

Fight for Brand Preference

- A strategic priority for pharma companies -

“ESSEC Santé 2012” Prize

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Smart Pharma Consulting

1, rue Houdart de Lamotte – 75015 Paris – France
Tel.: +33 6 11 96 33 78 - Fax: +33 1 45 57 46 59
E-mail: jmpeny@smart-pharma.com

1. Introduction

The “Brand Preference Mix”, developed by Smart Pharma Consulting, is part of the “Brand Performance Booster” which aims at optimizing sales dynamics

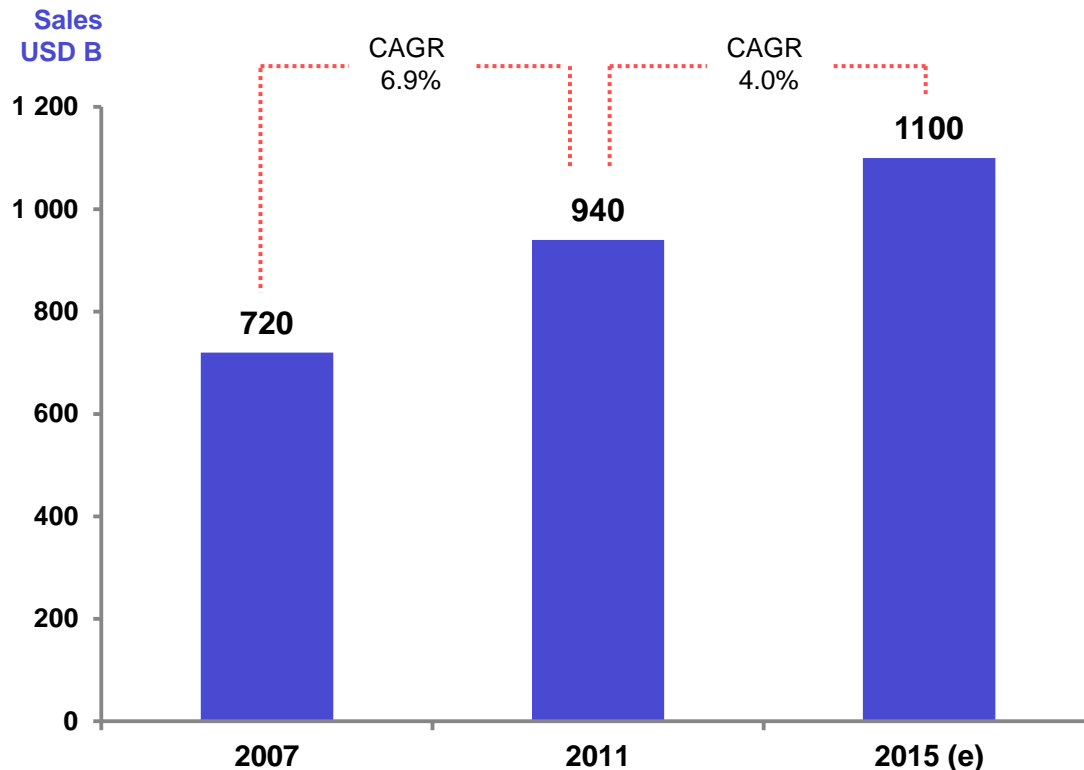
How to boost brand sales?

- In order to help pharma companies optimize their brand sales dynamics, Smart Pharma Consulting has developed the **Brand Performance Booster** (BPB)
- The **Brand Performance Booster** is an approach based on three frameworks:
 - The **Brand Preference Mix** (BPM), to gain market share
 - The **Behavioral Prescriber Segmentation** (BPS), to improve the efficacy of promotional investments
 - The **Individual Customer Plan** (ICP), to formalize tailor-made promotional activities for an optimal efficiency
- This presentation describes how the **Brand Preference Mix** can be used to:
 - **Evaluate** the level of preference of prescribers (or other customers) to your brands vs. their key competitors
 - **Understand** the factors that drive this level of preference
 - **Determine** the actions to be implemented to reinforce the three components of the **Brand Preference Mix** (i.e. the corporate reputation, the brand attributes, the service quality)

1. Introduction

The growth of the global pharmaceutical market is expected to slow down in the next four years due to budget constraints and the economic crisis

Evolution of the global pharma market (2007-2015)



