perceived by consumers;
- the potential of launching additional products under the same brand, i.e. brand extensions, as the brand enjoys high credibility among consumers;
- the brand partially protects the company from extremely pricing-orientated competition (*ibid.*, 1997, p. 445). (Dickov, Dickov and Martinović-Mitrović 2011) (Dickov 2004).

Bedbury (2002) proposes an alternative definition of the brand as a synaptic process in the brain, comparing brand perception to Pavlovian response, highlighting expectations as its key component. Elaborating on the concept, the same author proposes a definition by which brand development or branding '...is about taking something common and improving upon it in ways that make it more valuable and meaningful.' (*ibid.*, 2002, p. 14). Blackett (2001) argues that the ability of a brand to deliver a set of values to the consumer is key to understanding why nowadays a good brand is considered as a company's most valuable asset. In his opinion, values that a brand is capable of delivering to the consumer can be classified into:

- *Functional values* refer to rational, measurable characteristics, evidencing what a brand delivers to the consumer in terms of efficiency, safety, convenience (simplicity) of product use, and cost. Functional values are of great importance for the quality of pharmaceutical products, and participate significantly in the total value assessment by the constituents on the demand side. Efficiency is measured by therapy outcomes of the applied drugs/therapies, while safety is defined by the acceptable level of adverse effects. Convenience (simplicity) of use refers to the frequency of therapy and route of administration, as the consumer is prone to avoid complicated and painful and/or unpleasant therapies. Drug/therapy cost is the costs that burdens patients/prescribers/payers in various circumstances and with varying intensity and

objectively, a therapy must also be valued from the cost efficiency aspect. Traditional pharmaceutical industry primarily uses functional values. (Dickov 2004; Dickov 2012)

- *Expressive brand values* are based on the premise that a brand is a specific means of expression for the consumer, and as such speak about him/her as a person. In a large number of consumer goods (especially those in the special category), a brand's expressive values are of special and explicit importance. The set of expressive values in pharmaceutical industry is traditionally targeted at prescribers, but the concept of lifestyle drugs uses expressive values addressing the consumers. Considering consumer motivation, Smith *et al.* (2002) give a very comprehensive list of therapy options in which expressive values can be used in brand development. OTC product and home diagnostic equipment can be very successfully positioned through independence/and or freedom; devices used in sexual dysfunction are logically based on the issue of human sexuality, while weight loss products, steroids, vitamins and food supplements very often successfully build on the inner social context, 'promising' higher-quality social contacts. (Dickov, Kuzman and Tomic 2011; Dickov & Kuzman 2011; Dickov 2011b). The concept of central value is based on the level of 'fundamental values' shared by the consumer and the brand, which Blackett (2001) illustrates with the example of low risk of using the therapy measured by the absence of adverse effects. Riezebos (2003) classifies the values that a brand is capable of delivering into functional and non-functional values, and in an attempt to explain the brand phenomenon he introduces intrinsic and extrinsic attributes as the basis for any brand development. Intrinsic values refer to the expected product levels, or imply inherent functional values that any product targeted at a particular market/consumer must have, meaning that a part of intrinsic value does not have the ability to differentiate the product from the competing products. Extrinsic attributes are not included in the product's 'physical composition', and their logic corresponds to the level of augmented product, i.e. expressive values. In the opinion of many authors, pharmaceutical industry is traditionally focused on products rather than brands (Blackett, Robins, 2001; Moss, 2001, 2007; B. Smith, 2002; (Mintzberg, Quinn & Ghoshal 1998; Gillespie, Jean-Pierre & David 2004; Smith 1991). Moss, Schuling (2004); Griffiths (2008), and according to Blackett (2001), it has little experience in brand design and management. '...there are strong theoretical and empirical reasons to believe that the potential value of pharmaceutical branding is currently underestimated.' (Liddell in Blackett, Robins, 2001, p. 43). These authors, on the other hand, promote the opinion that pharmaceutical industry must inevitably allocate more energy, funds and time to brand development (see Fig. 37), and Friedman (2008) argues that, in the new circumstances, an ethical drug brand can no longer be considered only within its patent protection period (Walker Jr., Boyd Jr. & Larreche 1995; Dickov 2012).

