

# The Future of Branding within the Pharmaceutical Industry

Giles D. Moss



## The Future of Branding within the Pharmaceutical Industry

**Giles D. Moss**

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Founder of Pharmabrandlogic.com – new e-learning company

Specializes in extending the life of pharmaceutical brands



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## The future of branding within the pharmaceutical industry

- Introduction
  - Consumer branding is another world
- Brand architecture
  - Kapferer theory
    - Six branding strategies
  - Aaker theory
    - Brand driver roles
    - Brand architecture
  - What we can learn?
- The future for branding

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**Consumer branding is another world**

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What do the following brands have in common?

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**US brand leaders in 1925 and 1985**

Category	Leader in 1925	Position in 1985
Biscuits	Nabisco	Leader
Cereals	Kellogg	Leader
Cameras	Kodak	Leader
Canned fruit	Del Monte	Leader
Sewing machines	Singer	Leader
Soap	Ivory	Leader
Soft drinks	Coca-Cola	Leader
Toothpaste	Colgate	Leader
Tea	Lipton	Second
Razors	Gillette	Leader

Figure 1.8 Source: Adapted from the Committee on the value of advertising, American Association of Advertising Agencies (1989) 'The value side or productivity: A key to competitive survival in the 1990s', p18

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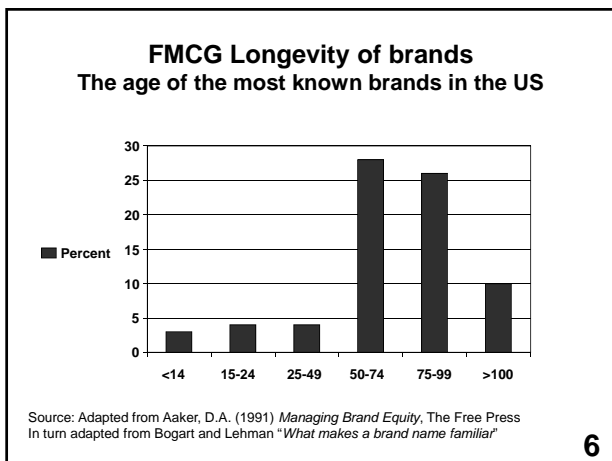
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A little known table

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### Product brands with staying power

Brand	Company	Year of 1 <sup>st</sup> launch	Year of peak sales	Longevity (time to peak)
Premarin	Wyeth	1942	2001	59
Augmentin	GSK	1981	2001	20
Sandimmun	Novartis	1980	2000	20
Humulin	Lilly	1982	2000	18
Toprol	AstraZeneca	1975	Not reached	27+
Depakote	Abbott	1983	2001	18

Adapted from Scrip PJB publications "Can products with staying power be identified?" April 2004

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But this is how we think about it

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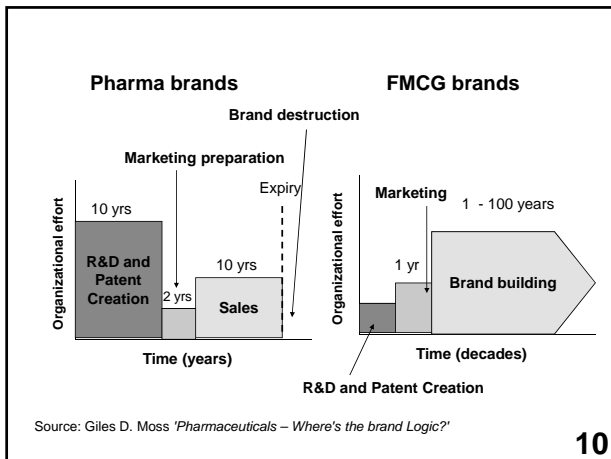
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### Differences in attitude to brand building

FMCG	Pharmaceuticals
<b>A brand creation focus</b>	<b>A product creation focus</b>
<ul style="list-style-type: none"> <li>• Time horizon long (decades)</li> <li>• Lifecycle doesn't need to exist</li> <li>• Huge marketing effort to create the brand</li> <li>• Investment maintains the brand over time</li> <li>• Brand destruction does not exist, portfolio rationalization does</li> </ul>	<ul style="list-style-type: none"> <li>• Time horizon short (years)</li> <li>• Lifecycle management necessary</li> <li>• Huge R&amp;D effort to create the product</li> <li>• Patent expiry signals loss of resources</li> <li>• Product cast out to provide revenue for new products</li> </ul>
<b>THE BRAND IS THE ASSET</b>	<b>THE PRODUCT IS THE ASSET</b>
Strategy and brand management vital	R & D and sales management vital