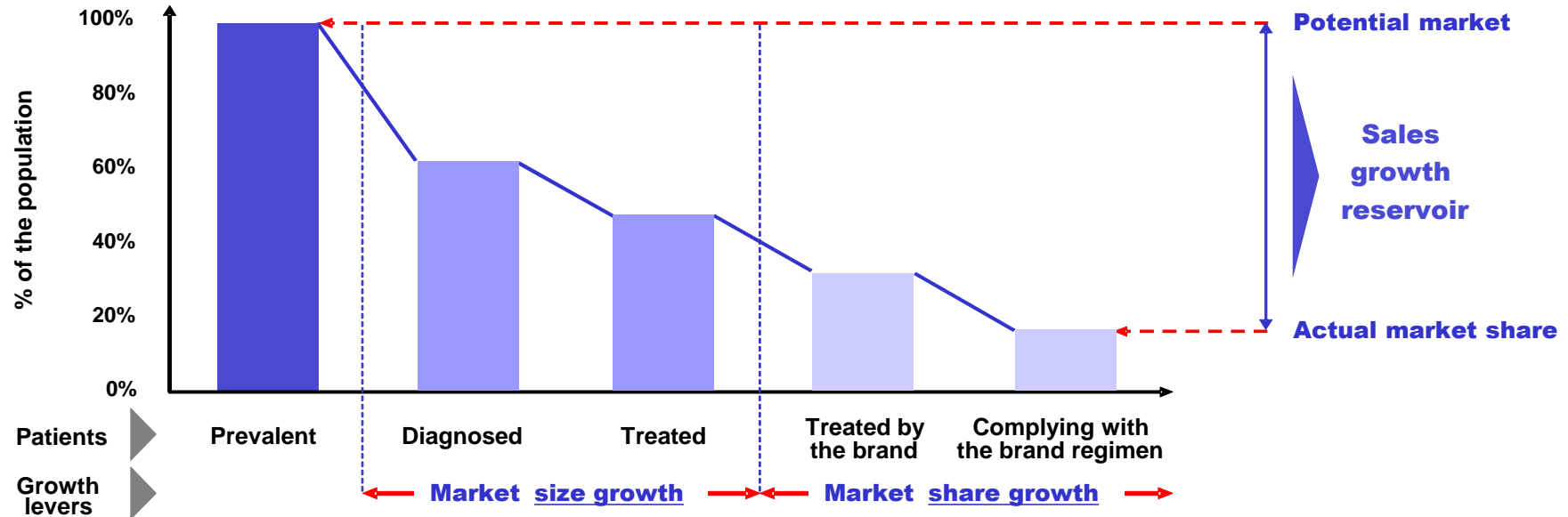
- The growth of the pharma market between 2011 and 2015 will slow down to 4,0% CAGR¹ compared to 6.9% between 2007 and 2011
- Global spending on medicines is expected to exceed \$1 trillion in 2015
- Absolute growth is expected to be \$170 B between 2011 and 2015 compared to \$220 B during the prior five years

Spending in US\$ with variable exchange rates
Compound annual growth rate (CAGR) in US\$ using constant exchange rates

1. Introduction

In the current environment, the gain of market share has become a priority over the reliance on market size growth

Why fight to strengthen brand preference?

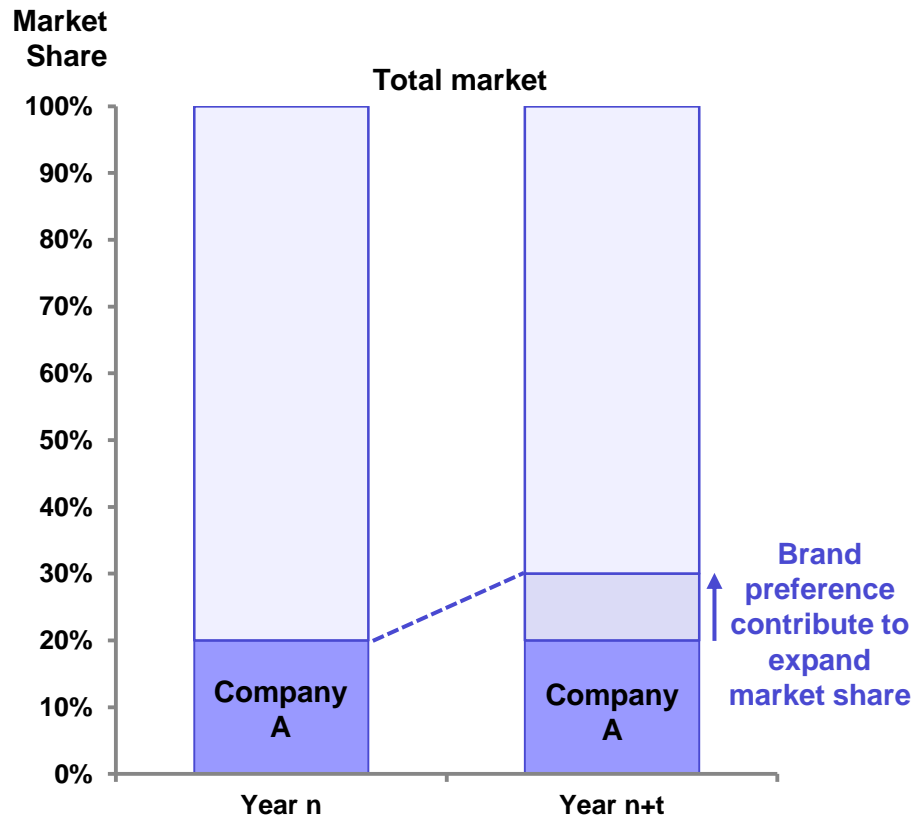


- In an environment where the growth of the market is decelerating, gaining market share has become vital for pharma companies to increase sales
- Besides, when several brands are available for a given pathology, brand preference is key to gain market share and thus to succeed in the marketplace
- The Brand Preference Mix has been created to help pharma companies reinforce brand preference

