THE SIGNIFICANCE OF BRANDING IN THE PHARMACEUTICAL INDUSTRY

by

Zahra Ladha
Bachelor of Commerce, McGill University, 1998

PROJECT SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION

In the
Faculty
of
Business Administration

Marketing

SIMON FRASER UNIVERSITY

Summer, 2005

APPROVAL

Name: **Zahra Ladha**

Degree: **Master of Business Administration**

Title of Project: **The Significance of Branding in the Pharmaceutical Industry**

Supervisory Committee:

Dr. Jennifer C. Chang
Senior Supervisor
Assistant Professor
Faculty of Business Administration
Simon Fraser University

Dr. David C. Thomas
Second Reader
Professor of International Management
Faculty of Business Administration
Simon Fraser University

Date Approved: August 2, 2005

SIMON FRASER UNIVERSITY

Ethics Approval

The author, whose name appears on the title page of this work, has obtained human research ethics approval from the Simon Fraser University Office of Research Ethics for the research described in this work, or has conducted the research as a co-investigator of a project, or member of a course, approved by the Ethics Office.

A copy of the human research ethics approval letter has been filed at the Theses Office of the University Library at the time of submission of this thesis or project.

The original application for ethics approval and letter of approval is filed with the Office of Research Ethics. Inquiries may be directed to that Office.

ABSTRACT

Traditionally, and for several years, consumer goods companies have relied heavily on branding to successfully market and sell products. Recently, however, the pharmaceutical industry has recognized the importance and significance of branding even more and has re-structured their marketing departments to now include brand managers for their products.

Consumer goods companies have followed a particular structure in how they brand their products. It is still debatable, however, if this model can be transferred and adapted to the pharmaceutical industry. This paper discusses the meaning of branding in general, and discusses the advantages and disadvantages of it. Next, the need for branding in the pharmaceutical company is discussed followed by the advantages and challenges of branding in this industry. Examples are given of pharmaceutical companies that currently use these branding strategies. The paper proceeds with a discussion about specific branding strategies that are effective for this industry, and finally, consumer perceptions of generic versus branded drugs are examined.

In addition to the secondary research discussed in this paper, additional primary research is conducted to answer several questions pertaining to consumer views on branded versus generic medications in

terms of perception of price differential, advertising differences, and purchase decision influences. The results are discussed followed by some implications and conclusions. Finally, the project concludes with some recommendations to pharmaceutical companies about the results of the paper and tips for successful branding.

EXECUTIVE SUMMARY

This paper involves research that is done on two levels, secondary, through library and internet searches, and primary, conducted by the author in order to answer some questions that were not necessarily answered sufficiently from prior research. The information presented in this section comes from the general conclusion of the secondary research, followed by findings of the primary research.

Branding has persisted for centuries as a way to distinguish one producer's goods from another manufacturer's products and services. An understanding of customer-based brand equity is essential in order to fully understand branding and it's advantages. Customer-based brand equity is the differential effect that brand knowledge has on consumer response to the marketing of that brand.

In the world of consumer goods and services, companies have used branding techniques to achieve competitive advantage for many decades. In the fast moving consumer goods industry (FMCG) brands are viewed as the key assets of the company, and all resources are utilised to create and develop brands (Schuiling and Moss, 2004). While the core principles and strategies for branding a medical product is the same as for any product, there are some differences in the pharmaceutical industry. Due to differences in regulations of marketing and selling drugs, many of the

strategies used to market consumer products are unacceptable practices in healthcare.

As a result of profound change experienced by pharmaceutical companies, they must embrace marketing and branding strategies to a greater extent then they have in the past. Changes in the way medications are marketed and sold make it significantly important for these companies to brand their products. The early years of the prescription lifecycle will be important for drug companies to establish brands that are ready to be switched to over the counter. Branding can represent a new competitive advantage.

Pharmaceutical branding is an important way to create awareness among potential benefits of drugs and medicines. Brand building during the period a new drug remains under patent can help prolong the commercial life of a product once its monopoly status lapses since once the drug's patent expires, the name of the drug has to be changed. Positioning, as well as other important element for branding including communicating the product's differentiation from rivals, pricing it competitively, and emphasizing its performance to physicians, will be instrumental in prescribing the drug. In order to brand successfully, companies can use a combination of any of the following brand elements: logos, slogans, packaging, names, characters and symbols.

Condition branding and corporate branding are also ways in which pharmaceutical companies can successfully market their products, create brand awareness and loyalty. Some research, however, does show that pharmaceutical branding may not actually work. As a result of concerns regarding regulation and the return on investment of direct-to-consumer advertising, pharmaceutical companies have had to re-think their advertising strategies.

With respect to consumer perceptions of generic versus branded medication, the author's primary research results show that Tylenol is the first brand that comes to mind when thinking of cold medication. It is the brand chosen by 97% of the respondents. In addition, although the majority know what Viagra is, only 25% know that it is actually manufactured by Pfizer, indicating that Pfizer, due to advertising regulations, does not use corporate branding on that particular medication. Other interesting findings based on descriptive frequencies are that 97 percent of these individuals are not likely to ask a physician about a brand they saw advertised. Moreover, the majority of the respondents are not likely to purchase a medication after hearing about it on an advertisement. Most of them are very likely to purchase the same brands they have historically purchased. Consumers perceived a difference in price between generic and branded drugs. People place much more importance on brand name as a key decision making influencer in purchasing non-prescription drugs than prescription drugs. In terms of physician recommendation, pharmacist recommendation, advertisements, and family or friend recommendations, importance levels differ between prescription and non-prescription drugs. For example, people place much more importance on brand name for non-prescription drugs than prescription drugs, whereas for non-prescription drugs, they need to choose themselves.

DEDICATION

This project is dedicated to my loving parents, brother, sister-in-law, and sister, whose limitless love and support – (both emotional and financial!), have always guided me on the path to successfully achieving all my goals. Thank you for everything, I love you all.

ACKNOWLEDGEMENTS

I would like to thank my supervisor, Dr. Jennifer Chang, Senior Supervisor and Assistant Professor for the Faculty of Business Administration at Simon Fraser University for her endless time, input, and effort to help make this project a success. In addition, I would like to thank Dr. David Thomas for putting his time into being a 2nd reader for my final project. In addition, I would like to thank all my MBA professors whose wisdom and knowledge were the tools in helping me write this paper: Dr. Michael Parent, Dr. Colleen Collins-Dodd, Dr. Judith Zaichkowsky, Dr. June Francis, Jan Kietzmann, Dr. Robert Krider, , and Dr. Steven Kates. Finally, a special thank you to Patrick Lauzon, Manager of Corporate Affairs, Meck Frosst Canada Ltd., for his time, guidance, and interest in helping me successfully complete this project.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

1 INTRODUCTION

This topic of branding is important to pharmaceutical marketing departments as time and costs are high in being able to execute effective branding strategies. If pharmaceutical companies can better understand the need for branding, as well as the most effective ways to brand, time and resources could be allocated accordingly. Also, successful strategies will enable these companies to obtain the most sales for their products once the patents have expired and generic drugs hit the market.

The purpose of this paper is to discuss both the findings of research that has already been done on the subject, as well as conduct primary research specifically to answer the author's questions of interest with respect to the significance of branding in the pharmaceutical industry. The paper begins with a thorough discussion of the meaning of branding and the advantages and disadvantages of it to give the reader an understanding of the basic definition before details related to the topic are discussed. Following this is a brief discussion on how consumer goods companies brand their fast-moving goods. This leads into the next section, which compares the branding of consumer goods products to that of pharmaceutical products. This is important to not as many pharmaceutical companies follow the fast-moving consumer goods companies' model of branding, which is often ineffective given the differences in the two industries. In this section, those differences are outlined. The need for branding in the pharmaceutical industry will then be examined, followed by a look at the current branding strategies used by pharmaceutical companies to aid in achieving success. Finally, the last part of the paper reviews the author's results of the primary research conducted, beginning with a brief description of the methodology, sample size, and data collection. The paper concludes with findings from the secondary research and primary research and makes recommendations to pharmaceutical companies.

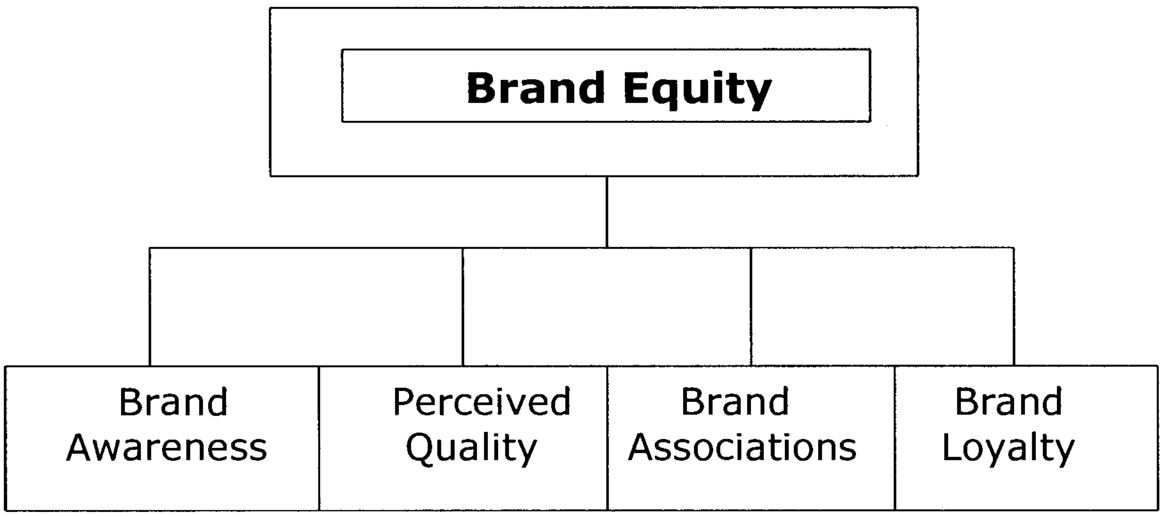
2 WHAT IS BRANDING?