### 3. THEORETICAL AND PRACTICAL SOLUTIONS

Intensive merger and acquisition activities in the pharmaceutical industry can also be interpreted from the aspect of branding. Mergers and acquisitions in other industries are often caused by the objective opportunity of using a successful (or less successful but familiar) brands for entry into a particular market. Mergers and acquisitions in pharmaceutical industry are induced by synergy in R&D, marketing or sale, which is another evidence of the industry's lack of focus on brand management. Brand equity is almost non-existent; instead, product value is expressed by its therapeutic value and patent protection. In the OTC product segment, the industry has shown that it is not unfamiliar with branding logic and practices. Important OTC brands have been present on the market for a considerable number of years, and their structure (by the length of market presence) is very similar to that of consumer goods industries. One of the conclusions is that all the roles in the decision-making process on the purchase and/or use of products are 'returned' into the hands of final consumers, which distinguishes them from ethical drugs, so that in this case branding logics is very similar to the one present in consumer goods. Successful OTC brands crossed national borders long ago, and are almost comparable with global consumer goods giants such as Coca Cola, Orbit or Pringles. Without the intention to rank or give a comprehensive list of all products, we shall mention only some, familiar to any 'average' consumer in Serbia: Aspirin (Bayer), which has celebrated the centenary of market presence; Centrum (Wyeth) or Supradyn (Roche) vitamin supplements; Strepsils (Boots) lozenges; Efferalgan (UPSA) paracetamol and many other. Advil (ibuprofen), another Wyeth's brand, one of the most popular pain killers in the USA, is gaining market share in Europe as well. This brand is well positioned in most neighboring countries, and it is only a matter of time when it will appear in our pharmacies, and pose the question of its impact on the generic product versions available on our

market. Strengthening the role of final consumers and/or patients on the pharmaceutical market, dynamic changes in the position of prescribers and payers, and strengthening the role of other stakeholders on this market place the focus of interest on the question whether it is possible (and/or necessary) to develop successful ethical drug brands. To this question, Donahue (2007) adds the question whether it is possible to develop an ethical pharmaceutical brand in such a way as to promote trust in the product, the company and the industry itself, as this is one of the key concepts when considering this market. Blackett (2001) highlights the importance of dealing with ethical drug brands with the fact that their share in the total sales value of pharmaceuticals accounts for about 90%. What is the reason for inadequate engagement of pharmaceutical companies in brand development and management? The sources usually state the following reasons:

- High degree of regulation within the industry, with a strong influence of the state and politics (Blackett, 2001) and politics (Blackett, 2001).
- A constant cycle of improvement leading to the introduction of new brands at the expense of the existing ones (*ibid.*, 2001). The tradename, i.e. brand cannot be extended to a new active pharmaceutical ingredient (the 'new molecule'), as the new entity has to be registered under a unique name (Moss, Schuiling, 2001).
- Innovative ethical drug producers compete through R&D rather than by marketing or pricing practices (Liddell, 2001). Companies on the pharmaceutical market are primarily focused on patents guaranteeing them a period of exclusivity on a certain market. Patent protection expiry is followed by generic erosion and a large number of producers enter the market with bioequivalent products.
- Another reason resides in the nature of the industry itself, which is orientated to the R&D process in constant search of more efficient and safer products, which may lead to the appearance of a pharmacologically superior product even before patent expiry, which will mean the end of the inferior drug's lifecycle.
- Misconception that buyers/consumers are only interested in the product's technical attributes (Moss, 2001).
- The presence of an 'additional layer' – prescribers and pharmacists (Moss, Schuiling, 2004) and payers – between the pharmaceutical industry and the final consumer/patient.

Moss (2011) views brands in pharmaceutical industry at three hierarchical levels. The first level is the corporate brand. A well-positioned corporate brand is in the function of raising a company's credibility level, strengthening the public's and/or the consumers' trust in the company, the credibility of R&D process, and a foothold facilitating access to prescribers for the company's sales force. A high failure rate of new pharmaceuticals in some cases has a discouraging impact on the idea of corporate brand development. Merck's fiasco with Vioxx explicitly shows a situation when a company would 'pay any cost' to keep the negative publicity of one drug extending to other products in its range. The therapeutic class brand represents a particular company's specific highlight on its superiority in the treatment of a particular disease. The company's specialization in 'a single problem', a single therapeutic class, guarantees to the consumer continuous care

of a particular problem, continuity of research, and thus the quality of its product or therapy. The trademark or brand name is the basic level, where the brand is developed around an individual product. The basic specific feature refers to the fact that each pharmaceutical product has at least two names – the innovator's original name and the generic name. The same product may be available on the same and/or different markets under the same generic name and different brand names. For instance, OM Pharma sells its drug Dexium (calcium dobesilate) under this brand name in Germany, and the same drug is sold in Argentina under the names Duflemina and Eflevar in Argentina, or Doxi-OM in Portugal. Johnson&Johnson have licensed their Remicade to Japanese company Tnabe, so that the drug is sold on this market under the same name. Also, when licensing a drug to another company (or during joint product development), it is not uncommon for a drug to get different brand names on different markets; e.g., Valeant Pharmaceuticals licensed Virazol (ribavirin) to Schering Plough, who sold the drug on the American market under then name Rebetol, while Roche markets this drug on the European market under a separate license and the name Copegas. (Dickov & Kuzman 2011b)