1. Introduction

Competition in existing markets will continue to increase and companies that will gain market share will be those that are the best at strengthening brand preference

From preference to market share growth



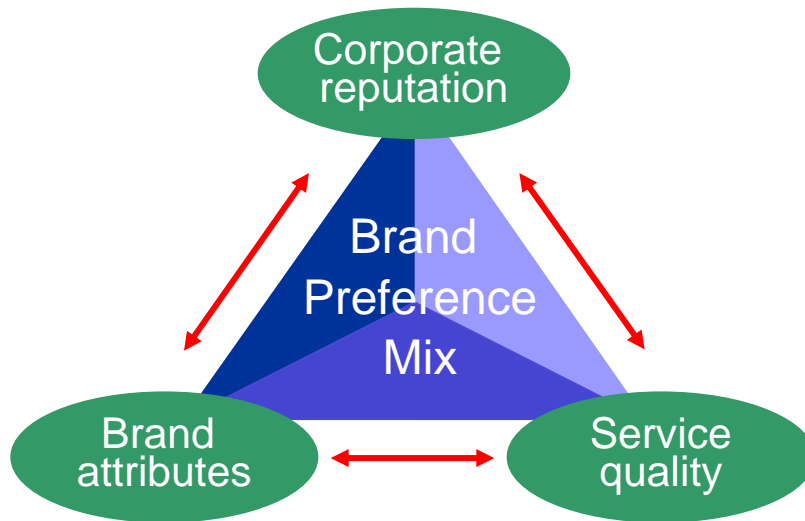
- As it is increasingly difficult to expand the size of the global market, **companies' growth** will mostly be **linked** to their **capability to win market share** where they are already settled
- In order to gain market share, companies try to **differentiate** from **competitors** but this may not be sufficient
- Actually, **differentiation** can induce **preference** only when it is strongly valued by customers
- **Companies** that are able to **strengthen customer preference** for their brands will **gain market share**

2. Brand Preference Mix - Presentation

The Brand Preference Mix is a means to create superior customer preference to brands and therefore get a faster sales growth compared to competitors

The framework

Brand Preference Triangle



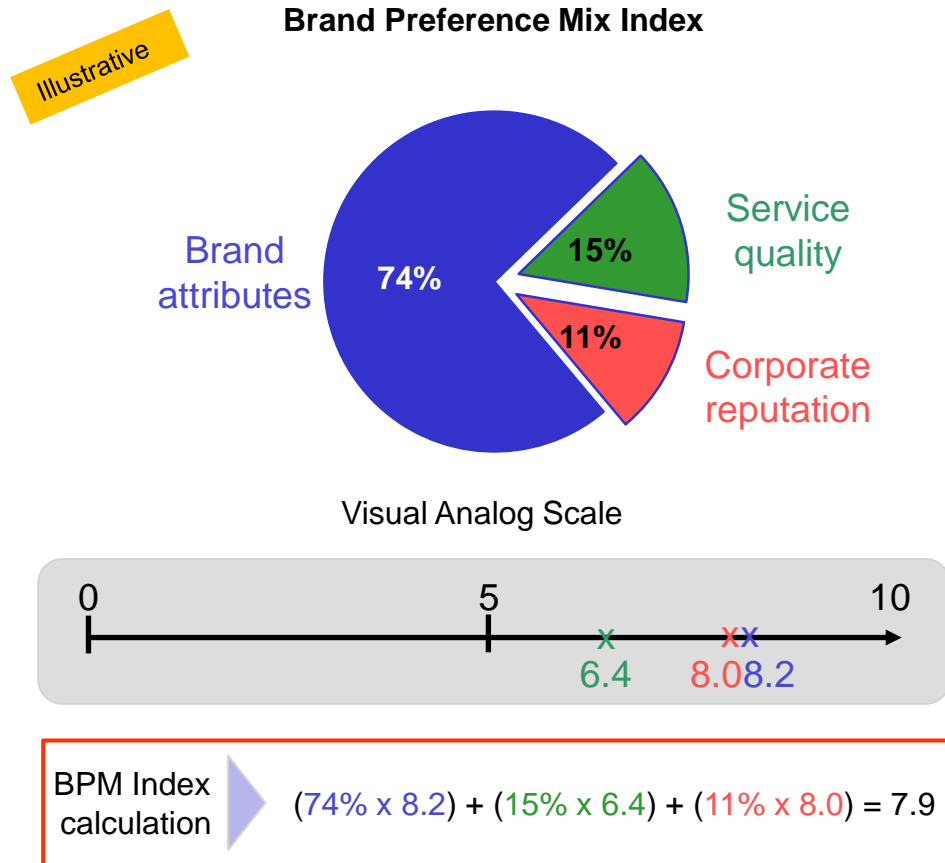
- The Brand Preference Mix (BPM) is a framework that should allow pharmaceutical companies to identify the drivers of preference which are most relevant to their brands
- As the great majority of prescribers use several brands for a given pathology:
 - The challenge for pharma companies is to increase the preference of prescribers for their brands to get a bigger share of their prescriptions (vs. competitors)
 - Strengthening the preference of a prescriber for a brand must go beyond securing brand loyalty only
- To reinforce brand preference, pharma companies should optimize their Brand Preference Mix:
 - The perceived value of their brand (product) attributes
 - The perceived quality of the services they offer and deliver to physicians
 - Their corporate reputation
- The links between the three components of the Brand Preference Mix should be well established in prescribers' minds

