PharmaLive
The Pulse of the Pharmaceutical Industry

MedAdNews

Generics

by Joshua Slatko

Med Ad News: The rumble just heard this past week was the sound of the world's biggest-selling drug, Lipitor, rolling off the patent cliff. With more and more brands for chronic conditions falling off patent, how can agencies best help clients who are still trying to compete in these generic-dominated categories?

Jay Carter, SVP, Director of Strategy Services, AbelsonTaylor: While Lipitor is a market change of grand and impressive proportions generics have had an impact on markets before. Recall that in 1993 the sedative hypnotic market was dominated by generics and had total sales of about $300 million. Enter a BETTER product like Ambien, and that premium brand totally changes the marketplace, making billions of dollars for its manufacturer in the process. The pharmaceutical industry is only successful if it continues to innovate better products. While marketers try to leverage co-pay assistance, patient support, and other so-called "value-added" tools, the reality is that without innovation, agencies are hard-pressed to build a story to compete against a top need for consumers – quality product at a lower cost. Agencies can best help clients compete in the same way that we did in 1993: by communicating the differentiating benefits in a clear, memorable, and persuasive fashion, and to facilitate rapid and appropriate uptake.

Nick Colucci, CEO and President of Publicis Healthcare Communications Group: Campaigns draw upon customer brand loyalty and convenience to increase reach and access afforded by targeted marketing. With co-pay support for consumers, and websites content and structure designed to lead patients to talk to their doctor, the discussion may turn to adherence—still the biggest challenge of good medicine. This is the future of consumer advertising, identifying where your audience is and speaking about the real barrier to good health—listening, understanding, and complying with physician guidance.

You have to connect with your audience, listen to their needs, and together address the pressing health concern impacting patients' lives. One of our roles as creative communications experts is to connect brand differentiators to the primary patient and physician call-to-action—the aspiration around wellness.

By understanding the emotions embedded within decision-making processes, marketers more effectively find new messages that resonate with, and address the needs of patients.

Kevin Dunn, Senior Vice President, Strategic Planning, The Agency Inside Harte-Hanks: Competing against generics will always be a challenge. As the patent cliff comes into view for many drugs, the key to success will be moving toward more comprehensive payor marketing programs. Another strategy is to better target patients and physicians who may prefer branded products to generics. The only way to do that is through the successful use of data.

Mike Rutstein, CEO, Strikeforce Communications: For the past five years, we've heard about "the patent cliff." We've lamented about it. We've right sized and reorganized around it. And now it's here. So what does it really mean and how can pharmcos operate in a world experiencing an onslaught from generics?

Moving forward starts by going back and reaffirming industry's commitment to putting patients first. In reality, generics are not altogether a bad thing for our industry, and undoubtedly they provide access to life-saving and life-altering medications for millions of people who might not otherwise be able to afford them.

While generics threaten today's profit margin, they inspire tomorrow's innovation. In fact, in many ways pharma has benefited from the threat of generics, and the industry has become more inventive and creative in the past five years than it had been in the previous decade.

Today, companies are doing more with less. They're getting more proficient at assessing opportunities and getting better at evaluating trade-off scenarios in the discovery and commercialization process. They're stripping out overhead and getting smarter about outsourcing and focusing on core competencies. And when it comes to future development, it's hard to imagine that we would be as focused today on specialty therapies and personalized medicine (which will ultimately prove invaluable) if every company were still sitting on a big cache of blockbuster drugs.

To address changing dynamics in the marketplace, successful pharma companies need to rethink the concept of "portfolio management" and consider the value of "molecule management."

This new way of thinking starts with the end in mind – the future beyond the patent —and looks first to build the brand and benefit from the profits of the patented innovation, and later (post patent) to leverage the equities of the branded entity and the manufacturer into the generic space and benefit from the value of volume (and inherent trust).

In a nutshell, major pharma needs to restructure to play in both worlds to address the rapidly transforming marketplace and avoid a "patent cliff" mentality.

While opponents of this concept will talk about "church and state" and point to the fact that the branded and generic models can't live harmoniously, some of the world's biggest and most envied pharma companies are doing it and thriving in the new world of "molecule management." And that's not only good for business, it's truly putting patients first.

Dean Summerfield, vice president, the Consulting group at Quintiles: For companies already in the market with branded, non-generic products it will become increasingly necessary to be able to demonstrate the real-world value of their medications, providing evidence to payers and providers that there still is a need and a benefit to retaining the option of their drug in the treatment choice. This evidence could be within certain patient sub-groups, at a particular line in the treatment algorithm, etc where the use of their drug in day to day clinical practice can be shown to deliver greater holistic value than the generic options that will become available. What is critical is that this evidence is produced within the context of the local health economy that the payer services.

