

## Chapter 3

# Branding and Marketing in the Pharmaceutical Industry

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### ABSTRACT

*The pharmaceutical industry is at a phase where the need to embrace marketing and branding strategies on a larger scale has increased as compared to the past. In this chapter, the authors address the trends in which pharmaceutical branding has evolved over the years into something very different in today's world. The pharmaceutical products can be broken down into four types, which include the patented products, generics, branded generics, and the OTC market. This chapter looks at the branding activities that are carried out by each of these. The chapter highlights the learnings from the consumer marketing industry, the complexities involved in building a brand strategy, global challenges faced in branding in the pharma domain, some of the successful strategies that have been implemented in the pharmaceutical industry (success stories), and the future trends in this area.*

### INTRODUCTION

The pharmaceutical industry has been very successful since the late 1980s, achieving remarkable annual revenue growth levels of over 10% a year and enjoying the resulting rise in profits. This success was mainly based on strong research and development (R&D), aggressive patent defense and the use of a dominant promotional tool, a powerful sales force. The pharmaceutical industry is undergoing drastic changes globally. It is high time that the Pharma companies focus on utilizing marketing and branding strategies on a larger scale. The pharmaceutical industry has been more product and R&D driven and has never been much brand driven. Some observe that Brand building activities taken up in the initial phase of the drug can help extend the commercial life of the product once the patent ends and competitors can

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enter (Moss, Moss, & Bouleaux, 2007). A powerful branding strategy would make it tougher for new entrants. Prescription drugs with a strong stable brand can seamlessly transition into the over-the-counter (OTC) arena. Implementing effective branding strategies is of utmost importance to the pharmaceutical marketing departments because of the limited time and high costs involved. Being one of the largest Industry in the world, drug companies must be vigilant about marketing strategies to successfully market their products. The time and energy it takes to research and sell, to create a product formulation, to incorporate operating systems, to perform clinical trials and to concentrate on branding is enormous, and each stage has its own issues to tackle. It is therefore essential to have a successful pharmaceutical marketing plan in place (G. Moss & Schuiling, 2004)

With the rise in competition in the Pharmaceutical Industry, the importance of branding has changed over the years. With the importance of branding being seen as a valuable strategic asset in almost all the industries, it is surprising to see very little usage of branding in the pharmaceutical industry. This perhaps is because of the characteristics of the industry, which differs from the others considering the product life cycle. Another deterrent could be that the prescription-only medicine (Rx) sector being highly regulated, making it difficult to apply the usual strategies (Value & Prescribing, n.d.).

## **EVOLUTION OF BRANDING IN THE PHARMACEUTICAL INDUSTRY**

In the 1980s and 1990s, the pharmaceutical industry achieved significant success with a steady economic growth. There was no obvious need to change the way the companies branded their products.(Sciences, 2020). Manufacturers of Pharma products always depended on great R&D, an aggressive defense of patents and a powerful sales force for success (Evolution, 2010). The industry has not changed its approach too much ever since. The R&D costs also include the expenses incurred for combinations that never reached the market. With high R&D costs it is of utmost importance to recover the costs by extending the life beyond the patent phase. Branding is a way in which it can enhance such success. When customers see value related just to the brand name, it stays a long way even after the patent ends and creates a longer lasting mark and relationship in the minds of the consumer.(Executive & Vol, 1999)

Brand is a pathway to create barriers for new entrants into the market. A powerful brand cannot easily be sidelined. They act to bring out the differences between their products and a competitor. Brands result in loyal customers, which helps in long-term success for either the product or the company or both. Often Branded products are higher priced and customers prefer that to be a better quality. For consumers, brands can represent a relationship of trust and loyalty. It is an unspoken understanding that the quality of the brand will remain constant as per the brand promise. Brands also somehow give consumers a feeling of protection against certain risks such as safety risks. Several industries have adopted a brand logic. The FMCG category has been leveraging brands for many years but now, services, durable goods and other industrial companies are also leveraging brands as a key competitive advantage. As an example, Intel has successfully been using a brand logic(Moss et al., 2007). Before 1991, the brand was not known at all by end consumers; since then, however, Intel has reached an acute awareness and created a quality image. They now rank it is now as the fifth strongest worldwide brand in terms of value, being worth more than US\$30bn, far ahead of more traditional very well-known brands such as McDonald's or Marlboro. This was achieved by creating a brand identity and communicating it to end-users via a campaign integrating the 'Intel inside' logo in most computer manufacturers' advertising.

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