Source: "Building prescriber loyalty", J.-M. Peny et al., SCRIP Magazine, September 1993 – Smart Pharma Consulting

2. Brand Preference Mix - Presentation

The Brand Preference Mix Index evaluates the brand performance on each of the preference components, over time and compared to competitors

The tool



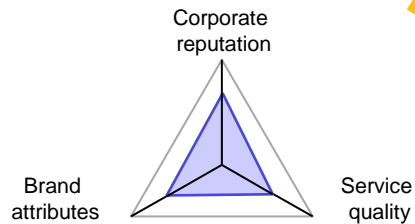
- The Brand Preference Mix Index (BPM Index) is a measurement tool that takes into account:
 - The relative importance of the BPM components (i.e. corporate reputation, brand attributes and associated service quality) per brand
 - The score of the brand, on a 10-point scale, for each of its preference components
- The BPM Index can be defined per client (i.e. physicians, pharmacists, nurses, etc.), per indication, per form, etc.
- The BPM Index scores the clients' perception at a given point in time, making it possible to track the evolution of this perception over time and to compare it to competitors, considering the impact of:
 - External events (i.e. related to health authorities, competitors and clients' behaviors)
 - Internal events (i.e. related to promotional activities, quality of service offered, new communication strategy, etc.)

2. Brand Preference Mix - Presentation

The BPM Index can be assessed at the national level through market research studies and at the hospital/department and individual levels through interviews by sales forces

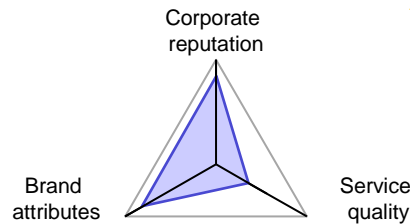
The method

National level



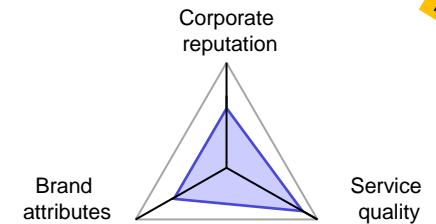
- The Brand Preference Mix Index (BPM Index) should be measured at the national level through face-to-face or phone interviews by Smart Pharma Consulting
- The number of interviewees should be approximately 50 for specialists and 100 for GPs, in medium to large markets such as France, Germany, Italy, UK, Spain, etc.
- The rationale behind the marks obtained for each dimension of the BPM Index must be investigated

Hospital/Department level



- The BPM Index can also be measured at the hospital or hospital department level (i.e. cardiology, oncology, etc.) through interviews carried out by the field forces (i.e. medical reps, KAM, MSL, etc.) of pharmaceutical companies¹
- Interviews can be either concentrated on key institutions and/or departments or carried out on all those that have been targeted
- The reasons that support the evaluation should be captured

Prescriber level



- The BPM Index should be measured at the level of each targeted prescriber through face-to-face interviews carried out by medical reps or other field force collaborators
- Prescribers should be interviewed, ideally twice a year, but at least once a year
- The medical reps should carefully and precisely identify the reasons that motivate the marks granted by the prescribers for their brands and those of their most important competitors

3. Brand Preference Mix in practice

Brand attributes are a prerequisite to be prescribed but the quality of associated services and corporate reputation may also play a role to drive brand preference

Relative importance of the Brand Preference Mix dimensions

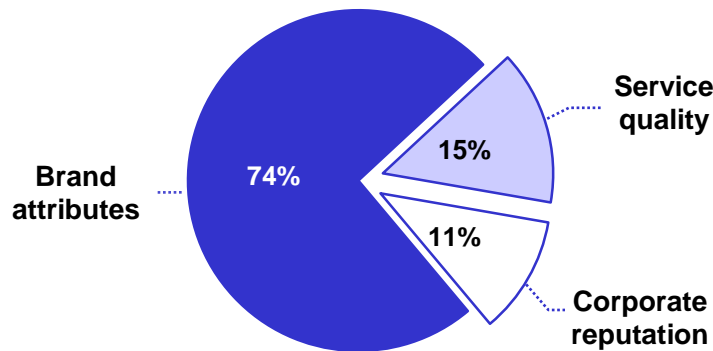
“What relative importance (%) do you give to the three components of the brand preference mix for your preferred brands?”