Branding has existed for centuries as a way to distinguish the goods of one producer from those of another. According to the American Marketing Association, a brand is a "name, term, symbol, design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competition" (Keller, 2005).

According to Moss (Schuiling and Moss, 2004), a brand is a name that will register the product in the consumer's mind as a set of tangible, that is rational, and intangible, that is irrational, benefits. A product on its own delivers tangible benefits, whereas a brand offers additional values that arc both the tangible and intangible benefits. For example, the Mercedes brand is registered in the mind of consumers as a brand offering a set of tangible benefits (solidity, reliability and of German quality) and intangible benefits (success, status) (Moss, 2004). Kotler (as cited in Keller, 2005) defines a product as anything that can be offered to a market for use or consumption that might satisfy a need or want. It may be a physical good, service, retail store, person, organization, place or idea (Keller, 2005). Levitt (as cited in Keller, 2005) concurs and adds that a brand is a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need. Additionally, the sum total of consumers' perceptions and feelings about the product's attributes and how it performs, about the brand name and what it symbolizes, and about the company associated with the brand, are the elements that distinguish a brand from its unbranded counterpart (Keller, 2005). The ultimate goal of a brand is not just to be remembered, or differentiated from competitors, but to be the only answer to what the audience needs (Malone, 2004).

Prior to discussion of the advantages and disadvantages of branding, it is imperative to understand what customer-based brand equity is and to comprehend the steps of brand building. Customer-based brand equity is the differential effect that brand knowledge has on consumer response to the marketing of that brand. When customers react more favourably to a product and the way it is marketed when the brand is identified than when it is not, that brand has positive customer-based brand equity. Customer-based brand equity occurs when the consumer has a high level of brand awareness and strong, favourable, unique associations with the brand (Keller, 2005). (See Figure 2.1).

Figure 2.1: Brand equity chart



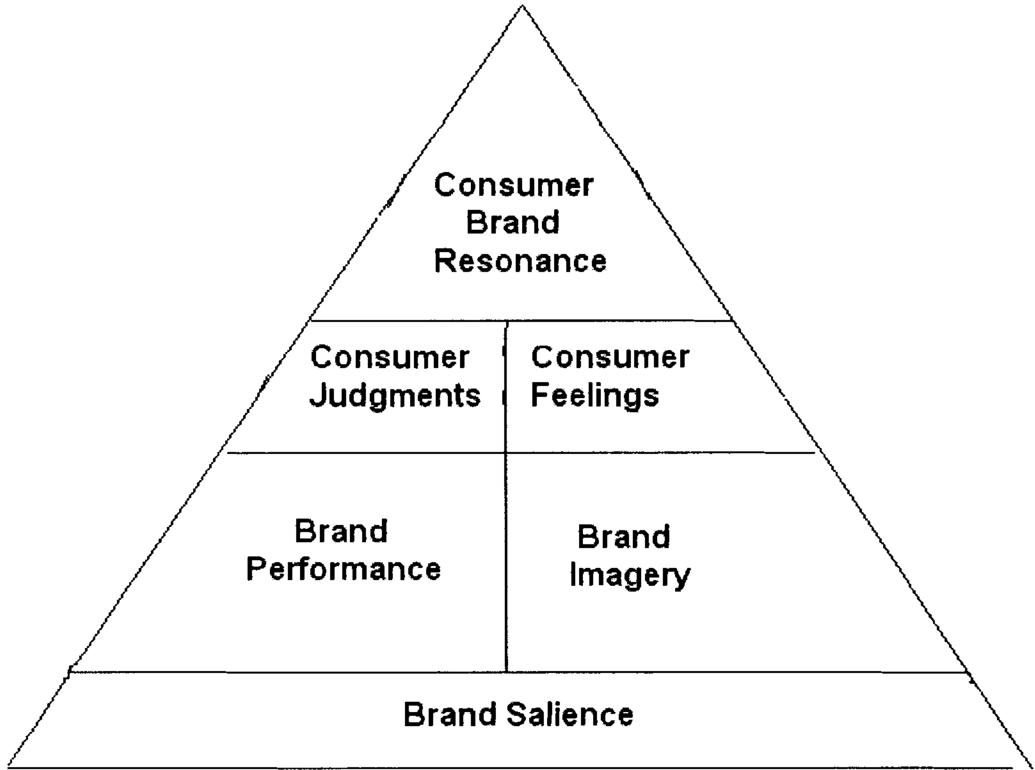
(Keller, as cited in Guzman, 2005)

Keller introduced the consumer-based brand equity model (CBBE), which "approaches brand equity from the perspective of the consumer – whether it be an individual or an organization". This model is based on the premise that "the power of a brand lies in what customers have learned, felt, seen and heard about the brand as a result of their experience over time" (Guzman, 2005). The model maintains that building a strong brand can be thought of as a sequence of steps, in which each step depends on the successful completion of the previous one. The steps are as follows:

1. Ensure an association of the brand in customers' minds with a specific product class or customer need.
2. Link tangible and intangible brand associations with certain properties in order to establish the totality of brand meaning in the customers' minds.
3. Extract the proper customer responses to this brand identification and brand meaning.
4. Convert brand response to create a loyalty relationship between customers and the brand (Keller, 2005).

It is useful to think of creating six "brand-building blocks" with customers in order to provide some structure for this complicated process. These blocks can be inserted into a pyramid to indicate the sequencing involved. (See Figure 2.2).

Figure 2.2: Customer Based Brand Equity Pyramid



(Keller, 2005)

In this pyramid (Figure 2.2), constructed by Keller (2005), brand salience relates to aspects of the awareness of the brand. For example, how often and easily the brand is evoked under different situations. Is the brand easily recognized and recalled? Brand performance is the core of brand equity since it is the primary influence on what consumers experience with a brand, what they hear about it from others and what the company can communicate to the customers about their brand. Brand imagery deals with the extrinsic characteristics of the product or service, including the way in which the brand attempts to meet customers' psychological or social needs. It involves thinking about the brand in an abstract manner rather than about what the brand actually does. This relates to intangible parts of the brand.

Brand judgments relate to customers' personal opinions and evaluations of the brand. Brand feelings are the emotional responses and reactions customers experience with respect to the brand. Finally, brand resonance focuses on the ultimate relationship that the customer has with the brand. It refers to the extent to which customers feel they are "in sync with the brand. Brands that have high resonance are Harley Davidson, Apple and eBay (Keller, 2005).

2.1 The Advantages of Branding

According to Hacker (2000), the purpose of brand building is to create brand preference. Preference, as a result, is supposed to generate more sales and higher market share by creating desire for a brand that is stronger than the desire created by competitors. In addition, it should protect and enhance margins by using the brand to avoid commodity status and add value to the selling proposition. Branding is intended to be a long-term commitment of building and nurturing a loyal customer. It is more advantageous than ever before for two reasons. First, marketers are rediscovering the equity they have in their brand images and are using it. Second, the general media are starting to pay more attention to marketing as an industry.

2.2 The Disadvantages of Branding

However, sometimes branding does not work for consumers who are content with price cuts or two-for one. These consumers who buy strictly on price may not be loyal to specific brands. Price sensitivity could prevent consumers from purchasing more expensive branded drugs, especially if they do not perceive any major differences between generic and branded medications. Other disadvantages include the fact that it requires a rapid return on investment, that there are no economies of scale with advertising and production, that there can be brand proliferation, and there exists the possibility of over promotion of the image as a "tangible benefit". (http://www.ibm.nctu.edu.tw/ibm_200210/news/ppt2.ppt). This could be a problem if the product does not deliver all the promised tangible benefits. It also may not take into account any intangible benefits associated with the product.

3 HOW CONSUMER GOODS COMPANIES BRAND THEIR PRODUCTS

In the world of consumer goods and services, companies have used branding techniques to achieve competitive advantage for many decades. These techniques involve the development of a set of distinguishing characteristics in the product, which are capable of leaving a good impression on the customer (Blackett, 2005). In Fast Moving Consumer Goods Companies (FMCG), brands are viewed as the key assets of the company, and all investments are made to create brands (Schuiling et al., 2004). In confronting the challenges of the past decade, large consumer goods companies all used the same strategy. They began by reshaping their product portfolios through mergers and acquisitions with the goal of becoming global leaders in a few main categories. Then, most companies focused on their core brands, where they focused their marketing and other resources, and got rid of weaker ones (Haden et al, 2005).

