

# BRAND-cycle MANAGEMENT

With billions of dollars in revenue at stake due to looming generic competition, pharmaceutical companies are employing traditional as well as creative **BRAND-BUILDING PROGRAMS TO EXTEND THE LIFE OF THEIR PRODUCTS**

IN AN EXCLUSIVE WITH PHARMAVOICE, BURT ALPER, STRATEGY DIRECTOR OF CATCHWORD BRANDING AND MARK SKOULTCHI, MANAGING DIRECTOR OF CATCHWORD'S NEW YORK OFFICE, REVIEW SOME OF THE BRAND-BUILDING PROGRAMS AVAILABLE TO PHARMACEUTICAL MARKETING PROFESSIONALS FACING GENERIC COMPETITION

By 2005, many multi-billion dollar drugs will come off patent, including blockbuster drugs such as Claritin, Viagra, Glucophage, and Prilosec (see chart on page 51). The financial incentives for prolonging the life of these brands are enormous. Last year, Claritin earned almost \$2 billion in sales. Viagra earned almost the same amount. In the face of patent expiration and generic competition, healthcare companies must determine the best strategy to ensure that their brands avoid extinction and continue to generate revenue.

According to Burt Alper, strategy director of Catchword Branding, a U.S. brand and name development firm with offices in New York, Los Angeles, and Oakland, Calif., pharmaceutical companies first need to determine the best brand-building program for their particular product, whether it is a traditional, or more modern and creative approach, or even a less obvious, and perhaps underutilized tactic. He adds that companies need to evaluate the strategies being employed, which are the most effective and show the most promise for the future.

## A LEGAL STAY OF BRAND EXECUTION

"One of the most common, and perhaps controversial, ways that pharmaceutical companies prolong the life of their brands is through litigation," Mr. Alper says. "Currently, the Hatch-Waxman Act provides for a 30-month delay in the approval of generic drugs if a question of patent infringement is raised and suit is filed.

Mark Skoultchi



Product improvements may involve changing dosage form, the route of administration, or combining the drug with other ingredients.

"Presently, this process can be repeated more than once, which also is known as 'evergreening,' and some generic introductions have been delayed for many years in this way," Mr. Alper says.

Recently, this practice has come under considerable attack, and the Federal Trade Commission recommended that Congress limit the right of pharmaceutical companies to only one 30-month delay for each drug product.

Though no decision has yet been reached on this issue, the proposed restriction illustrates the increasing pressure on pharmaceutical companies to find non-legal ways to prolong their brands' lives.

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## BUILDING BRIDGES

One way to extend brand life is to create a bridge between two brands. This is most often accomplished in one of two ways. Either a manufacturer will incorporate into the new brand a word part from the original brand, or use another branding element, for example pill color, to establish the brand bridge.

"In both cases, manufacturers alter an existing formulation of a drug to enhance its effectiveness and better treat the patient community," says Mark Skoultchi, managing director of Catchword's New York office. "Among other things, such product improvements may involve changing dosage form, the route of administration, or combining the drug with other ingredients."

The two Catchword branding experts cite Clarinex as a fairly recent and successful brand bridge. Schering-Plough Corp., in an effort to extend the life of its Claritin brand of allergy medication, which is scheduled to come off patent at the end of this year, recently introduced Clarinex, a new and improved version of the original product. Unlike the original, which promises to treat only outdoor allergies, Clarinex promises to relieve both indoor and outdoor allergy symptoms. The new product delivers improved therapy for allergy sufferers and allows Schering-Plough to maintain the powerful brand associations developed by the Claritin franchise.

Also of note is the naming strategy employed by Schering-Plough.

"For the original product the manufacturer chose Claritin, which makes use of the root 'clar' to suggest clarity and thus easy breathing," Mr. Alper says. "Possibly anticipating product line extensions and second-generation products, the manufacturer incorporated a flexible word root that was memorable, communicated a key message, and could accommodate new manifestations of the drug while maintaining established associations. In this way, the company bridges its brands and makes it easier for patients to connect the new with the old."

Another great example of brand bridging is the evolution of AstraZeneca's Prilosec into Nexium, two drugs indicated for, among others conditions, gastroesophageal disorders and heartburn.

In April of 2001, Prilosec, one of the most successful prescription drugs ever, was scheduled to come off patent. In anticipation of this, AstraZeneca developed Nexium, a new formulation of Prilosec using just half the original molecule as a more effective treatment of erosive esophagitis.