Case Study

- Efficacy/quality of the product (19), tolerability (6) and easiness of use (9) seem to be the key drivers of brand preference

- 10 respondents are exclusively sensitive to brand attributes
“The company has no importance; the only thing I care for is the product” (5)
“I try to ignore pharma companies when I prescribe” (1)
“I do not prescribe a company” (1)

- GPs preference for a brand also lays on their experience (9), their habits (8) and promotional efforts (6)



Based on 122 answers¹ from 42 respondents

- Most interviewees agree that services offered play a role to drive their preference, and for some of them it is even an essential criterion after brand attributes (5)
“For me, after efficacy and scientific evidence, the 2nd criterion is the quality of the relationship with Sales Reps” (1)

- 3 respondents specifically link their preference for a brand to services provided by the company
“It is a general rule in my prescription choice. I attach importance to prescription aides, items for patient education and adherence aides provided by pharma companies” (1)
“Without the support of pharmaceutical companies there would be no CME² programs” (1)

- GPs do not seem to consider corporate reputation unless it is a bad reputation
- In this matter, layoffs may have a disastrous impact (2)
- 1 respondent thinks that *“it is true that the relationship with the company is still important” (1)*

(X) : Number of respondents

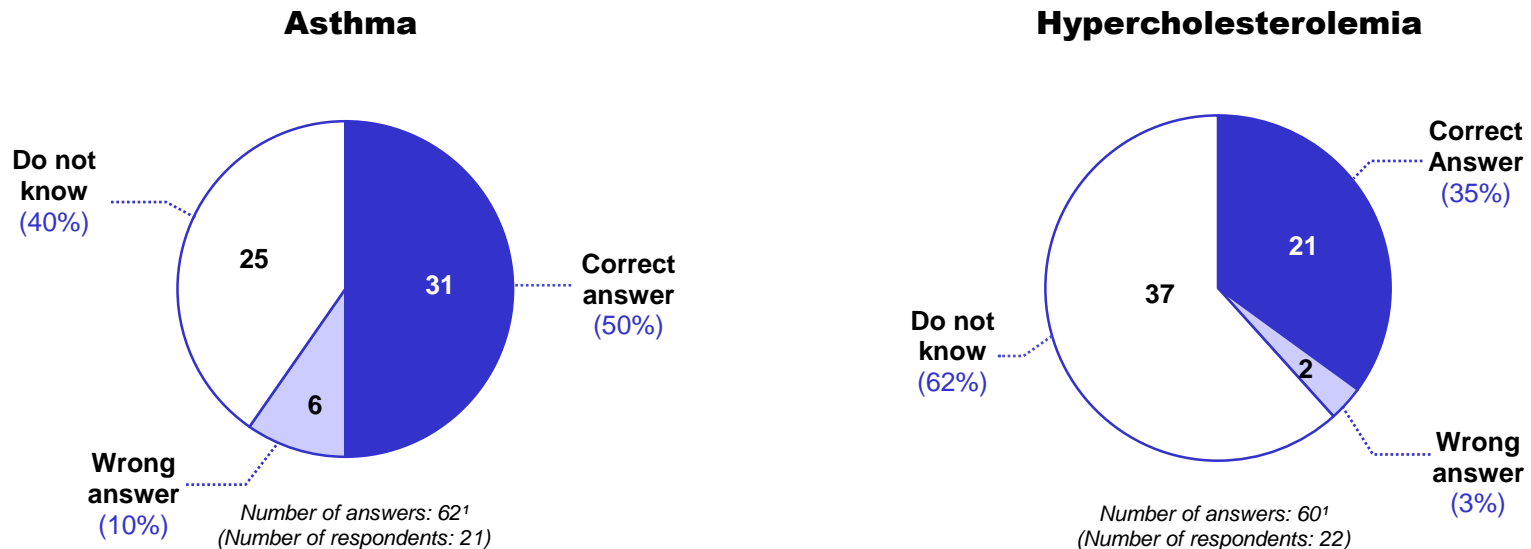
3. Brand Preference Mix in practice

A minority of respondents are able to link brands to the company they are marketed by and recognition is higher for asthma drugs, because players are few and well-known

Link between brands and companies

Case Study

“What are the companies that commercialize those brands¹?”



- Mergers & acquisitions, license cessions and co-promotion seem to create confusion in GPs' mind
- On genericized markets such as hypercholesterolemia, several companies have reduced or stopped promoting their brands and especially through face to face calls
- This may explain the difficulties faced by GPs in associating a brand with the corresponding marketing company