Brands have special importance for FMCG products. Brand equities are stronger in FMCG products as the consumer is reluctant to try unknown/unbranded products for several reasons. First, these products individually account for a small part of household spending so there is no desire to spend much time shopping around. Second, most of these products are personal use so the need to use a trusted brand is higher. Third, it is difficult in many cases to differentiate a product on technical grounds and therefore, the consumer is reluctant to switch to an unknown brand. On the other hand, successful brands generate strong cash flows, which enable the owner of the brand to reinvest a part of it in the form of aggressive advertisements/promotions. This reinforces the perceived superiority of a brand (Indiainfoline.com, 2001).

FMCG companies spend large sums of money on building brand equity through advertisements, free samples, low entry price, and promotions. Advertisements and trials can encourage trials; however, for sustained loyalty, the manufacturer must offer superior quality and value for money. Major players invest in R&D on their existing brands and improve the product quality continuously to maintain their competitive advantage (Indiainfoline.com, 2001).

4 BRANDING CONSUMER PRODUCTS VERSUS PHARMACEUTICAL PRODUCTS

While the core discipline of branding a medical product is the same as for any product, there are some differences in the pharmaceutical industry. Many of the strategies used to market consumer products are unacceptable practices in healthcare. There are regulations that deter companies from "buying" physician loyalty with expensive gifts or trips. It is unethical to use huge promotional techniques to convince the masses. Healthcare companies are also concerned about the high cost of national advertising and sticking to legal and regulatory issues. However, the manner in which an audience should be convinced that only your product meets their needs and that it deserves to have a premium price, is the same whether soap or drugs are being sold (Malone, 2004).

In the pharmaceutical industry, drug marketers believe that simply giving a name to a certain product will make it a brand. The key assets of a pharmaceutical company are its products and most investments are made to create them. Although there is a lack of brand focus in the pharmaceutical industry, Schuiling and Moss (2004) think that the industry has not yet realised that there is a need to manage brands, not just products. The pharmaceutical product has all the elements that make it a brand because it represents a set of tangible and intangible benefits in the consumer's mind.

The brand exists in the patient and physician's mind as more than just a product itself (Schuiling and Moss, 2004).

So what does work for pharmaceutical companies? Peter Wilson, group-marketing manager for Pfizer, in charge of Benadryl, Benylin and Sudafed, says "We are focused on personalities for our brands and treating them like FMCG products, using a wide range of marketing techniques" (Brand Strategy, 2004). Helen Williams of Schering Healthcare who works on OTC emergency contraception Levonelle concurs and says "More healthcare products are using FMCG and consumer marketing principles" (Brand Strategy, 2004).

Interbrand's Robins believes the healthcare industry will move closer to the classic FMCG principles. She says that Novartis has hired marketing people from the FMCG industry and explains that: "FMCG branding is no longer considered a square peg to be squeezed into the round hole of the unique pharmaceutical industry. There's much to learn from FMCG where the consumer has always been king. FMCG companies know how to create brands very quickly while consumer healthcare is very slow to market." Furthermore, Robins believes that "branded drugs should delve into that world of educating the consumer, giving them a reason to pay extra, rather than go for generic competitors" (Brand Strategy, 2004).

Most pharmaceutical executives have turned to the Consumer Packaged Goods (CPG) model as the branding engine to direct their marketing resources. Schroff (2003) believes that if the CPG branding model had been an unqualified success for prescription drugs, it would have generated a halo effect around the pharmaceutical industry as a whole. But it has not. Consumers do not necessarily trust the industry as can be seen from the mass articles on the Internet about 'public distrust in pharmaceuticals'. Schroff believes that as a result, pharmaceutical companies need to move away from the CPG model and discover a more appropriate way to brand their products (Schroff, 2003).

Aaker (as cited in Schroff, 2003) defines the major components of brand equity as brand loyalty, brand awareness, perceived quality, and brand associations (See Figure 2.1). If a prescription drug can be defined in those terms, then it can be branded. In terms of brand loyalty, it is important to ask whether or not pharmaceuticals have a successful history of attracting new customers or whether the product's success alone stirs up interest from consumers? According to a survey done by the Kaiser Family Foundation in November 2001, only 44 percent of patients who said they talked to their physician about a medicine they heard about in an advertisement actually ended up prescribing that very drug. For the 56 percent who do not get their request fulfilled, the physician has left a negative impression on them with respect to that drug. In addition, in the pharmaceutical world, competitive threats are expected and predicted. For drugs in a similar therapeutic category, competition comes from clinical experience and documents shown by the competitor sales force. If this evidence is strong enough, even brand loyalty will not prevent a switch to the competition.

With regards to brand awareness, whereas in CPG consumers recognize a brand before purchasing, in pharmaceuticals, brand awareness may not play a role if the drug was prescribed by a third party. Studies have shown that a consumer's comfort level increases when a purchase decision is between a known branded product and an unknown alternative. However, direct-to-consumer (DTC) advertising has done a great job of improving brand awareness in the pharmaceutical industry. Patients can now relate a condition with a drug name. For example, when consumers think of depression, Prozac comes to mind. Similarly, Lipitor is associated with high cholesterol and hey fever with Claritin. Patients would rather ask their doctor about the particular drug then the condition itself. Just as in the CPG industry, brand awareness is essential in the pharmaceutical industry (Schroff, 2003).

E.M. Kolassa, Ph.D., a managing partner of Medical Marketing Economics, recently stated the CPG model is too simplistic to be of much value to a pharmaceutical product manager. He believes that regulations, multiple payers, prescribing individuals, competition, and other factors create a complicated market that cannot be analysed using typical consumer marketing concepts. Marketers need to fully understand the psychology of illness and consumers' health beliefs about therapeutic categories before creating an advertising campaign. Typical consumer models have never had to deal with multiple factors complicating the process. Schroff (2003) believes that the CPG branding model has worked for consumer packaged goods because a benefit-driven message is necessary in a crowded marketplace. However, the pharmaceutical marketplace requires a new marketing model that deals with the concerns of physicians, regulators and consumers.

Moss and Schuling (2004) find two key differences between the pharmaceutical and consumer goods industries. First, the pharmaceutical brand name cannot be transferred to another product following patent expiry. Some wonder whether or not this investment is worth it since it has limited value after patent expiration. In consumer goods products, brands can exist forever if they are well managed. Therefore, it is recommended that the pharmaceutical industry take advantage of corporate branding not only product names. However, there have been many acquisitions and mergers in the industry, which make it difficult for a clear corporate brand identity to be established. For example, since 1989, SmithKline Beckman and the Beecham Group PLC merged to become Smith Kline Beecham. Then, Glaxo and Wellcome merged in 1995 to become Glaxo Wellcome, and in 2002, the two companies combined to become GlaxoSmithKline. The corporate images are therefore often unclear for both consumers and prescribing physicians (Schuling and Moss, 2004). The second difference is related to the type of consumers. In CPG, the end-users are simply the consumers. However, in the pharmaceutical industry, doctors and pharmacists provide a layer between the patient and the company. In this regard, doctors should be considered consumers, too, as they also look for quality, efficacy, and reliability and need reassurance. They operate on the basis of limited information and are influenced by the image of the company, their attitude towards the disease, and their patients. Moreover, they make decisions for emotional reasons in addition to rational ones (Schuiling and Moss, 2004).

According to Moss (Schuiling and Moss, 2004), pharmaceutical companies have not worked proactively in identifying a brand identity for their products and in communicating this identity to consumers. They have not done market research to determine their brand identity and to verify if this is how consumers view them. Although brands exist in both the consumer goods and pharmaceutical industries, only the consumer goods industry is using brands as a competitive tool, managing its brands with care and investing resources in brand development. On the other hand, the pharmaceutical company has not understood and integrated the competitive advantage that brands could represent (Schuiling and Moss, 2004). The difference between the pharmaceutical and FMCG industries is also seen in the organisation of brand management. In the FMCG industry, branding is a strategic priority at every level of the organisation. Brands are created very early in the product development process and marketing people work in-depth with R&D at the beginning of the process. R&D for FMCG is relatively inexpensive and quick compared with R&D for pharmaceuticals. As a result, FMCG can focus on creating brands that will last decades, not 7-20 years. The marketing of these products is focused on maximizing the long-term brand growth rather than going after short-term return through a large sales force. In the pharmaceutical industry, it is often late in the development process when global marketing people become involved in the phase. Key decisions are taken at a much earlier phase of the product's development plan. Moreover, pharmaceutical marketing people are often more sales driven than marketing driven and therefore pay more attention to the elements during execution, rather than developing the strategic thinking that is required to make in-depth analyses of data from the market, consumers and competitors (Schuiling and Moss, 2004).