Source: Giles D. Moss 'Pharmaceuticals – Where's the brand Logic?' **11**

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**Why the difference?**

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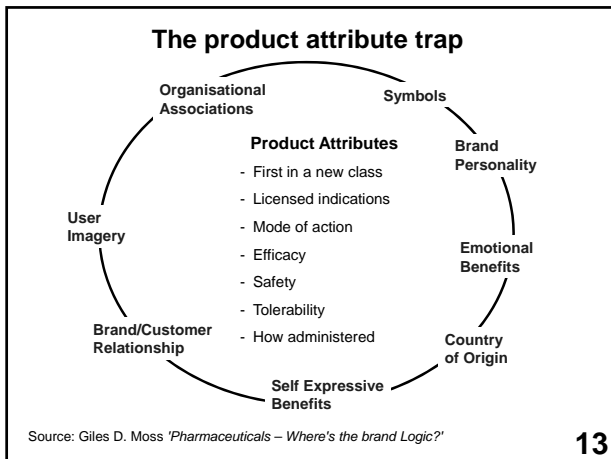
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**Brand theory can be confusing**

- Pharmaceutical brands don't really fit in when it comes to fast moving consumer goods (FMCG) brand models
- Pharmaceutical brands don't really fit in when it comes to business-to-business (B2B) brand models
- Pharmaceutical brand building is complex due to multiple stake holders

**As a result confusion is widespread**

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**Few pharma people really understand the basics**

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**Brand identity vs. brand image**

<p><b>Brand identity</b></p> <p>Tangible benefits &amp; Intangible benefits</p> <p>Selected and managed by the company</p>	<p><b>Brand image</b></p> <p>Consumer perceptions of their reality – resulting from consumer communication</p> <p>Monitored and tracked vs. market trends by the company</p>
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Source: Giles D. Moss 'Pharmaceuticals – Where's the brand Logic?' **16**

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**Fewer understand the latest thinking**

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**The neuro-cultural view of brands**  
Brand's become central to understanding the product

<p><b>Neuro-scientific understanding</b></p> <ul style="list-style-type: none"> <li>• Most mental activity is not fully conscious</li> <li>• Most memory is not immediately accessible or conscious</li> <li>• Invisible 'stored' memory plays a key role in what we do</li> <li>• Emotion and reason link to guide what we do</li> </ul>	<p><b>Cultural context</b></p> <ul style="list-style-type: none"> <li>• People require common ground to live together</li> <li>• Culture is a mixture of rules and meanings that guide us</li> <li>• Everyday life reinforces those rules and meanings, but they are also adjusted and bent</li> </ul>
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**What a brand means to an individual is created from memories, emotions, rules and meanings that create a system of understanding**

Adapted from Chandler and Owen **18**

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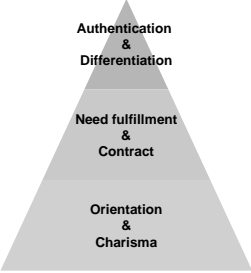
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**Brand function hierarchy**



**Viagra research example**

- Authentication – it is Viagra from Pfizer
- Differentiation – it is Viagra not a herbal or injectable
- Need fulfillment – Viagra works
- Contract – patients and their partners having their relationship helped
- Orientation – Allowing impotence to be discussed
- Charisma – a straight forward solution to a difficult problem

Adapted from Chandler and Owen

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**Strong brands have to operate within changing markets**



- **The competitor set**
  - Standard strengths and weaknesses vs. competitors
  - Improvements leveraged against existing brands
  - Playing the game by the old rules
- **Market parameters**
  - Mixing previous choice criteria with new criteria
  - The pre-launch and marketing of Imigran made migraine a more important disease for many PCPs

Adapted from Chandler and Owen

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**Put simply**

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## Strong pharmaceutical brands and brand equity value creation

### Customer value

- Reduced risk in drug usage choice for the physician
- Increased patient commitment to continued therapy
- Increased post prescription satisfaction for the physician (I've done the right thing – used the best brand)

### Company value

- Reduced marketing costs (retaining customer cheaper than finding new)
- Improved price (possible in numerous markets)
- Longer term revenue stream post expiry

Source: Giles D. Moss 'Pharmaceuticals – Where's the brand Logic?'