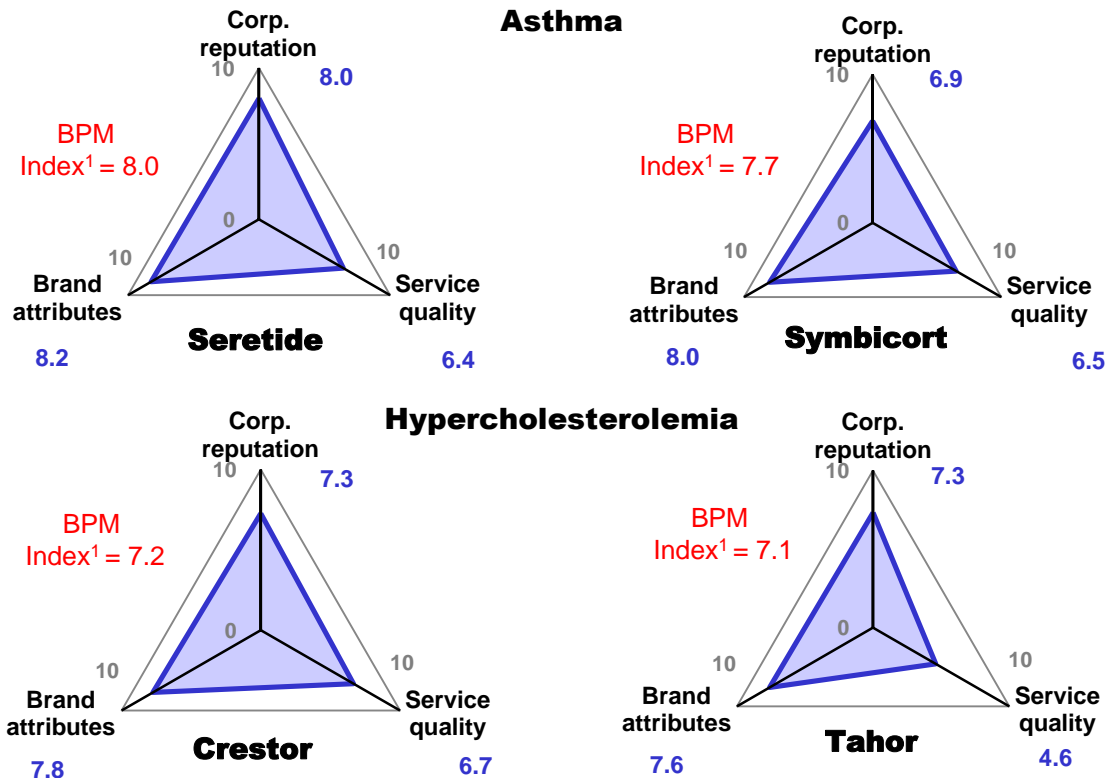
3. Brand Preference Mix in practice

The Brand Preference Mix Index makes it possible to track the performance of each brand on the three dimensions of the Brand Preference Mix, down to the individual prescriber level

The benefits (1/2)

Case Study

Brand Preference Map



- Seretide's good BPM profile indicates that it is appreciated by respondents
- Symbicort's corporate reputation is lower than Seretide's. Thus, it is recommended that AstraZeneca finds out the reasons that explain this gap vs. GSK and develops the appropriate solutions to fill it up

- Crestor seems to be well appreciated by interviewees regarding its effectiveness. Furthermore, AstraZeneca has a strong image among GPs who also appreciate the services provided by the company. Nevertheless, during the survey, several GPs expressed fears or doubts regarding its tolerability (lack of hindsight)
- Tahor appears to be appreciated for its effectiveness, which has a positive impact on the brand attributes score. In addition, Pfizer benefits from a good reputation among interviewees. However, the service quality associated with Tahor is significantly lower than the one associated with Crestor. It could be in the interest of Pfizer to focus its efforts to rapidly become perceived as good as AstraZeneca in terms of service quality

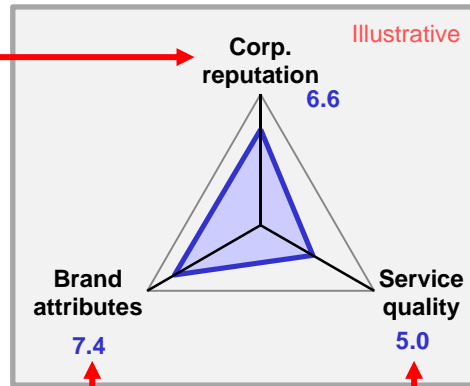
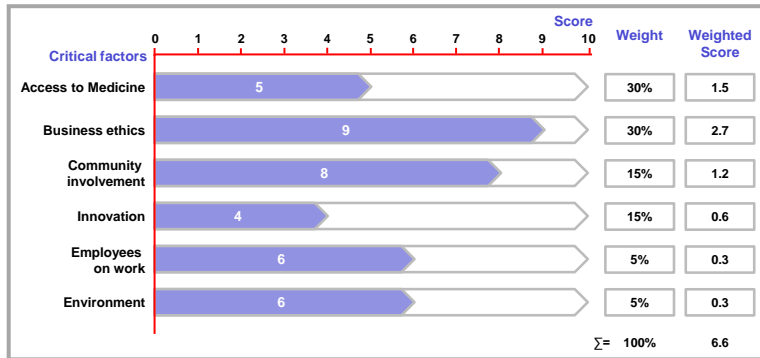
3. Brand Preference Mix in practice

It is possible to identify the rationale behind the scores of the brands for each component of the Brand Preference Mix and then to find solutions to improve them

The benefits (2/2)