Another difference between the two industries is the brand name strategy. In FMCG, traditionally, there have been three basic brand name strategies: descriptive brand name, new brand name, and corporate brand name. Descriptive brand names such as Pampers, Ultra-Bright toothpaste, are becoming less frequent as these brand names are not easy to globalise and are viewed as too generic. New brand names such as Evian and Perrier are being used by many multinationals where it is important that each product brand has a distinctive positioning. Procter & Gamble, for example, exists through its brands and not as a corporate entity. Corporate brand names such as Nescafe, Nesquick and Nestea can be fully in line with the corporate name and can serve many different products or product categories. The trend in FMCG is now to use corporate names or big brand names as an umbrella name strategy. The key is to associate a new product to a very-well known big brand or corporate brand name to benefit from existing awareness and a strong image. On the other hand, in the pharmaceutical industry, brands have two names: the brand name and the generic name. The generic name is used throughout the development process and is used in scientific publications. Schuiling and Moss (2004) have identified a series of strategies currently being used to select brand names in the pharmaceutical industry. First, chemical derived names are based on the scientific name of the substance. Examples include: Cipro for Ciprofloxacin, Capoten for Captopril, and Rasperdal for Risperidone. The problem is that the brand name is too generic and does not give much scope for identifying a unique name. Second, therapy names are indicative of the disease the product treats. For example, Procardia is for patients suffering from heart problems. The risk with this strategy is that brand names could easily be imitated and generics may find a way to select a name very close to the therapy and the known pharmaceutical brand. Third, indication name is the selected name that will connote a particular use, indication or characteristic of a brand. For example, Prilosec, Glucophage, Propulsid, Norvasc, Ventolin and Gardizem. These brand names, however, could also easily be imitated by competition. Fourth, family name or drug class name is a brand name that is similar to other products in the same class and is registered by the same company. Examples include: Mevacor/Zocor, Zoladex/Nolvadex and Beconase/Vancenase. Fifth, a corporate name can be tied to a certain product or product line. For example, Sandimmune (Sandoze), Baycol and Glocubay (Bayer) and Novarapid (Novo Nordisk). This strategy is only powerful when the corporate name is well known and has strong positive associations. Finally, new invented names are created for a specific product. Examples include: Zocor, Zantac, Prozac and others. In the past few years, there has been overuse of Zs and Xs for the first letter. The advantage of this strategy is to identify a unique and distinctive name that also can be used for global expansion.

Schuiling and Moss (2004, International Journal of Medical Marketing) do not believe that this is too different from the strategies in FMCG. They therefore suggest three basic groupings from which a brand name can be derived: descriptive brand names (linked to generic name, therapy, indication or use, and family or drug product class), corporate brand names and new product brand names (Schuiling and Moss, 2004, International Journal of Medical Marketing).

In conclusion, brands exist in both the FMCG industry and the pharmaceutical industry. The difference lies in the fact that the FMCG industry is managing its brands with extreme care and investing most of its resources in developing its brands. Brands are seen as a major competitive tool. On the other hand, some researchers believe the pharmaceutical industry has not understood and integrated competitive advantage that brands could represent (Schuiling and Moss, 2004). Given the unique and ever-changing nature of the pharmaceutical industry, marketing departments must use branding strategies that are different from the widely used FMCG strategies, in order to effectively market and sell their products.

5 THE NEED FOR BRANDING IN THE PHARMACEUTICAL INDUSTRY

The pharmaceutical industry has come late to branding. During the 1980's and 1990's, the pharmaceutical industry enjoyed success over an extended period, achieving double-digit growth consistently. The success of the industry depended on strong R&D, use of patents, and a powerful sales force. However, now with growth in the industry slowing down, firms have been searching for ways to maintain it (Schuiling and Moss, 2004). The global pharmaceutical industry is experiencing profound change. As a result, pharmaceutical companies must embrace marketing and branding strategies to a greater extent then they have in the past (Blackett, 2005).

Pharmaceutical companies currently have their doctors act as brand ambassadors (Brand Strategy, 2003). For decades, a pharmaceutical company's brand strategy was to discover a drug that was needed, introduce it to the doctor via a sales representative, and watch the prescriptions get filled. With several factors causing change in the pharmaceutical industry in the way in which medications are marketed and sold, it will be significantly important for these companies to brand their products. This will be important if more drugs are switched to over-the-counter (OTC), upon expiration by the FDA (Kapoor and Epstein, 2004) since many choices will be available on the shelf to choose from. As more drugs are switched to OTC in both pharmacies and supermarkets, healthcare is increasingly in the consumer's hands (Brand Strategy, 2004). The early years of the prescription lifecycle will be important for drug companies to establish brands that are ready to be switched.

The industry is facing many changes such as doctors being overwhelmed. With continuous sales force expansion, pharmaceutical companies have inundated doctors with sales messages. Second, most HMO's have implemented tiered co-pay structures in the last few years, giving patients choices of branded drugs versus generics. Third, many employers are pushing the costs of healthcare on their employees through defined-contribution health plans. So employers are giving consumers more choice on how they want to spend their healthcare dollars. Finally, new international pharmaceutical companies are emerging from countries such as India, who are aggressively working around patents to launch branded generics before the expiration dates, giving consumers the option of buying something between a premium branded and generic drug (Kapoor and Epstein, 2004).

It is evident that the competitive environment is become more intense in the pharmaceutical industry. As a result, Schuiling and Moss (2004) consider that branding can represent a new competitive advantage. With retail, brands are now competing with generic drugs (including private labels), alternative and complementary treatments, and FMCG healthcare. Beverly Law, head of pharmaceutical and healthcare branding at consultancy

Enterprise IG explains, "A medicated skin treatment now sits next to Nivea and L'Oreal, big brands well-versed in FMCG design" (Brand Strategy, 2004).

In order to remain competitive in the industry, given the changes and challenges, pharmaceutical companies will need to identify new competitive advantages to succeed. Moss and Schuiling (2004) propose that a brand logic be leveraged. Pharmaceutical companies will not be able to rely exclusively on the three traditional success factors. These include strong R&D, aggressive defence of patents, and use of a powerful sales force. These factors have been conducive to annual sales growth rates of 10 percent since the 1980's. Although these growth rates were sufficient in the past, with constant changes occurring in the pharmaceutical industry, one can no longer be sure if these traditional factors alone will continue to work well in the future.

Given the industry changes, however, branding strategies must be implemented. As the cost of R&D has risen and the success rate of new products is not as high as before, the industry has become more dependent on fewer products to achieve its sales. These are referred to as the blockbusters. In 1991, blockbusters accounted for only 6 percent of global sales, which after 10 years, had risen to 45 percent. In addition, product differentiation between competitive brands is getting smaller. The need for competing blockbuster products to succeed means that clinical development programmes quickly copy each other, resulting in smaller differences between clinical data. Additionally, new competitive brands in the same therapeutic category are often launched at the same time, compared to the past, where many years would exist between major competitive launches. For example, Inderal, the first beta-blocker for high blood pressure, was launched in 1965 and was not followed until 1987 with the launch of Lopressor. In contrast, Cox-2 anti-rheumatic product Celebrex was launched in 1999 with only a three-month lead over Vioxx. Finally, as the industry consolidates, sales efforts are reaching a level of saturation. Increasing the number of sales representatives to promote a product will not be the answer (Schuiling and Moss, 2004). As a result, healthcare companies are venturing into the consumers' world, tailoring their advertising, products and delivery, rather than waiting for consumers to enter their domain when they actually need medicine (Brand Strategy, 2004).

5.1 Advantages to Branding in the Pharmaceutical Industry

So far, the paper has discussed the importance of branding in general, the significance and usefulness of it in the pharmaceutical industry. This section will discuss more of the advantages of it and the possible challenges of it.

Pharmaceutical branding is an important way to create awareness among potential benefits of drugs and medicines. The marketing process and brand give the public ready knowledge of what the product is about and creates a point of identifying the brand amongst many other similar products in the market (Blackett, 2005). In addition, the entire branding process has value for a company as it helps the business focus on, enhance and be consistent with its message. Moreover, it allows a company to continually test the message and see if it is being received in the right way (Malone, 2004).

Brand building during the period a new drug remains under patent can help prolong the commercial life of a product once its monopoly status lapses (Blackett, 2005). Advertising and promotion is critical in the early stages of a new pharmaceutical brand's life to create awareness and encourage product trial. During the brand's life, it is imperative that reminders be made to buyers of the product's efficacy, now proven through several years' performance in order to maximize ROI before the patent expires, imitations are introduced, and prices drop (Blackett, 2005).

Creating brands will enable pharmaceutical companies to differentiate their products from those of competitors using both intangible and tangible benefits. Each brand needs to be given a "reason for being", considering the vast amount of competitors and low number of really distinctive products. Branding can help to sustain the brand against generic products after expiration of the patent. A strong brand will benefit from high consumer loyalty, allowing it to maintain strong sales after the patent has expired. For example, during the 1980's, a product whose patent expired was still able to obtain 60 percent of its sales turnover one year later. However, in the 1990's that number dropped to 40 percent, and with Prozac, it dropped even more. Furthermore, brands will have a stronger influence on the behaviour and attitudes of patients and doctors (Schuiling and Moss, 2004).

5.2 The challenges to Branding in the Pharmaceutical Industry

Some marketers believe that branding is an elusive goal for pharmaceutical products because the industry moves too fast to build brand equity. In addition, if the drug is not OTC, the absence of packaging and the lack of shelf presence for pharmaceutical products also pose a challenge. On average, fifty percent of the total impressions of all brands are generated at retail through packaging as consumers can visualize brands on store shelves. Branding for pharmaceutical products can also be a challenge due to full disclosure laws under which marketers have to disclose both the positive and negative attributes of the drug (Eigher et al., 2005). Moreover, Canada has implemented pricing controls for drug companies, which limits the amount of profit that can be made on a drug, thereby limiting the resources allocated to branding. In addition, laws prohibit pharmaceutical companies from disclosing their name when advertising drugs.

Thus far, the author has discussed the challenges of branding in the pharmaceutical industry by comparing branding strategies in the consumer goods industry. As mentioned earlier, the differences between these two industries warrant a unique set of strategies for the pharmaceutical companies. In addition, Canadian laws allow for less company control on the advertising and pricing of drugs. The key is to now discuss the strategies that currently work for pharmaceutical companies.

