

Life After Loss of Exclusivity?

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A woman walks into a bar and asks the bartender for a cold Corona, her favorite beer, moments later the bartender returns with a Molson. A man is buying an Apple iPad as a birthday gift for his daughter. He hands the iPad to the big box electronics store cashier who very efficiently stashes the iPad under the counter and replaces it with a lower cost PC. Two days ago a man was involved in a minor car accident. No one was hurt but his left-front fender was damaged. His insurance company just informed him that they deemed the fender “functional” and “any bodywork repair would not improve the fender’s effectiveness and therefore would be seen as only cosmetic”; payment denied.

Let’s agree that if, and/or when, these examples actually occur in real-life, they would be the exception and not the rule. Occasionally consumers will compromise their brand affinity in situations where they feel it makes sense, meaning it would be more inconvenient for the consumer to single-mindedly pursue their brand preference than to capitulate; most people don’t walk from a restaurant because they had their Coke substituted for Pepsi.

However, with respect to the pharmaceutical industry these are everyday happenings, especially after a brand’s patent-protected exclusivity period expires; unfortunately most patients don’t walk from a pharmacy because they had their branded product substituted with a generic.

Why the difference in brand loyalty between pharmaceutical and other consumer products?

Could it be that consumers are more likely to remain loyal to a brand, and in most instances pay a premium for a product that has a discernible, distinguishable, and in some circumstances immediate impression on our human emotions and senses of touch, taste, smell, sight, and sound? This “brand loyalty reinforcing sensory stimulation response” could be a major hurdle for patient-centric branding in the pharma industry; with few exceptions the purchase and use of “medicine” rarely excites the senses!

Could it be that consumers generally pay directly and for the total cost for their consumer product purchases, emboldening them with a greater sense of purchase-decision-making ownership and power? Yet another obstacle to patient-centric brand building within the pharma industry.

In light of the impediments mentioned above, building patient-centric brand awareness and loyalty for a pharmaceutical product appears to be a daunting task and begs some questioning.....

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Which is better / more valuable, patent protection or branding?

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Will health care consumers specifically request and/or pay the difference for the branded product?

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Is it worth the investment required to build patient-brand awareness and loyalty in an environment in which the brand is easily and often substituted?

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Patient-Centric Branding: Opportunities & Obstacles

Which is better a patent or a brand? Why can't we just all get along!! It's needless to address this somewhat rhetorical question because the obvious correct answer is (c) All of the above.

Without a doubt it is advisable for companies to implement an aggressive patent strategy to protect their investment in innovative product development, but a good patent strategy is not mutually exclusive to a good patient-centric branding strategy. The majority of pharma CEO's would be thrilled at the prospect of an initial period of exclusivity followed by a substantially lengthened product-lifecycle thanks to patient brand loyalty.

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Did you know the Tums™ brand has been around since 1928 and is still going strong!

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First the good news. All the resources invested over the product's patented life to build brand awareness and value with health care prescribers has paid-off and, by and large, physicians will continue to write their prescriptions with the brand-name.

You already know the bad news. After loss of exclusivity the branded product is substituted at the pharmacy with a generic product, generally due to one or more of the following obstacles:

1. The patient’s payor (public/private) has set limits on the amount they are willing to pay; usually the limit is the generic price.
2. The patient is not willing to pay out-of-pocket to cover the difference for the brand product (see above: *“with few exceptions the purchase and use of “medicine” rarely excites the senses!”*)
3. The pharmacy has a sense of obligation to dispense a generic and/or has no branded product inventory.

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“Obstacles are there to slow down your competition!”

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To quickly re-cap, the doctor is prescribing by brand-name, therefore, if the obstacles highlighted above can be removed, the product lifecycle can be expanded beyond the point of loss of exclusivity.

Patient-Centric Branding: Product Responsiveness

When contemplating investing in patient-centric branding there are some important considerations:

1. Are all products candidates for patient-centric branding?
2. What is the right level of investment and does it vary according to the lifecycle chronology? Can patient-brand loyalty be achieved profitably?
3. Where in the product lifecycle do you begin?

When it comes to patient loyalty not all products are created equal. Products simply by the nature of the disease they treat may be more responsive to patient-centric loyalty strategies than others.

Excellent candidates for evaluation include: pharma products that discernibly allows the patient to continue living longer (insulin), products that return the patient to normal functioning (schizophrenia), products that relive pain and suffering (migraine), products that prevent unwanted events from occurring / reoccurring (oral contraceptives/herpes/asthma), products that address “lifestyle” issues (ED/baldness), and generally any product that immediately and noticeably alleviates the perceptible symptoms of a disease.

Patient-Centric Branding: Financial Analysis

Just as each product needs to be evaluated based on its responsiveness; it also must pass the muster of a good financial analysis. Most of the focus will be on post-patent period investments and associated measurable returns.

It's important, at this point especially, to recognize also that a shift in mind-set from high-margin growth to margin-harvesting mode is necessary. Patient-centric loyalty is not a "brand-saving" strategy, and not always an appropriate strategy to pursue.

There are a number of considerations when evaluating extending patient loyalty post-exclusivity but they all boil down to: "will the up-front investment required pay-off in a more loyal patient and a slower product erosion curve?"

Patient-Centric Branding: Lifecycle Planning

Most pharma product lifecycle plans will already include investments in patient-centric branding. Early lifecycle investments in websites, consumer directed advertising, public relations, consumer hot-lines, patient assistance programs (compassionate usage, bridging-to-reimbursement), patient adherence, and caregiver support are all excellent examples of patient-centric branding. Given what was mentioned earlier, *"the purchasing and use of medicine rarely excites the senses"*, the objective of the patent-protected portion of the lifecycle is to engage the patient's other senses and build a stronger emotional affinity to the brand.

Patient-centric branding programs such as a brand loyalty card should be planned to launch as close as possible to the loss of exclusivity date, the objective is to have the program "hit the streets" while there is still inventory in the pharmacy.

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"Currently over 200,000 Canadian Women use a patient-brand loyalty card to purchase their brand name oral contraceptives and pay no more than they would to purchase the generic."

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The best patient-centric branding strategy will always be one tailored to the product responsiveness profile, the nature of the disease state, and of course the financial analysis.

With fewer blockbusters on the near horizon many pharma companies are looking to their portfolio of established, and in most cases, non-exclusive products as a good source of revenues and income. The products are generally well-known; the clinical outcomes are established and documented with vast amounts of data; the investment has already been made in health care practitioner awareness; and it might help bridge to the next launch in that category in the future.

The maximizing of the return on these collections of brand assets will involve many diverse strategies and tactics; patient-centric brand loyalty is worthy of consideration.

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