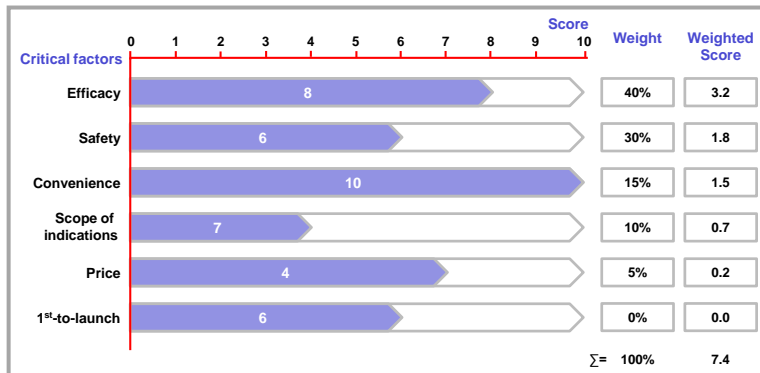
Illustrative

1. Corporate Reputation Score

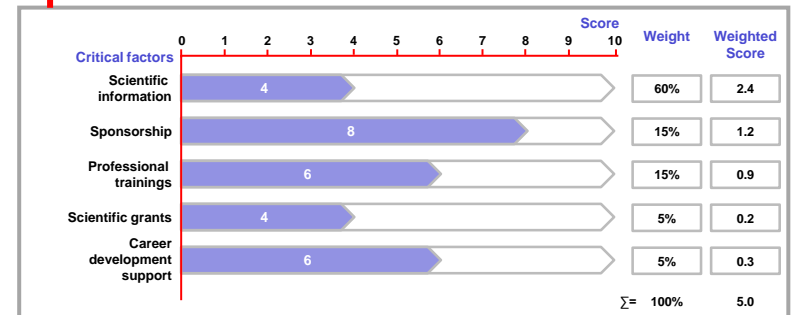


1. The Corporate reputation score is strongly driven by CSR¹ and scientific commitment which require regular and well-structured communication to prescribers
2. The Service quality score depends mainly on good scientific information, for which medical reps appear to be a key communication channel
3. The Brand attribute score may depend on different components according to the product type (OTC vs. Rx), its lifecycle stage, and its reimbursement status

3. Brand Attribute Score



2. Service Quality Score



Source: Smart Pharma Consulting

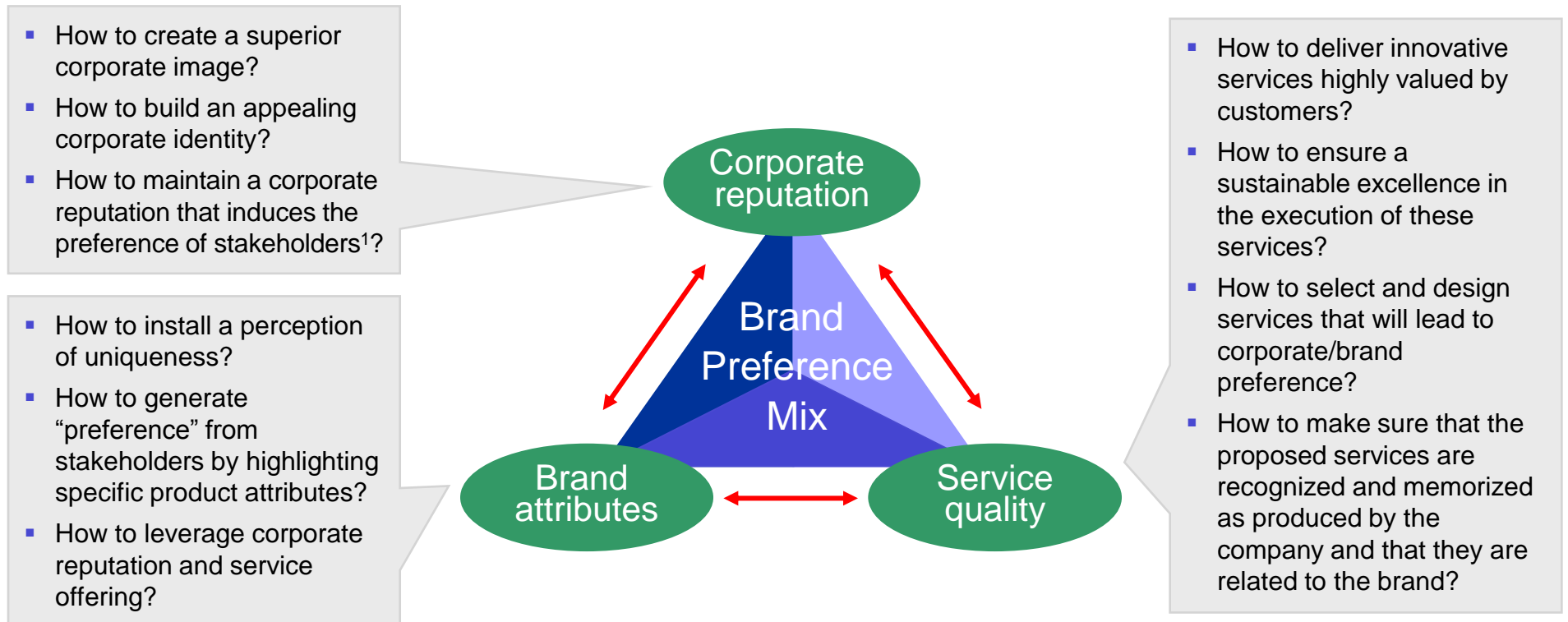
¹ Corporate Social Responsibility

3. Brand Preference Mix in practice

To optimize the Brand Preference Mix of their products, pharmaceutical companies should address a number of key issues

How to optimize the Brand Preference Mix?