6 CURRENT BRANDING STRATEGIES FOR PHARMACEUTICAL COMPANIES

6.1 Examples of Successful Branding Strategies

The following are effective branding strategies currently utilised by pharmaceutical companies in order to compete in the industry. These strategies should continue to be implemented in order to obtain optimal sales of products. Successful brands represent more than just their chemical properties and their effect on a particular condition. Vick's Nyquil continues to be a leading cold product because the brand is positioned in the consumer's mind as the remedy for cold relief. This is driven by a branding strategy that identifies an open position in the consumer's mind. It then fills it with features and benefits of the brand. The chemical contents of Nyquil were not a branding factor (Schroff, 2003).

Marketers believe that positioning is the first step to good branding. This needs to be based on consumer insight as well as the benefits of the products combined. Resources are required to make the brand position distinct and universally recognized. In addition, the perception created by branding must in fact be backed up by the product's actual demonstrated attributes. Other important element for branding include communicating the product's differentiation from rivals, pricing it competitively, and emphasizing its performance to physicians, as they will be instrumental in prescribing the drug. In addition, emotional branding, a key success factor, is often overlooked by healthcare companies. By gaining consumer insight, the company can relate the consumer to the brand, and show how the product can address the consumer's feelings. Finally, according to Eigher et al. (2005), marketers believe that with prescription drugs, corporate branding is often more effective than product branding. Corporate branding uses branding to build on the company's heritage and allow the company name to drive the brand (Eigher et al., 2005). This could be beneficial because after the patent expires, and the product name has to change, the corporate name is what will enable consumers to purchase the new brand based on the credibility and trust established with the company.

For effective branding, pharmaceutical companies need to push and probe to gain consumer insight (Brand Strategy, 2003). Pfizer's Wilson says "Our overall strategy has become much more competitive; we're more focused on a key consumer insight rather than a product's performance." It is believed that some healthcare companies constrict themselves, as it does not have to be about a stethoscope and lab coat just because it's a medication. "The brand needs to get recognized in hearts and minds" (Brand Strategy, 2004). Wilson says that the amount of advertising for their cough, cold and flu brands has increased and this separates and differentiates certain brands from others within the category. "With the increased proliferation of media, the targeting and creative impact has to be maximized to deliver the best results" (Brand Strategy, 2004). Another strategy companies are using to compete is brand extensions. For example, Calpol has launched Calprofen, a range of children's medicines containing ibuprofen, and the Canesten brand has stretched from hydrocortisone cream into areas of feminine products. Similarly, Nurofen has introduced new formulations as Nurofen Advance, Caplets, Meltlets and Liquid Capsule. By launching these extensions, a product goes from 'headache medicine' to 'pain relief brand' (Brand Strategy, 2004).

In order to brand successfully, companies can use a combination of any of the following brand elements: logos, slogans, packaging, names, characters and symbols (Keller, 2005). Viagra is a great example of successful branding. The little blue pill and the photograph used do not even need a logo. In this case, the picture is worth a thousand words. Tylenol has a playful advertisement, which suggests a new way to think about treating arthritis pain. The graphic icon used and the cleanliness of the advertisement make it a success. A final example is with Effexor. The photograph in the advertisement is artistic and has muted colours that draw a person in (McDowell, 2005).

Product logos must be in tune with the target market with precise fonts and colours. Colour can be conducive to a successful advertisement (Marsh, 2005). For example, the advertisement for ReQuip is heavily branded with concept and colour. It lets the reader get into the private moments of people with Parkinson's and their caregivers. The effect is very compelling. The use of yellow branding "window" helps to increase the intrusive aspect of the ad. It comes across as sensitive and caring (McDowell, 2005).

Packaging is another important consideration. The packaging of pills and other pharmaceutical products cannot look like other products on the shelf given the need to stand out amongst competitors.

Another important aspect of branding for pharmaceutical companies is choosing a name for a drug, where meaning is often secondary to the sound. For example, Prozac, the anti-depressant, has a positive prefix "pro" and a powerful ending "zac". Meanwhile, Halcion, which treats insomnia and anxiety, is phonetically identical to "halcyon", an adjective meaning "calm". Paxil begins with a "plosive" sound that enforces power. In fact, according to the Source Prescription Audit, 20% of the 200 best selling drugs in 2001 have names that begin with plosive letters P, T or D. Drugs like Zoloft and Xanax make use of fricatives, letters such as X, F, S and Z, implying speed, which implies that the drug is fast acting (Psychology Today, 2003). A great name can increase the value of the product brand and in turn, revenues. A poor name can lead to disaster for the product. Marketing departments are spending more and more resources on getting the name of the product right. Careful thought must be put into choosing an appropriate name (Marsh, 2005).

Finally, pharmaceutical branding heavily depends on the marketing and promotion of the brand. This included brochures, product leaflets that reflect and appeal to the target market. For children, pharmaceutical products should have cut outs and packaging which appeals to the younger audience (Marsh, 2005).

Within the pharmaceutical industry, marketing professionals have always branded the disease or condition that a particular product is capable of treating. The idea behind "condition branding" is that if you can define a particular condition and its related symptoms in the minds of physicians and patients, you can also predict the best treatment for that condition. This type of branding has several benefits including consensus internal as well as external to the company. This type of consensus allows the brand manager and the clinical community to use a problem/solution structure. For example, in the 1920's, Warner-Lambert wanted to expand its market for Listerine. Although the product was being marketed for everything from dandruff to wound irrigation, sales were flat. The company decided to create awareness around a serious-sounding medical condition: halitosis. Whereas the minor need to freshen breath did not cause too much concern, halitosis, through effective branding, was recommended for social problems such as divorce. As a result, Listerine sales increased from $100,000 to $4 million during the following six years (Vince, 2003).

Another example of using branding to increase the seriousness of a condition is with Zantac. In 1986, Glaxo Smith Kline launched the product for ulcers but had a hard time expanding into the heartburn market. Heartburn was not considered serious enough to get a prescription for and was manageable by over the counter drugs. It was then presented as an acutely chronic "disorder" which had to be treated immediately. The company created the Glaxo Institute for Digestive Health (GIDH), which provided education and awareness on gastrointestinal (GI) diseases. The GIDH sponsored research awards in the area of GI health and did public relations campaigns across America. As a result, annual sales for Zantac reached $2 billion dollars (Vince, 2003).

6.2 Recommended Branding Process for Pharmaceutical Industry

According to Malone (2004), the branding process begins long before creation of a brand personality. Step 1, the brand analysis, is the information-gathering phase. Scott Bedbury, former senior vice president of marketing for Starbucks and former head of advertising for Nike, said:

> Anyone who wants to build a great brand first has to understand who they are. They don't do this by reaching some internal consensus on what they think the brand means. The real starting point is to go out to customers ad find out what they like or dislike about the brand and what they associate as the core of the brand concept. (Bedbury as quoted in Malone, 2004)

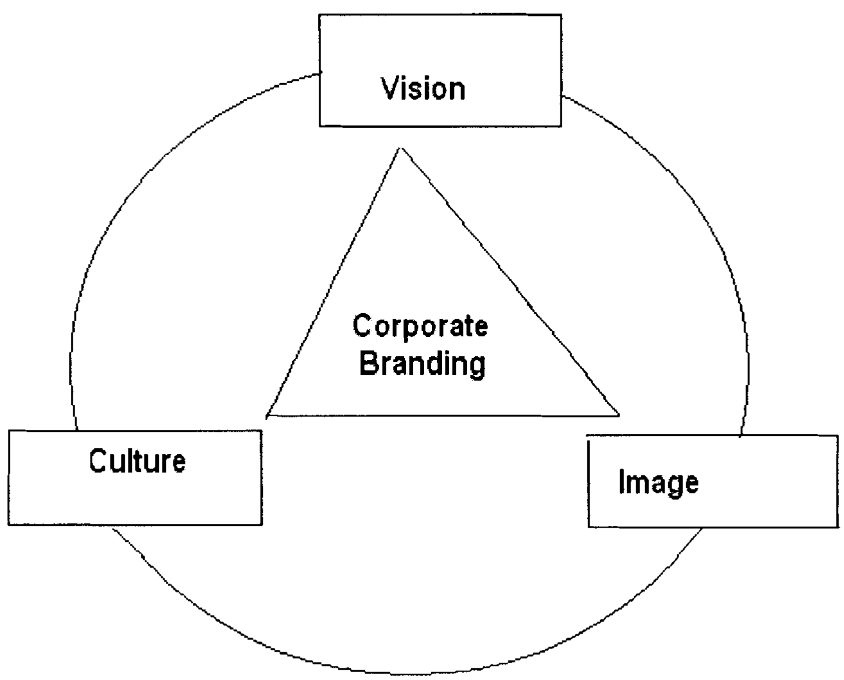
A company needs to know that whatever it is branding is the only solution for the target audience. Therefore, a situation analysis must be done on the company and the competitor's strengths and weaknesses, as well as the opportunities and threats the company faces. This provides the company with valuable information on how the product will be received and what messages will be conveyed, thereby facilitating the positioning process. Step 2, the "brand print" phase is the differentiation phase. This is where the branding team must identify why the audience should believe the product is the only solution. It entails creating a unique selling proposition. Once this step is completed, a positioning statement can be created to link the brand to the target audience. Step 3, "the brand face", is the creative part of the process. The branding team gives a personality to the product. The "brand face" is how the product is all packaged and presented. For example, in 2002, Avinza, a pharmaceutical product, was launched. The marketplace was competitive and similar existing brands emphasized happy people performing daily activities. Avinza, in order to be considered different from the rest, was positioned as the only sustained-release opioid indicated for 24-hour relief in a single daily dose. The USP was that the drug had a uniquely steady pharmacokinetic profile. Physicians needed to understand that in a single daily dose, patients could achieve sustained pain relief over 24 hours. This would solve the problem of multiple dosing. Step 4, the "brand culture", is concerned with how those within the entire company feel about what has been created. Every department in the company should understand the brand and embrace it. Finally, step 5, the "brand check", involves the branding team performing measurable research to determine how the product is actually being received in the marketplace and if this is consistent with the company's intent (Malone, 2004).