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## The future of branding within the pharmaceutical industry (2)

- Introduction
  - Consumer branding is another world
- Brand Architecture
  - Kapferer theory
    - Six branding strategies
  - Aaker theory
    - Brand driver roles
    - Brand architecture
  - What we can learn?
- The future for branding

23

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## Brand architecture

- Came from simple beginnings
  - New products could be associated with the first product brand, associated with the company or be a separate brand in itself
  - Brand proliferation and consumer company mergers made vital
- Two main experts exist
  - Jean-Noel Kapferer (Europe)
  - David A. Aaker (US)
- To quote Aaker
  - ....(Brand architecture) specifies the structure of the brand portfolio and the scope, roles, and interrelationships of the portfolio brands. The goals are to create synergy, leverage, and clarity in the portfolio and relevant, differentiated and energized brands (Brand Portfolio Strategy, Free Press, 2004, 13-14)

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How does this relate to pharma?

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## Pharmaceutical portfolio's

- Big Pharma portfolio's are vast, but they lack scope, roles and interrelationships that work together
- Over time there is going to be an inevitable confusion when 100's and perhaps even 1000's of product brands are involved
- Mixed models exist in Pharma
  - Bayer (Pharmaceutical, chemical and crop science divisions)
  - Novartis with Sandoz (a generic business)
  - Most companies are merely a collection of product brands
  - Some franchises are recognizable
    - MSD a cardiovascular house
    - BMS an oncology house
  - Corporate brand building is often only reserved for repairing damage
  - The industry brand is in disarray

Enough thought hasn't gone into this area yet!

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Kapferer theory

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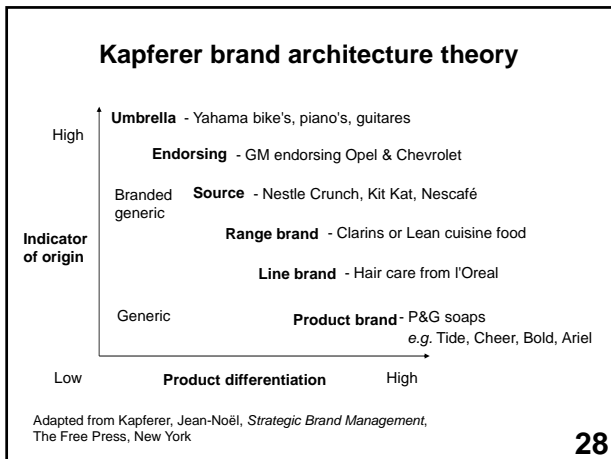
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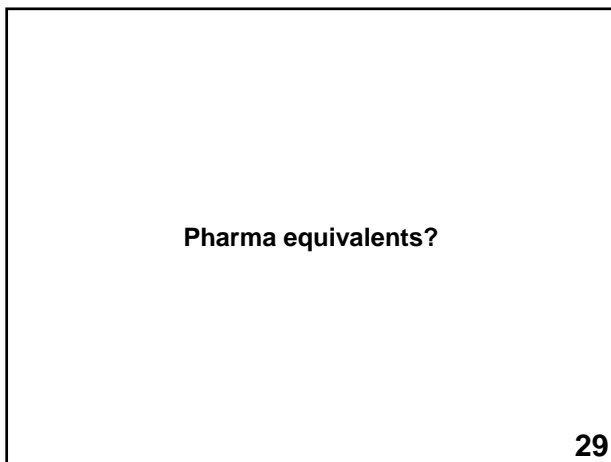
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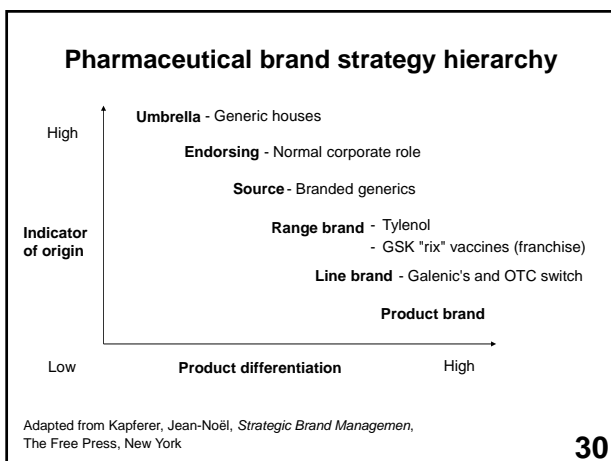
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## One additional pharmaceutical brand extension strategy is evident

- The same chemical entity promoted in different indications in the same geographical market
  - With a shared brand name
    - e.g. Neurontin (gabapentin) promoted in epilepsy and neuropathic pain
  - With different brand names
    - e.g. bupropion hcl marketed in depression as Wellbutrin and Zyban for smoking cessation

**The FMCG equivalent is P&G marketing of Dash and Ariel which are the same product with different positionings (whiteness and stain removal)**

Source: Giles D. Moss 'Pharmaceuticals – Where's the brand Logic?'