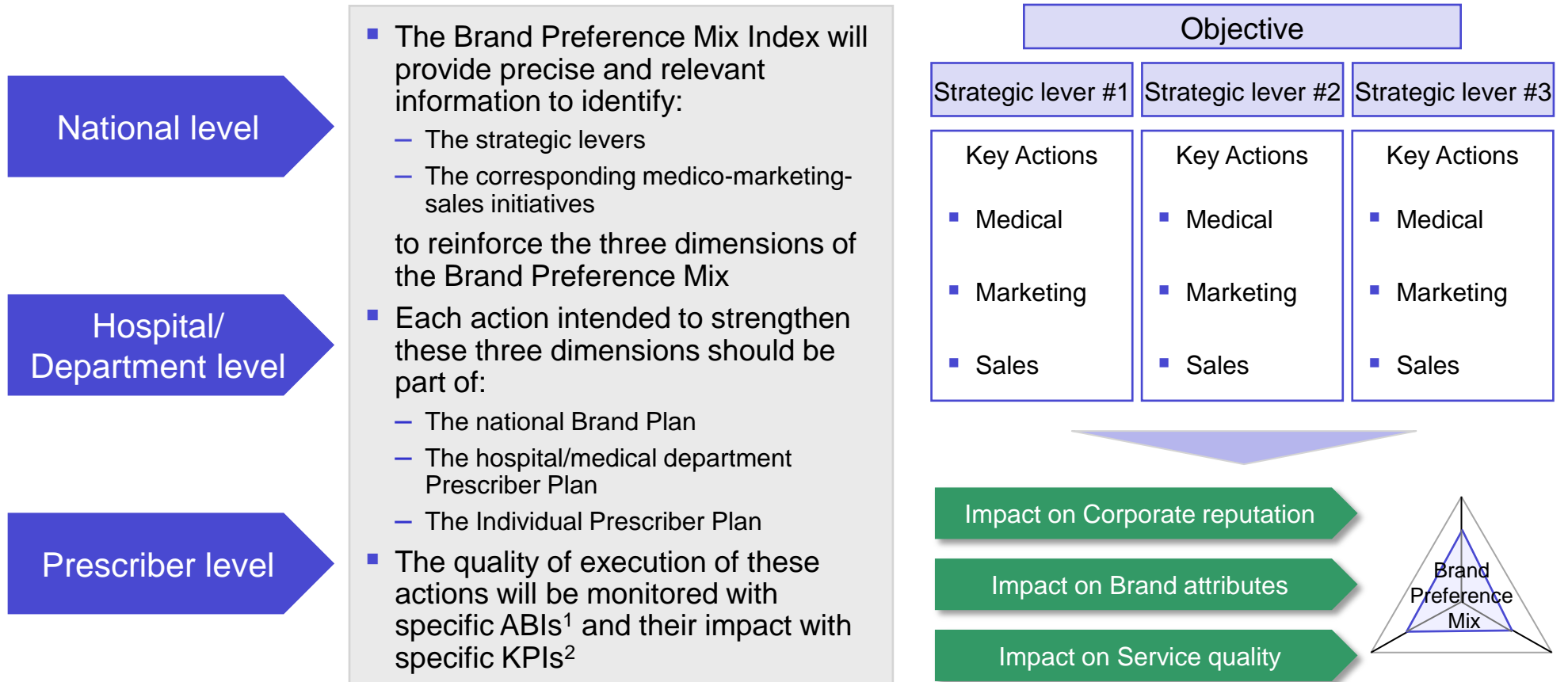
Key issues to be addressed



3. Brand Preference Mix in practice

The BPM Index provides tangible information to set strategic priorities and the corresponding tactics to strengthen brand preference in prescribers' mind

Prescriber preference-based brand plan



Source: Smart Pharma Consulting

¹ Activity-Based Indicators – ² Key Performance Indicators

4. Conclusion

The BPM index should be measured at national, hospital/department or prescriber level to define strategic priorities and tactics likely to reinforce the brand preference

Value of the Brand Preference Mix (BPM)

- The **Brand Preference Mix Index** is a **reliable** indicator to **estimate** the relative **growth potential** of brands
- **Market share gain** is a **function** of customers' **preference** for a brand relative to its competitors
- Amongst the three components of the BPM:
 - **Brand attributes** is the most important driver, followed by
 - **Quality of services** associated, and by
 - **Reputation** of the marketing **company**
- The relative **importance** of these **three components differs** across and within therapeutic areas
- By **measuring** the **performance** of their brands vs. competitors on these **3 dimensions**, marketers will be able to:
 - **Determine** their **strategic priorities** to leverage their strengths and address their weaknesses
 - **Evaluate** the **impact** of their **strategies** and the corresponding **tactics** on the different **dimensions of the Brand Preference Mix**
- A **BPM Index** should be ideally **calculated** for **each** targeted **customer** (e.g. GPs, specialists, KOLs, etc.), **once** or **twice** a **year**, at national level through a market research company, at hospital/hospital department and/or individual level **through sales force interviews**
- Based on the analyzed results, a series of **customized actions** will be **defined** and **implemented** by customer, following the **Behavioral Prescriber Segmentation (BPS)** principles¹ developed by Smart Pharma Company