6.3 The Role of Corporate Branding

Since the mid-nineties, businesses have shifted their focus from product brands to corporate branding (de Chernatony, 1999; Hatch and

Schultz, 2003, as cited in Guzman, 2003). Aaker (as cited in Guzman, 2003) defines a corporate brand as a brand that represents an organization and reflects its heritage values, culture, people, and strategy. Balmer and Gray (2003 as cited in Guzman, 2003) describe a corporate branding framework, (See Figure 6.1) which is based on three elements: strategic vision, organizational culture and corporate image. They believe that developing the corporate brand involves aligning all three elements, which can be achieved by establishing effective communication between top management, external stakeholders, and members of the organizational culture.

Figure 6.1: Elements of Corporate Branding



(Hatch and Schultz as cited in Guzman, 2003)

Traditionally, pharmaceutical companies have not leveraged their corporate name to sell their products. It is likely, that in the future, companies will attach their corporate brand to therapeutic categories as a way to begin branding their product portfolios (Brand Strategy, 2004). Products are certainly the lifeblood of any pharmaceutical company, but with their limited life span and the industry's changes, the corporate brand is more important than ever before in providing the company a competitive advantage. A physician's loyalty to a pharmaceutical company affects the prescribing volume of all the company's drugs, according to a recent study conducted by the University of the Sciences in Philadelphia. In addition, as gene-tailored medicine becomes reality, patients must communicate personal information to companies; therefore, generating consumers' trust will be extremely important. Pfizer used its logo on Caduet's pre-launch materials to create a relationship between the company, the therapeutic area, and the product. However, after dropping the corporate brand after product launch, the company lost the connection it had initially secured.

Corporate branding can be used to build momentum for the product, trigger sales, and establish differentiation. The name of the pharmaceutical company as a brand will be conducive to the attention the product receives. A safety record, expertise, professionalism, and reputation are all elements of a corporate brand. Using these, a company can manage consumer and physician perceptions of those elements even before a product is launched. For example, Eli Lilly successfully linked its corporate name to its Symbyax brand in the pre-launch and launch promotions. This product is for the treatment of bipolar depression. The advertising leverages Lilly's expertise in neuroscience to build excitement for the product brand and is conducive to a lasting differentiation (DeLor, 2004).

Often, many companies stop using the corporate brand once they launch a product. As a result, the pharmaceutical company loses its investment and the connection they established for customers between the company, the therapeutic area, and the product. Although physicians prescribe medications based on safety and efficacy, it is their entire experience with the company, the sales representatives, its other products, its customer service, and patient education that can influence their decision. The corporate brand is the ticket to ensuring the physician and customers' loyalty (DeLor, 2004).

6.4 Reluctance of Pharmaceutical Companies to Use Corporate Branding

Given these obvious advantages to corporate branding, it is important to mention the reasons for reluctance from some pharmaceutical companies. Some believe that companies can in fact be successful with only product branding such as Procter & Gamble. However, even P&G is now starting to realize the importance of corporate branding and in the United States, it now runs advertisements in the Sunday paper featuring coupons for various products, all under the P&G banner. It is trying to communicate more of a P&G "family identity" by product re-branding strategies. Another concern is that one single product recall could hurt all products linked to the corporation (DeLor, 2004).

6.5 Advertising Pharmaceutical Products

As a result of concerns regarding regulation and the return on investment of direct to consumer advertising, pharmaceutical companies have had to re-think their advertising strategies. Pharmaceutical firms spent $4 billion into direct-to-consumer advertising from January to November 2004, according to TN Media Intelligence. However, according to Matthew Arnold (2005), these companies may be spending less in mass-market media such as TV, spot TV and radio, and moving into targeted, relationship-building promotion with direct-to-patient communications. The high cost of television is one of the driving factors for this change. There is now general consensus that there should be fewer product advertisements and more educational spots aimed at raising awareness of a disease. The fragmentation of media has diminished the reach of network television, since network TV viewing has decreased by 50 percent over the last decade, as well as female viewer-ship of CBS, ABC, and NBC, down 13 percent in 2004 alone. "Marketers have lost confidence in traditional media. Creative used to be the boss. Now the consumer is king", explains Dominique Hurley, vice president of marketing for Optas. According to Optas, 77 percent of pharmaceutical companies favour greater investment in direct-to-patient media (Arnold, 2005). Anne Devereaux, chief information officer and director of healthcare at BBDO says: "There are an awful lot of benefits to be realized through direct-to-patient communications, including increased audience receptivity and message relevance, because the audience has self-identified. It's a depth of messaging you can't accomplish in a 30-second spot" (Arnold, 2005). Pharmaceutical companies are getting serious about focusing on the retention of patients as well as the acquisition of new ones. Steve Bodhaine, group president and chief operating officer of Yankelovich Partners, says

> "DTC really emerged as pharmaceutical companies attempted to reach consumers in a different way, wanting to circumnavigate the political process of negotiating with a physician. It met with some initial success, but what happened is people started throwing more and more money at it. Now there's great resistance to marketing communications, between do-not call lists, Tivo, and consumers tired of messages and products not relevant to them" (Bodhaine as quoted in Arnold, 2005).

Given that pharmaceutical companies are now accused of minimizing risk information and over stating efficacy, consumers can be exposed to a fuller picture of a drug's risks and benefits through the deeper messaging that is possible through PR, online media, and direct response television (Arnold, 2005).

In conclusion, pharmaceutical companies that are successful in branding their products believe that proper positioning is key. In addition, gaining consumer insight is an effective way to obtain feedback on a company's products (whether already being sold or potential launches). Moreover, logos, slogans, packaging, symbols and names are all conducive to effective branding as they are capable of leaving strong impressions on consumers' minds. Marketing and promotion are also essential in effectively getting the message out to the target market. Finally, choosing a memorable name is a task in itself. These strategies are a way to ensure the customer knows about the company and what it is selling. However, it is also critical for a company to understand who they are and what they are selling. Corporate branding is a tool that can enable consumers to easily transfer credibility and trust from one brand to another within a company's own portfolio.

Now that the importance of effective strategies has been outlined, it is essential to understand that although a company can follow all these strategies to the best of their ability, another factor plays a role in possibly affecting the pharmaceutical company's success: generic drugs.

7 THE EXISTENCE OF GENERIC PRODUCTS

So far, the author has discussed how branding can help pharmaceutical companies, but in order to fully understand the impact of branding, one should also look closely at how consumers perceive branded drugs and what role generic drugs play in the market.

Even the most effective strategies implemented by a company could potentially cause failure if consumers are price sensitive towards pharmaceutical products. If consumers purchase products based on price, then all the branding strategies may not necessarily be conducive to influence consumer purchase decisions. Therefore, it is important to discuss the presence of generic drugs on the market, and the effect it has on consumer purchases. In particular, with much cheaper generic drugs as the competition, it is extremely important for pharmaceutical companies to understand the difference in consumers' perceptions and purchase intentions between branded and generic drugs, since the understanding can help the pharmaceutical companies better estimate the financial impact of launching a branded drug when making investment decisions in the branding process. For example, the more consumers perceive branded drugs to be better than generic drugs, the more important branding is to a pharmaceutical company. The more likely consumers will purchase a branded drug, the more confident a pharmaceutical company can be in making the investment in the branding process.

Since they emerged as major competitors to national and private branded products, generic products have made significant inroads in some sectors of the consumer soft goods market. In 1988, they accounted for more than $2 billion in annual sales and held market shares in excess of 10 percent for some categories of goods (Tootelian et al., 1988). The rapid rise in the popularity of generic products has been the subject of much research. As generic products became an established part of the consumer soft goods market, generic prescription drugs have also made major inroads into the market. In 1988, the prescription drug industry accounted for more than $16 billion in annual sales. A study was conducted in 1988, by Tootelian, Gaedeke, and Schlacter to examine consumers' perceptions about the effectiveness, potential for adverse effects, and value for the money of selected prescription drugs that range from low to high-risk medications. Research questions included the following:

- ☐ To what extent do consumers believe that brand name drugs are more effective than generics?
- ☐ To what extent do consumers believe that brand name drugs have less potential for adverse effects than generics?
- ☐ To what extent do consumers believe that brand name drugs hold more value for the money than generics?
- ☐ Is there any relationship between perceptions of risk in use of selected medications, and the effectiveness, potential for adverse effects, and value for the money of brand name versus generic drugs?