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## Aaker brand driver roles

- | • Aaker term        | • Significance   |
|---------------------|--|
| – Strategic         | – Vital to organizational success (blockbuster or lynchpin)      |
| – Branded energizer | – Linked product, promotion or sponsorship giving energy         |
| – Silver bullet     | – Acquisition of a new technology or co-promotion                |
| – Flanker brand     | – Designed to nullify competitor activity often by reduced price |
| – Cash cow          | – Providing the resources to invest in the brands above          |

Source: Giles D. Moss 'Pharmaceuticals – Where's the brand Logic?'

32

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## Aaker brand architecture

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## Aaker corporate brand strategy examples

Strategy	FMCG example	Pharmaceutical example
House of brands	P&G, Disney	The vast majority of Big Pharma Companies e.g. Pfizer in epilepsy
Branded house	GE, Virgin	Generic houses
Endorsed brand	3M, Ralph Lauren, Calvin Klein	Lilly corporate
Sub brand under a master	Audi TT, Dodge Viper	Sandoz under Novartis

Source: Giles D. Moss 'Pharmaceuticals – Where's the brand Logic?'

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## What can we learn from the consumer world?

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## What can we learn?

- Brand hierarchy has significant pharmaceutical relevance due to vast merged portfolio's that lack scope, roles and interrelationships
- Kapferer identified six consumer models, each has a pharmaceutical equivalent
- Aaker's brand driver roles can be applied to pharmaceuticals in a useful way
- Aaker's brand architecture is also applicable to pharmaceuticals – where the majority of companies adopt a house of brands approach

### Significant additional thought has to be given to the overall portfolio structure in the future

Advantages that would accrue include:

- **Synergies of activity**
- **Leveraging of brand assets**
- **Preparing for new launches**
- **Business development focus**

Source: Giles D. Moss 'Pharmaceuticals – Where's the brand Logic?'

36

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## The future of branding within the pharmaceutical industry (3)

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  - What we can learn?
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37

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**Too little thought has gone into branding  
so far – brand management needs to add  
value within our business models**

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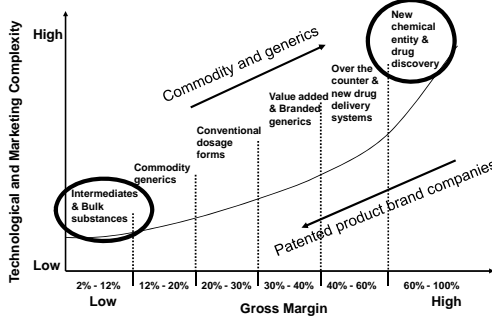
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## The pharmaceutical industry's value curve Industry segments become blurred as everyone competes for the margins given by innovative brands



Source: Giles D. Moss 'Pharmaceuticals – Where's the brand Logic?'

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How did consumer brand  
management move forward?

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## Brand management evolving paradigm

- Move from tactical to strategic management
- Move from a limited to a broad focus
- Move from sales to brand identity as a driver of strategy

## Brand management evolving paradigm

Is pharma ready for this?

Probably not but we could make progress

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What do we need to do?

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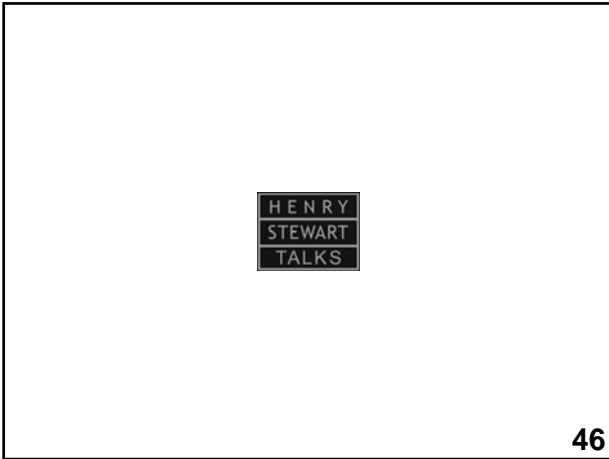
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