While taking specific features into account, Moss and Schuiling (2003) find it justifiable to invest in pharmaceutical brand development, proposing a 'recipe that has stood the test of time' from the consumer goods segment:

- to develop brand identity, i.e. differentiate it from the competitors, which also implies selecting the appropriate target market segment;
- developing a marketing program suited to the brand's identity, implying the appropriate combination of marketing mix instrument
- continuous brand management, monitoring brand perception by consumers, as well as resolving possible conflicts on the relation between expected brand positioning and consumers' perception. (Dickov 2004)

In his research conducted among prescribers in the UK, Griffiths (2007) confirms the existence of brand loyalty, as well as the fact that media promotion makes an impact on the prescribers' therapy prescribing patterns. The author deems that there is space (and reason) for product branding in pharmaceutical industry, and that the trend of direct-to-consumers (DTC) promotion will keep growing in the future, and potentially expand over the borders of USA and New Zealand markets, where it is currently legally permitted. Some authors argue that DTC pharmaceutical promotion has not yielded expected results (Moss, 2001; Ladha, 2007; Petersen, 2008). Although we have not engaged in detailed classification of pharmaceuticals into one of the consumer goods categories by the repeat purchase criterion, objectively, pharmaceuticals display some attributes of unsolicited products, and the consumers' selective perception may be blamed for poor performance. If we accept that the consumers use a selective perception mechanism to screen (i.e. remove) a range of information that they are currently not interested in, is it not obvious that the same mechanism is also at work for numerous categories of pharmaceutical products? Angelmar *et al.* (2007) propose an interesting solution – medical condition branding. The idea itself is controversial in itself, as the authors' list of synonyms also includes disease mongering as a concept of negative valuation, referring to intentional intimidation of patients with diseases that can be real or invented. 'Condition branding educates consumers, physicians and other stakeholders about the problem.' (Angelmar *et al.*, 2007, p. 342). Specifically, it is about raising awareness, providing information and educating all the players within the complex medical/pharmaceutical environment, aimed at enhancing prevention, treatment and convalescence. Although the authors insist on a value free term – medical condition, the very fact that a person has decided to act in an effort to change the current condition into a better one speaks of the existence of dissatisfaction. The debate on what is a justifiable and acceptable level of dissatisfaction and what are the conditions to be treated is a discussion without conclusion. We shall therefore maintain the position that it is about trying to ascribe brand attributes to diseases so that they can be made familiar to the general public and thereby take preventive action aimed at reducing incidence of disease, enhancing therapy outcomes, recovery process and return to 'normal life'. (Dickov & Kuzman 2011b; Dickov 2004)

#### **4. ATTITUDES TOWARDS BRANDS OF OTC ANALGESIC AND PRODUCERS OF PHARMACEUTICALS IN SERBIA**

Research investigating the use of OTC analgesics conducted during August 2012, on 330 respondents, contained a question about the preferred OTC analgesics brand. Most of respondents did not show specific attitudes towards the producer or product brand. Brufen, Aspirin and Andol were positioned at the top of the list, with most of users knowing just a generic name for product, giving little relevance to the producer of the drug. This conclusion is supported with the results to the question concerning the effect of the drug influenced by producer, where respondents showed indifference. One interesting example is the case of Andol (acetylsalicylic acid) made by the Croatian producer Pliva, which became a generic synonym for all products containing this active ingredient. Serbian producers market drugs Midol and Anbol (intentionally giving a similar name.) However, the average consumer in the pharmacy will ask for Andol, and walk out indifferently even though he will leave pharmacy with a product that has a small variation in name. On the other hand, there is a small group of consumers that believes that Andol has better pharmacological characteristics than Midol or Anbol. These people

are willing to pay considerably higher price to purchase Pliva's version of product, so it can be concluded that good brand positioning in this case is source of premium price that producer can charge for its product. Having in mind that the commercial name of a product became the synonym for an entire category of products differentiation becomes strikingly hard to achieve. (Dickov & Kuzman 2011b; Dickov 2004)

## 5. HAVIDOL FOR DSACDAD

On the webpage for the drug Havidol (avafynetyne HCl) [www.havidol.com](http://www.havidol.com), details could be found about new drug that belongs to group of life-style drugs, and for now it is only available therapy for DSACDAD disease (Dysphoric Social Attention Consumption Deficit Anxiety Disorder) – a depressive disorder of social, perception and consumption abilities. With the slogan “When more is not enough,” the website contains information explaining that the disorder attacks a large population and can appear at any moment. ‘If you believe that despite the opportunities, achievements and acquisitions you already have, something is still missing, then HAVIDOL may be right for you. HAVIDOL’s unique nature enables it to make physiological adjustments that bring about positive change without you having to recognize exactly what your problem is.’ The pharmaceutical company Paradise Pharmed, branch of Future Pharm INC, guarantees that their product delivers:

- Self-realization, as much as you have, you can always have more;
- Achieving enduring satisfaction and true happiness;
- Physical and sexual attractiveness, through inducing physical activity.