For companies with products still in development who now face a far more difficult task in getting marketing authorisation and appropriate pricing and reimbursement, it is vital that they re-evaluate their clinical development strategy to ensure that the trial design will provide compelling evidence vs active comparators. This evidence would unequivocally demonstrate the benefit and value to not just the regulatory authorities, but also to payers, the providers and the patients in those markets where some degree of co-payment is common.

Whilst this may sound obvious, very few brands reach the market with evidence appropriate for multiple stakeholders. This is because internal structures and linear processes still dominate decision making. Many companies may claim to include a payer or commercial perspective into their decision making on clinical design, but all too frequently the perceived added complexity is outweighed by the dominance of traditional clinical development and personnel who are often incentivised on speed-to-market, rather than reaching the market with the most compelling holistic value proposition.

For emerging and small biopharma companies with assets in development for chronic conditions for which there will be very effective generic options available, it is imperative that they have development, market access and commercialisation processes that are integrated and flexible to meet the rapidly evolving expectations in the new healthcare landscape.

Marc Weiner, Managing Partner, Ogilvy CommonHealth Worldwide: Our clients will need to go back to the basics of strategic planning. They have to reconsider their brand story and what it means in a generics marketplace. That's not going to be easy, since messages and attitudes tend to be deeply ingrained.

It's important to get a fresh perspective. That may mean shaking things up a little to introduce some new thinking. Determine what the new brand message has to be and who it should be targeting.

We've seen certain brands survive generic challenges, but only because they were able to reposition their value proposition. Usually there's a pill-plus program, which adds value, but this has to be weighed against cost and return on investment.

Calculate the real costs and ROI before you determine if it makes sense to keep promoting a brand with multiple generic competitors. It may not add up.

Scott Weintraub, Chief Marketing Officer and Principal, Healthcare Regional Marketing: What brands and agencies need to do is adopt learning from the consumer package goods (CPG) industry. All of the top brands in CPG have generic competitors and similar to managed care and pharmacies, the retailer – who makes a higher margin on generics, often called store brands – is pushing generics. But despite this, strong CPG categories still can have a 95% brand share versus in pharmaceuticals where we are ecstatic with a 5% share. I look to the current post-generic branded Lipitor commercials as a great first step to provide learning on how to compete with generics post patent expiration.

Med Ad News: Biosimilars are an important, rapidly growing subsection of generics that many of the big pharma companies are exploring. What does a biosimilar world mean for marketers?

Jay Carter: Biosimilars mean new competition for biologics on a head-to-head basis, new high-volume potential for their successful manufacturers and marketers, and potentially better value for the healthcare system. However, because the prices and margins are SO substantial now, there's plenty of competition in most of the categories where biologics are active. Net/net, the biosimilar world of the future will look a lot like the rest of pharma looks today.

Nick Colucci: Biosimilars offer great promise. Keep in mind, similar is not identical. Regulatory uncertainties and gaps in the competitive landscape continue to confuse. For marketers, biosimilars are different than generics, requiring clinical, regulatory, marketing and advocacy support. Advertising and medical education companies will need to help show physicians how these products are similar, though not bioequivalent to the original. Some experts suggest biosimilars will actually require more marketing support than generics in general because it's a new concept without large trials.

Kevin Dunn: Biosimiliars represent a unique challenge for big pharma. Here, marketing approaches will likely be more global. The traditional sales model may move to more cost effective tools, multichannel campaigns, remote personal selling and eDetails.

Jeff George, head of Sandoz division at Novartis: The market potential for biosimilars is considerable, as biologics with estimated total sales of USD 63 billion are due to be off patent protection by 2016, and the actual biosimilars market is expected to be worth at least USD 2-3 billion by that date. This presents a great opportunity for companies with strong capabilities and know-how in the development and manufacturing of biologics. Sandoz is well-positioned to seize this opportunity, given our unique position within the Novartis Group, significant biotech capabilities, and long experience producing high-quality, differentiated generics. We are the pioneer and worldwide leader in biosimilars with market share of approximately half of the global regulated market and a clear #1 position in all three of our three marketed biosimilars globally.

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In terms of marketing, biosimilars require a different approach than small molecule generic medicines, incorporating aspects that are more typically associated with branded pharmaceuticals, such as utilizing a physician field force. While price is of course a crucial aspect of our value proposition to our customers, we differentiate our biosimilar products by emphasizing their therapeutic quality, delivery mechanism and patient services. For example, in the US, we offer a set of patient services for Omnitrope, our human growth hormone product, that help reduce out-of-pocket costs and make it easier for patients to start on Omnitrope, such as in-home injection training by qualified nurses and a call center.

Sander Flaum, CEO, Managing Partner, Flaum Idea Group: I believe the old Wyeth blundered when it sold off its generics division. With Obamacare, generic dispensing will most likely hit the 80% level. We will see more Big Pharma firms acquiring specialty generic companies.