A great majority of respondents indicated that they had taken a name brand drug, despite the strength of generics in the general pain relief, antihistamine, and antibiotic markets. (See Table 7.1) Respondents viewed brand name drugs as being more effective, having less potential for adverse effects, and giving greater value for the money. These perceptions were stronger for the higher risk medications than for ones perceived to carry lower risks. These findings applied both to commonly used medications and to ones that had not been used by a large segment of the sample.

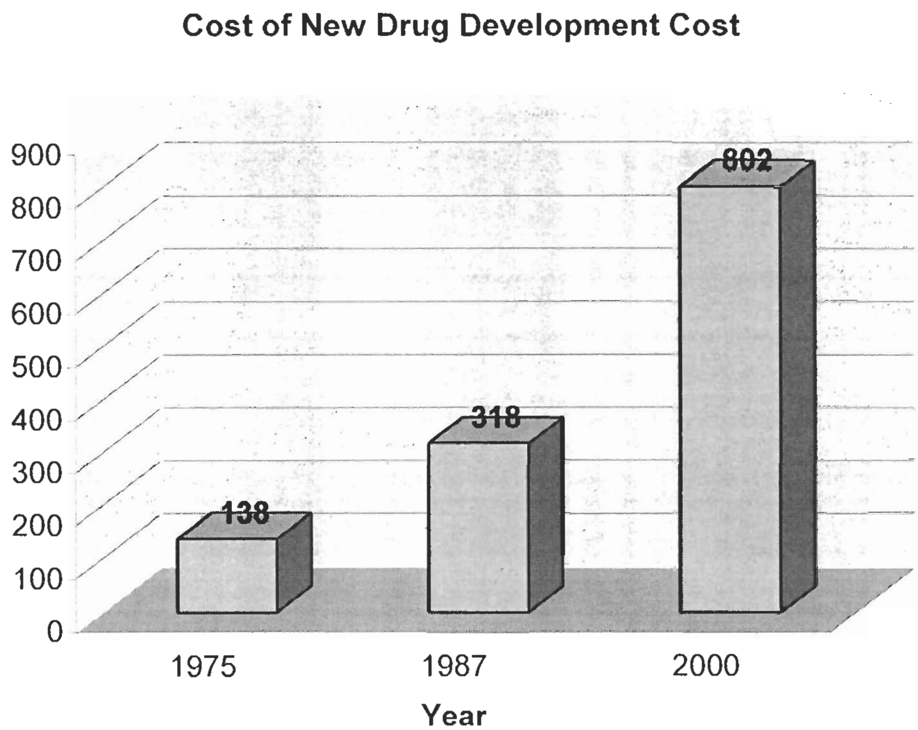
Figure 7.1: Use of Products

	Percentage of Total Sample			*Percentage of Users*	
Prescription Drug	Brand	Generic	Total	Brand	Generic
Antibiotic	13.37	5.14	18.51	72.23	27.77
Antihistamine	44.99	13.11	58.10	77.44	22.56
Birth control	25.97	0	25.97	100	0
Depression	4.37	2.31	6.68	65.42	34.58
Blood pressure	3.6	0.26	3.86	93.26	6.74
Pain	32.9	11.57	44.47	73.98	26.02
Prenatal	4.88	1.8	6.68	73.05	26.95
Tranquilizers	3.08	2.06	5.14	59.92	40.08

Tootelian et al., 1998

According to Colleen Brady (2003), a generic drug works exactly the same way a brand name drug does. The manufacturer of a generic drug must prove this to Health Canada. A generic drug is a less expensive "me too" brand that contains the same active ingredient as the brand name drug, and the non-medical ingredients that give the drug it's colour and shape are also usually the same. There are generic versions of both over-the-counter and prescription medications (Brady, 2003). Why are branded drugs more expensive than generic ones? According to Brady (2003), it can take twelve to fifteen years, at an average cost of $1.3 billion, for a drug company to discover a drug, conduct research and clinical trials, and have the drug approved. She mentions that scientists research and test up to 10,000 substances before finding the one that could become an approved drug. It can take up to three years to test and make the drug in the lab, and another three years to test the drug on human cells in test tubes and on animals. Following that, six to seven years are spent on clinical trial tests. Branded drugs will always be more expensive than generic ones since companies that make branded ones have to make up for all the development costs Manufacturers of brand name drugs have a 20-year patent, which includes the research and development and approval period. After the 20 years are up, other drug companies can create and sell a generic version of the medication (Brady, 2003). According to Grabowski et al. (2002), the capitalized cost estimate per approved new drug in 2000 was USD $802 million (See Figure 7.2).

Figure 7.2: New Drug Development Cost



Although this study provides some relevant information on consumer perceptions of branded versus generic drugs, the study itself, in addition to the previous sections of research outlined in this paper, do not clearly answer some of the author's pre-determined questions. The next section will discuss the objective of the author's primary research, as well as the research questions, methodology and results.

8 SURVEY OBJECTIVES

Much research has been done on the importance of branding in the pharmaceutical industry and on how to brand strategically. Although the secondary research discussed in this paper has outlined the importance of branding, the advantages and disadvantages of it, the strategies used by current pharmaceutical companies, and some information on consumer perceptions of generic drugs, some of the author's questions remain unanswered thus far.

As a result, the author conducts a survey to thirty-two respondents. The objective is to answer the following questions. In addition, it would be useful to know whether or not people are price sensitive, and what factors influence their purchase decisions when buying medication.

The following is a list of research questions the author is hoping to have answered from the results of the survey.

8.1 Research Questions

Q1: Do consumers perceive a difference between generic and branded drugs in terms of efficacy?

Q2: Are people willing to pay more for branded drugs?

Q3: How effective has branding been based on their

Re-collection of cold medicine brands

Q4: How does lack of corporate branding affect association of Viagra to the manufacturer name?

Q5: Do people only trust doctor prescribed drugs or are they willing to try new drugs on their own?

Q6: How important are the following attributes in purchasing both prescription and non-prescription medication: price, brand name, doctor prescription, past experience, family/friend recommendations, advertisements, promotions

Based on some prior knowledge gained from secondary research and personal insight, the author has made assumptions in what the answers to the research questions may be. Each of the questions above are created to gain further insight on what previous authors have already discussed, as well as to answer questions that the author has not been able to satisfactorily answer based on previous research studied in this paper.

8.2 Propositions

P1: Consumers do perceive a difference between generic and branded drugs with respect to efficacy. They feel that branded drugs are more effective and more expensive

P2: Some people are willing to pay up to 100% more for branded drugs.

P3: Tylenol will be the most popular choice for cold medication

P4: Less than 50 percent of people will associate Pfizer with Viagra.

P5: People are more willing to try doctor prescribed drugs rather than drugs they hear about on television

P6: Brand name will have a greater effect on non-prescription drugs than prescription drugs. Doctor recommendation will have a greater impact on prescription drugs. People will say they are more exposed to advertisements and in-store promotions for non-prescription drugs. Individuals will place more importance on pharmacist recommendation, past experience and family/friend recommendations, for non-prescription drugs than for prescription ones.

8.3 Methodology

A survey (See Appendix A) is conducted in order to answer the research questions above. The survey consists of 16 questions, involving nominal and interval scales. The survey starts off with a couple of questions requiring respondents to think of brand names that come to mind when thinking of cold medication, and what company they think manufactures Viagra. The point of the first question is to determine if there are any brands that seem to consistently come up in respondents' consideration set, which would prove the effective branding carried out by that company. The second question is asked to confirm the hypothesis that very few people know who Viagra is manufactured by, proving that Pfizer does not (because of advertising laws) attach its corporate name to its Viagra brand. As mentioned in the previous sections, this could have both advantages and disadvantages. The next few questions are asked to gain an understanding of whether or not respondents' are likely to only purchase drugs they have previously bought, or if they are willing to try new ones. In addition, it would help determine whether or not respondents' are only willing to try new ones after consulting with their physicians. Moreover, it is important to determine whether or not respondents' only wait to hear about drugs from their physicians or whether they are proactive enough to go and ask their doctor about something they saw on a television advertisement. The following questions are asked to determine whether or not respondents perceive a difference between generic and branded drugs based on specific given attributes. Next, respondents are asked, first for prescription and then non-prescription drugs, how important specific given attributes are in influencing their purchases. Following this, questions are asked to determine respondents' frequency of purchase. Finally, some demographic questions are posed to gain a better understanding of the sample group.

8.4 Data Collection

The survey is conducted randomly in one area of West Vancouver, as well as to undergraduate students from Simon Fraser University's (SFU) Burnaby campus, and some MBA students at SFU's downtown Vancouver campus, over a span of four days in June, 2005.

8.5 Survey Sample

For the purpose of this project a sample of 32 individuals are surveyed through a questionnaire. The sample consists of thirteen males and nineteen females. Approximately sixty-nine percent of the respondents are between the ages of 18-29, 12.5 percent are between 30-39, 15.6 percent are between 40-49, and 3.1 percent between 50-59. None of the respondents are over 60 years of age.

8.6 Data Analysis

The statistical program SPSS for Windows is used for statistical analysis and data management. A coding scheme for the questionnaire is devised to help analyse the data (See Appendix B).