"Rather than use a word part to bridge the two brands though, AstraZeneca chose to use another recognizable brand trait — the color of the pill," Mr. Skoultchi says. "In doing so, the same positive associations created by Prilosec were passed on to Nexium, and patients had an easy time connecting the new with the old."

Before Prilosec even came off patent AstraZeneca began marketing Nexium and moving patients to the new therapy. In conjunction with the Nexium marketing efforts, AstraZeneca has been delaying generic competition to Prilosec through litigation, giving the salesforce more time to establish Nexium as the next-generation heartburn medication of choice. According to IMS Health, a provider of pharmaceutical and healthcare information, Nexium has captured about 20% of all heartburn prescriptions.

AstraZeneca is employing yet another brand-extending strategy to further extend the life of Prilosec — an anticipated OTC switch.

## MAKING THE SWITCH

The over-the-counter switch, according to Mr. Skoultchi, is another well-established strategy for extending brand life. Since 1972, when the FDA began reviewing OTCs, well-known and well-branded prescription medicines, such as Rogaine, Aleve, Tagamet, and Monistat have switched to OTC status. There are almost 1,000 compounds that have made this transformation successfully.

"The OTC switch is effective because it enables companies to transfer to the new OTC product attributes developed by the prescription version, including all positive associations and perceptions,"

## Key Pharmaceutical Drugs Coming Off Patent

2002 through Dec. 31, 2005

### 2002

Brand Name	1999 U.S. Sales
Claritin	\$2,700
Augmentin	1,819
Flovent	1,079
Intron A	650
Primaxin	575

### 2003

Brand Name	1999 U.S. Sales
Cipro	\$1,625
Cardura	794
Flonase	593
Singulair	500

### 2004

Brand Name	1999 U.S. Sales
Procrit	\$1,505
Taxol	1,481
Diflucan	1,002
Lovenox	760
Lupron	730
Paraplatin	600
Wellbutrin	572
Engerix-B	540
Xenical	499

### 2005

Brand Name	1999 U.S. Sales
Zocor	\$4,495
Paxil	2,109
Zoloft	2,034
Prevacid	1,900
Pravachol	1,704
Zithromax	1,333
Combivir	736
Lamisil	701
Zoladex	686
Zofran	674
Aredia	588

Source: FDA Orange Book, IMS Health, International Journal of Generic Drugs, Physicians' Desk Reference, Warburg Dillon Read, International Journal of Drug Development, The 24 Volume Drug Development Handbook Series.



Mr. Skoultchi says. "By capitalizing on existing associations the manufacturer avoids the added expense and challenges of creating a new brand, such as product recognition, message delivery, and product credibility."

In anticipation of Prilosec's patent expiration in 2001, AstraZeneca sold over-the-counter rights to Procter & Gamble in 1997. In June of this year, AstraZeneca and P&G petitioned a FDA advisory committee to approve the heartburn drug for OTC sales. This was the second attempt by the drug's co-marketers to sell Prilosec OTC. An FDA advisory committee rejected a request in late 2000 to sell a 10-day course of the 10-milligram dose to treat heartburn. The June 2002 request was for a 14-day course of the 20-milligram dose, which is the same dosage as the prescription version but about at one-third of the cost.

"This is a very interesting business strategy on AstraZeneca's part, which could either backfire or work out like a charm," Mr. Alper says. "If the FDA approves an OTC version, AstraZeneca can pick up some after-market revenue long after Prilosec's prescription patent has expired."

## BRANDING OUTSIDE THE BOX

While all of the above mentioned strategies for prolonging brand life can be effective, Mr. Alper says perhaps pharmaceutical product managers should make better use of branding initiatives more commonly used by non-pharmaceutical marketing professionals.

"Consider the branding programs employed by marketers of consumer packaged goods," he says. "Browsing the carbonated soft drink aisle of the

local supermarket you'll notice that there is the choice of Sprite or private-label lemon-lime. For almost every national brand of soft drink there exists a more economically attractive generic version. Yet, on the whole, consumers continue to remain loyal to the national brands, even in the face of cheaper generic alternatives. Which begs the question: given the importance of our health, why would we so readily substitute a new, generic version of a medication for a time-tested, proven drug on which we know we can depend? Making a bad decision regarding our health is much more significant than making a bad decision regarding carbonated beverages."