Havidol (stands for the phrase– ‘Have it all’) is a part of a project of Australian artist J. Cooper inspired by DTC of ethical drugs in USA. The imaginary marketing campaign, imaginary disease and imaginary drug are exhibited in Daneyal Mahmood Gallery, New York. The exhibition contains pill design, packaging design, promotional materials, including TV spots and interactive web page, which also has testimonies of satisfied patients. It actually represents a parody, but it is not just directed at the pharmaceutical industry, but towards entire state of western civilization., medicalization of everyday life and belief that ‘there is a pill, for every ill’. The belief that there is a therapy that will help, by word of the author, to survive easier in ‘our high-paced 24-hour excessive consumer culture.’, which grants you that things will be easier, simpler and that you will get perfect life delivered right to you (Dickov, Kuzman and Tomic 2011; Walker Jr., Boyd Jr. & Larreche 1995).

## 6. CONCLUSION

Practically, condition branding is aimed at stimulating primary demand. The success of blockbusters is based on the fact that they are intended for well-known illnesses, where the patients and other stakeholders are well-informed about the prevention, causes and outcomes of the illness. Enormous amounts of energy and time were allocated to establishing:

- The name of the disease is the critical point – like any product or brand name, it must be simple and easy to remember, reflect the extent of seriousness, and, if possible, be value free (to avoid stigmatization, judgment or dismissal). MacLachlan and Namangale (1998) confirm in their research the impact of perception of a particular disease on the public’s attitude to the disease and the patient, where the key points are: who is responsible for the disease (the individual’s risky behavior or factors beyond his control), prognosis, seriousness of symptoms, *etc.* Angelmar *et al.* (2007) suggest that, if necessary, renaming should not be avoided; for instance, impotence acquires a different framework when renamed into erectile dysfunction.
- The disease’s visual elements help identify the disease and generate the general public’s interest. A red ribbon symbolizing combat against AIDS, pink ribbon to mark breast cancer awareness, or a yellow wristband, the symbol of the legendary cyclists Lance Armstrong and his fight against testicle cancer.
- Diseases often gain additional publicity with celebrities undergoing a case history, such as the Australian pop star Kylie Minogue who underwent surgery, treatment and recovery after diagnosed breast cancer
- Signs and symptoms and their association with the disease play a key role in moving the patient to seek diagnosis and medical help (Dickov & Kuzman 2011b) (Dickov 2004).

If we speak of ‘pure’ disease branding, this usually implies that the therapy manufacturer’s name is not mentioned, and it is easier to accept this author’s ‘value free’ proposal, since, ultimately, disease branding activities lead either to an increase of the total market (the number of written prescriptions) or in the market share (by way of substituting one therapy with another). Blackett (2001a) points out that, in the new circumstances, pharmaceutical companies’ economic logic can no longer rely on the product’s limited lifecycle pre-determined by patent protection. Most authors agree on the position that in the time to come, pharmaceutical companies’ marketing must pay more attention to product branding. From the moment of selecting the name, which occurs before obtaining the sale license (Amadio, 2007), through the pharmaceutical product’s visual attributes (Ely, 2006), its packaging and

promotion, everything must serve the idea of creating a strong brand that should enable a rapid diffusion of acceptance of the new product by prescribers, patients and payers, and subsequently enable the survival of the product when alternative therapies emerge, and even later, when generic competition begins. (Mintzberg, Quinn & Ghoshal 1998) A pharmaceutical product has a complex nature. The technical requirements of its development, sale and consumption are best illustrated by the fact that 'a few milligrams of difference of the active ingredient can not only affect the product's sales curve, but also be life-threatening for the patient' (Smith *et al.*, 2001, p. 10). Furthermore, the consumers do not want a pharmaceutical product – they only want what it delivers: freedom from pain or limitations, a more functional (or just 'normal') life. The industry is focused on innovation; the fulcrum of success is the R&D function which is supposed to deliver a better pharmaceutical product – therapeutically superior, safer, a product which is easier to use and less burdening for the patient. The patients want to return to normal, prescribers want optimum medical outcome and their own professional accomplishment, while the payers want to achieve all those goals plus the control of escalating healthcare costs. The available level of human knowledge is far from the ideal of preserving and extending ideal health condition, so that the room for innovation in all spheres is practically unlimited. The fascination of the pharmaceutical company's scientific segment with the active ingredient's mechanism of action or technical characteristics should be channeled through marketing towards unmet, inadequately or inappropriately met needs (Dickov & Kuzman 2011; Smith 1991).

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