



VeracityHealth

Trends and Strategies in Pharmaceutical and Medical Device Branding

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1. Executive Summary

It is a pretty recognizable brand name. Originally it was "Jerry's Guide to the World Wide Web" but we settled on "Yahoo!".

Jerry Yang, co-founder of Yahoo!

It is interesting to consider “what if” the founders of Yahoo had stuck to the original name. Certainly we would not have the iconic logo and of course the memorable name the company has now. It might be pertinent to say that had the company entered the competitive fray as “Jerry’s Guide to the World Wide Web” the search engine would hold a lowly position amongst the options users have today to search the internet. While Google dominates the sector and has a brand value of \$32bn in the branding agency Interbrands’ 2009 analysis of global brands, Yahoo! still posts a brand value of \$5.1bn (the second ranking search engine in the analysis). This is one of the many examples that can be cited as to the importance of a good brand name and of a strong overall brand to business success.

The importance of effective branding has generally been lost to companies in the pharmaceutical, biotechnology and medical device industries. One reason for this is that unlike other industries companies in these sectors have been able to charge premium prices for their products. Of course with such high development costs they need to. However, in sectors outside these “life science” industries competition leads to an emphasis on differentiation based on price and therefore to a degree of commoditization which is ultimately unwelcome in most business sectors. Rather than differentiate through branding companies can be lulled into believing that price is the more effective differentiator. This may be fair for the supermarket sector but not for many others.

As pressure has built on drug and medical device companies, based on governmental efforts to reduce healthcare spending, the importance of brand building efforts has been realised by some. As people continue to search the internet for information related to health and disease, and as they increasingly engage in online conversation with fellow sufferers and physicians for support and advice on day-to-day management of their conditions they increasingly become “exposed” to the companies that actually make the drugs and devices that they use. Even so, it is perhaps true to say that while many people know of Viagra they probably still cannot name the company that

manufactures the drug. How important is it anyway for patients to know about the drug and device products they use? The simple answer is that it is increasingly important, purely because of the information they seek and obtain online. When companies first started to use direct to consumer advertising an important concern was that doctors would be pressured by patients into prescribing certain drugs, against their better judgement. As time has gone on these fears have subsided as physicians have stood firm and have been able to assert their positions as the decision makers in the patient-physician relationship based on their specialisation and a clear understanding of what is best for a particular patient. It appears that more and more physicians, who themselves are becoming increasingly familiar with and utilising the power of online social networks, welcome dialogue with the more informed patient.

An even more important point is that physician concerns on detailing practice by the pharmaceutical companies in particular requires clearer messaging and branding efforts. Pharma companies are finding it increasingly difficult to reach and engage with physicians despite the fact that the companies are spending in the region of \$24bn a year on sales activities. Signs of declining returns on pharma's investment in its sales force have been seen for some years. The profit per drug rep visit fell 23% from 2004 to 2005 and for every 100 reps who visit a practice, 37 succeed in placing their products in the office's sample cabinet, and only 20 speak to a physician in person, according to Pricewaterhouse Coopers (Pharma 2020: Marketing the future - Which path will you take?).

Physicians are demanding more unbiased information from sales reps but they also expect sales reps to be better informed and provide much more detailed information before they will consider prescribing a particular drug. Misinformation in the past has dented physician confidence and trust in the pharmaceutical sales forces. Studies have shown that physicians are beginning to favour the gathering of drug information through online sources and this means that companies will need to look at satisfying that demand. They will do these increasingly through web-based services, notably electronic detailing, or e-detailing (this encompasses telephone support, online physician portals, video conferencing and online drug sample ordering).

With respect to physician portals, the example of Pfizer's collaboration in 2007 with the Sermo physician-to-physician network is a good one of how pharma companies are trying to engage and inform physicians about their drug products using Web 2.0 technology.

It will also be important for drug and device companies to manage and utilise key opinion leader networks and merge word of mouth marketing with social media and social networking strategies in marketing efforts, so that all the healthcare practitioners who have a say in drug and device usage are targeted. All the touch points between the healthcare practitioner and the brand need to be identified and targeted for optimal information sharing and optimal use of sales and marketing spend. As companies master this they will be better able to identify healthcare practitioner-specific issues and act in a proactive manner to improve the effectiveness of their marketing efforts.

This report will address and show the issues which are critical in branding approaches for the pharma and medical device sectors. The report will look at the strategies that can be deployed to overcome physician resistance to pharma detailing and how companies can confront reservations with biased information exchange between pharma, biotech and medical reps and physicians, patients and financial administrators. Additionally, it is important to understand how certain pharma and medical device companies are using social marketing and word-of-mouth advertising to enhance the prestige and recognition of their brands. What role does the use of digital media play in generating brand exposure and brand recognition? How can digital media be used to protect the brand image?

Examining the core concepts of branding this report, through a combination of primary and secondary research, will take the reader from what a brand was, to what it has become and what it should be within the medical device and pharma sectors.