

## **(Pharma) Marketing of the Future – Part 2 Management of a Pharmaceutical Brand**

### **BRAND ASSET MANAGEMENT (BAM)**

There is no doubt that the basic and most valuable intangible asset of a company is its brand. Part of general managerial awareness is that a strong brand ensures a competitive advantage, it is possible to demand a prize premium for it and that it is easier to enter new markets and new product categories with a strong brand.

In modern marketing the system of brand management is a relatively independent field which has close links to marketing but has its specific features. It is marked as BRAND ASSET MANAGEMENT.

The typical parts (processes) of BAM are:

- Creation of the brand identity
- Value proposition and its contents
- Positioning of the brand vis-à-vis target groups
- System of indicators for brand performance
- Planning the architecture of brands (relations between individual corporate brands)
- Brand life cycle management
- Internal brand communication processes
- Brand equity assessment (brand value interpretation)
- Connecting the brand with the marketing C-mix (C-mix in IV part of the series)

Although various creative, often bizarre BAM concepts and terminology, can be found in the literature and work of brand managers and consultants, the contents of work with the brand on a real market is unambiguous, rational and manageable.

### **PHARMACEUTICAL BRAND AND CEE**

Due to the changes on the global pharmaceutical market, the position of corporate and product brands is also changing and developing in our region. At a time when original producers are merging with generic ones and generic companies are buying the original ones, at a time when the overall value of the pharmaceutical industry on world stock markets has fallen between the years 2000 and 2008 to less than half its original value \*, the situation of many

pharmaceutical brands is somewhat unstable. There are many average brands and few loyal clients. The models of pharmaceutical firms are either not too original, or highly inconsistent with regard to the brand. The frequent intercompany fluctuation of employees and their unprofessional pleading or pressure on sales are the most traditional reason for the devaluation of what most pharmaceutical companies in the past year have laboriously built up.

If we currently follow the assessment of models of pharmaceutical companies and their clients, the increase is highly apparent of an openly declared answer of the type: “without any added value”, whatever pharmaceutical companies may think of this, or their company comes out somewhat better from the marketing survey than the others. When we ascribe the direction of health reforms in European healthcare systems which include the Czech Republic, it is probable that the entire pharmaceutical market can expect a reasonable downsizing in the next few years in its “sales and marketing machine” and re-defining of the value proposition vis-à-vis its clients and all participants in the healthcare chain.

If the substance of a brand consists merely of a replaceable product and generic business model (this also applies to original companies), such a brand is not only easy to replace, but can also be vulnerable with regard to its price (the sharp fall in payment by hundreds of percent, often below the level of production costs). The idea that pharmaceutical companies will catch up with would-be value or emotionally tuned spots on the subject of brand identity or “corporate social responsibility”, is somewhat naïve, something the companies have also realised, above all on West European markets. All that remains is to contribute to a model integrating valuable contents into healthcare rather than marketing folklore.

Fortunately the best pharmaceutical companies have not only understood but are also implementing many value-based projects which significantly increase the added value of a product or by a therapeutic procedure and thereby contribute to clearly defined care quality output (HTA-based projects – Health Technology Assessment, QI-based projects – Quality Improvements, CA-based projects – Clinical Audits and a number of projects involving communication with patients or convenience management). If we put aside the indisputable contribution of newly introduced molecules from the workshops of R&D into practice, these or similar management projects of pharmaceutical companies, directed at the system of healthcare, will be able to increase the value of the pharmaceutical brand.

Those companies will have a difficult time whose brand image, despite all official declarations, is created in the system of a corruption cafeteria on the real market and whose value shift will not be immediately credible to anyone.

**The following text is a faithful description of how a value shift, increased reputation and brand value can certainly fail.**

### **VALUE PROPOSITION AND VALUE SHIFT**

1. The vaguely defined vision of the type “we will become the best in the whole world by the year X...” and the missing value brand proposition.
2. The strategy has no content and proceeds by itself (there is no definition of what will really be done, things will revert back to what has already been done and what more or less the market share has brought).
3. The director is not here, he is too busy working on other important things...
4. The commercial department will have it ready for the cycle meeting.
5. There is no need to alter the incentive (bonus) system as people will take it upon themselves.
6. There is no reason to adjust the marketing and media mix, and adverts. The best thing to do is to leave everything to the advertising / communication agency.
7. It is unnecessary to assess structured customer satisfaction. A satisfied customer can be recognised.
8. It is enough to communicate with customers through the front office (REPs, KAMs).
9. No special training is required. Everyone knows what values are, what a brand is and what its benefits are.
10. Everything must be ready within 3 months so it can bring greater sales by the next quarter and if this is not possible, then the existing representatives must be quickly replaced by new ones.

In the next issue we will deal with the subject of strategy.

\*Source: Harvard Business Review, May 2008

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