Despite market factors unique to the pharma industry, according to Mr. Skoultchi, product managers could make better use of other branding programs to connect with patients and the professional community.

Mr. Alper and Mr. Skoultchi highlight some less obvious and under-utilized strategies for product managers to consider as they contemplate how best to develop brand loyalty for their drug products.

Upon opening a box of Synthroid, a well-known drug for hypothyroidism marketed by Abbott Laboratories, patients are presented with an invitation to subscribe to Synergy, a magazine about the disease state. Synergy is free to people taking the drug. The magazine includes articles on the most current thinking in the field, offers patients a value add-on for taking Synthroid, and fosters brand loyalty among its patient population.

Of course Synergy is not unique. Other manufacturers take advantage of this effective and underused brand building strategy. For instance, patients who take Avandia, a drug for treating diabetes from Glaxo-SmithKline, receive a free subscription to I Can, a program that offers a subscription to the American Diabetes Association's *Diabetes Forecast* magazine. In addition, patients receive personalized e-mails to help them stay motivated about their health, as well as recipes for healthy eating and access to a personalized, members-only section the Avandia.com Website. These additional benefits help to strengthen the bond between patient and product, and patient and company. They help to promote a relationship between GlaxoSmithKline and its patients, and position GSK as both a leader in the diabetes category and a genuinely caring and concerned company.

"Presented with generic alternatives, Synthroid and Avandia patients who have taken advantage of these supplemental benefits will be more reluctant to switch from their brand-name drugs," Mr. Alper says. "Of course, the two manufacturers may not be able to retain all their patients, but there will be less attrition, offsetting some of the anticipated losses from generic competitors when the patents on these drugs expire."

Catchword executives cite Nexium's On-the-Go Heartburn Diary as another interesting example of brand building. On-the-Go is a software program that can be downloaded to a PDA that allows patients taking Nexium to record their heartburn symptoms anytime and anywhere. It facilitates the identification of trouble foods so that patients and their doctors can better customize treatment plans. In addition to an online newsletter about acid reflux disease and articles from the MayoClinic.com's G.I. Digest, On-the-Go is just another way for AstraZeneca to reach out to patients and promote a dialogue with and within the heartburn patient population.

"This is an example of brand building more commonly seen in other, non-pharmaceutical industries, but it is just as effective when applied to the world of drug marketing," Mr. Alper says.

"Anyone who's burdened by a health condition and required to take medication often will say, the responsibility of health management and the inconvenience it can place on their life is as frustrating as the symptoms of the condition itself," Mr. Skoultchi says. "By reducing the time a patient must contemplate his condition a company can provide a valuable service to its patients, position itself as that of a caring friend or partner, and strengthen the bond that patients establish with their medication and with the company." ♦

## Taking Value from Non-Traditional Branding Methods

**ACCORDING TO CATCHWORD BRANDING**, pharmaceutical companies have begun to recognize the value of brand-building initiatives used more commonly by non-pharmaceutical marketing professionals. By implementing such brand-building programs, pharmaceutical marketers accomplish the following:

They provide **A SERVICE THAT HELPS PATIENTS** and provides quality-of-life benefits beyond what the patient's medication can achieve.

They further **STRENGTHEN THE BOND THAT PATIENTS DEVELOP WITH THEIR MEDICATION** and contribute to enduring brand loyalty and endurance.

They **STRENGTHEN THE BOND THAT PATIENTS FEEL TOWARD THE MANUFACTURER**, promoting positive awareness of the corporate brand and contributing to overall corporate brand value.

They help to **OFFSET ATTRITION ASSOCIATED WITH THE INTRODUCTION OF GENERIC ALTERNATIVES**.

The programs are **LESS CONTROVERSIAL THAN SOME OF THE MORE PERVASIVE TECHNIQUES** for extending brand life and revenue generation, such as extended legal battles.

Overall, because these strategies are less controversial, Mr. Alper says, they help to establish stronger perceptions of the pharmaceutical industry as a whole, which in the long run bodes well for all pharmaceutical marketing executives, sales rep, and industry employees. For some time, the pharmaceutical industry has been under considerable attack, and programs that help to deflect common criticisms rather than invite them can be both an effective and refreshing marketing approach to take.

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