9 RESULTS AND IMPLICATIONS

9.1 Results of Descriptive Statistics Tests

From the results of the question that asks what brands come to respondents' mind when thinking about cold medication, Tylenol is the most popular choice. Therefore, proposition 3 is confirmed. Seventy-eight percent of the subjects pick Tylenol as one of their choices, and 47% actually have it as a first choice. This proves how well Johnson and Johnson has, over the years, branded this medication. In fact, this brand was originally introduced as a liquid alternative to aspirin for children. In 1959, Johnson and Johnson's initial marketing plan promoted a tablet form of the product for physicians to prescribe as a substitute for aspirin when allergic reactions occurred. This strategy of selective physicians helped sales of the brand grow steadily over the next 15 years. By advertising Tylenol directly to consumers, it prevented Bristol-Myers' low priced, heavily promoted Datril brand from taking its market share. Once again, sales grew after they extended the brand to include Extra Strength Tylenol in tablet and capsule form, so that by 1982, market share had reached 37 percent of the pain reliever market. Tylenol was the brand used by 100 million Americans. The company's media campaign in 1982 was scheduled at $40 million. It consisted of the tag line "Trust Tylenol – hospitals do" and "Tylenol...the most potent pain reliever you can buy without a prescription" (Keller, 2005). Other brands that are popular include: Advil, Buckley's, Dimetapp, Nyquil, Neocitrin and Benadryl (See Figure 9.1).

Figure 9.1: Results to Survey - Question #1

Drug name	First choice	Second Choice	Third choice	Fourth Choice
Tylenol	15	5	2	1
Buckley's	1	2	0	1
Advil	2	1	0	1
Benadryl	0	1	2	
NeoCitrin	2	0	1	0
Sudafed	2	1	1	0
NyQuil	1	1	0	0
Dimatapp	2	1	0	0

The numbers in the cells represent the number of respondents

When asked which company manufactures Viagra (question 2), based on descriptive statistics, only 25 percent of respondents know it is Pfizer. The reason for this is that in the advertisements for Viagra, Pfizer has not associated their corporate name with the brand. This is due to advertising regulations in Canada, which stipulate that pharmaceutical companies are not allowed to advertise direct-to-consumers. It is interesting to note, however, that every single respondent, even the younger ones, are aware of Viagra's existence in the market. As was mentioned earlier in the paper, Viagra is a great example of successful branding. The little blue pill and the photograph are very effective in creating an image that is memorable. Therefore, the results are consistent with proposition 4.

Other interesting findings based on descriptive statistics are that 97 percent of these thirty-two individuals are not likely to ask a physician about a brand they saw advertised. This is probably because patients trust their doctors to the point where they would let the physician prescribe the medication of his/her choice, and maybe think if the doctor has not mentioned it, then maybe it is not effective. We must keep in mind, though, the fact that the demographic segments surveyed are not completely representative of those who may have more of a need to discuss certain therapies or drugs with their physician. Moreover, twenty-three of the respondents are not likely to purchase a medication after hearing about it on an advertisement. In fact, twenty-five of them are very likely to purchase the same brands they have historically purchased. This is probably due to the trust and credibility the brand has instilled in them, as well as the reliability. If they know a particular medication works, they are not likely to try a new one when they are sick.

When asked about whether or not individuals perceived a difference between generic and branded drugs in terms of price, 69.8 percent actually do perceive a difference. With regards to their exposure to advertisements, 50 percent feel they are more exposed to branded drug advertisements. This makes sense since generic medications are not advertised. Only seven of the respondents really feel that branded drugs are more effective than generic ones. Therefore, the results are not consistent with proposition 1.

9.2 Results of T-tests

When asked to rate the importance of certain attributes when making purchase decisions for prescription and non-prescription drugs, the means for "brand name" are 2.5313 for prescription and 3.4 for non-prescription. The p-value is 0.001 (See Appendix D), indicating that the result is significant and that the means do differ. This means that people place much more importance on brand name for non-prescription drugs than prescription drugs, which makes sense, since patients use and trust the drugs their physicians prescribe, whereas for non-prescription drugs, they need to choose themselves.

For price, the p-value is 0.037, showing significance, meaning that more importance is placed on price for non-prescription drugs than for prescription drugs when making a purchase decision. This emphasizes that price plays a more significant role in purchase decisions for non-prescription drugs than for prescription ones. This makes sense since generally, with non-prescription drugs, there are more options to choose from.

The p-value of 0.002 for in-store promotion is also significant meaning that promotions are seen as more important in decision making for non-prescription drugs than for prescription drugs. Perhaps this is because most people make their buying decision when they get to the store, in-store promotions could help them make their decisions.

In terms of physician recommendation, another attribute respondents are asked about, the p-value is 0.013, showing that physician recommendation is more important for prescription drugs than for non-prescription drugs. For prescription medication, obviously physician recommendation is vital. Patients trust their doctors completely for prescription drugs, and don't generally rely on the other influencing factors to make decisions (See Appendix C and D).

Past purchasing habits and pharmacist recommendation are equally important for prescription drugs and non-prescription drugs, in terms of being influential in purchase decisions, since the p-values are not significant (See Appendix D).

Family/friend recommendations and advertisements play a bigger role in purchase decisions for non-prescription drugs than for prescription drugs, as shown by the p-values of 0.031 and 0.006, respectively (See Appendix D).

In conclusion, for prescription medication, physician recommendations play a very significant role in purchase decisions. For non-prescription medication, in-store promotions, price, family/friend recommendation, brand name, and advertisements, all play a significant role in purchase decisions.

10 LIMITATIONS AND FUTURE RESEARCH

The results of the primary research study offer insight into the perceptions of consumers with regards to branded versus generic drugs, factors that influence them to purchase, as well as their buying frequency and habits. However, this study includes research technique and conceptual limitations, which may provide motivation for further research. First, this study is largely limited by its small sample and non-random selection process. In the interest of time and resources, only a small sample can be reasonably obtained. In addition, it should be noted that this study leveraged a post-secondary student sample, which might make it difficult to generalize the results across all Canadians who fit into similar age groupings, especially to groups who are less educated or who have less need for pharmaceutical products. Future research should consider a larger sample size, and greater age distribution. Also, it would be interesting to survey two separate groups of people – one random set including individuals of any age and gender, and one targeted more towards those who are more likely to purchase non-prescription and prescription drugs more often. It would be interesting to compare the results and see if there is a correlation between age and frequency of usage. From this it would be of use to see if those that use medications more actually lean more towards branded or generic choices.

Second, respondents are selected from West Vancouver, a prosperous area in Vancouver, where the average income is among the highest in the province. This may have affected results in terms of people being more willing to pay for premium branded products. Future research should survey samples from different areas in the province where income distributions differ, as one's income will often influence how much they spend on medication.

A third limitation is that in one of the questions in the survey (which asks about how often in the past 12 months, respondents had purchased medication), they are not given the option to say "never". As a result, respondents may have either not answered the question, or may have felt obliged to pick from the given options. A future survey should give all possible answer choices so respondents do not feel compelled to choose an answer that is not necessarily true for them.

Additionally, this study does not consider subjects' purchase volume. Although some may only purchase once a year, they may purchase more at that time than others who purchase medication on a monthly basis.

This study acts as an excellent starting point for the pharmaceutical industry in terms of understanding the importance of branding, and how consumers view prescription drugs and non-prescription drugs. However, the questionnaire does not take into consideration that respondents' answers may have been different if their insurance plans covered certain medications or not. For future research, they should be asked whether or not they have medical coverage before they answer specific questions. Some subjects may only choose branded drugs if they are covered, but would buy generic drugs if not covered by insurance.

A final limitation is that questions are not categorized between non-prescription generic drugs, non-prescription branded drugs, prescription generic drugs, and prescription branded drugs. Future research should also have questions that differentiate between branded and generic drugs in general, and the four categories of drugs mentioned above. There is confusion in the survey with branded drugs being offered for both prescription and non-prescription medication. In the same way, there are drugs available in generic versions for both prescription and non-prescription medications.

Finally, given the fact that some countries, such as Canada, do not permit advertising of prescription drugs, perhaps different studies could be done for different countries to obtain more accurate results and to compare consumers' responses where they are exposed to very detailed, corporately identified products. This is important because a pharmaceutical company must maximize its advertising ability in order to gain consumer awareness.

It would be critical to know which countries are more lenient so that advertisements can be adapted accordingly.

11 CONCLUSIONS AND RECOMMENDATIONS

The pharmaceutical industry has adopted branding strategies much later than FMCG companies due to the fact that the majority of its investment goes into the creation of the product through years of R&D and the need for a rapid return before patent expiry.

Based on the results of both the secondary and primary research discussed in this paper, it is evident that branding for the pharmaceutical industry has become a paramount step in successfully marketing and selling products. With all the changes and challenges facing the industry, it is important for these companies to implement effective strategies for branding their products so that even after patent expiry, the product can survive in the competitive industry inundated with other brands as well as generic drugs. As discussed in previous sections, branding strategies of FMCG are not sufficient for success and survival in the pharmaceutical industry. Therefore, unique strategies need to be implemented regarding promotion, packaging, naming drugs, advertising through use of slogans, logos and other tools, and finally corporate branding.

Many researchers are confident that in order to return to significant growth, branding could represent a new competitive edge that the industry should leverage. It will enable firms to differentiate their products from those of competitors using both tangible and intangible benefits. Branding can also help to protect the brand against generics by building brand loyalty prior to patent expiry and influencing the behaviour and attitudes of patients and doctors. The relatively limited lifetime of pharmaceutical brands should be compensated for by linking brand names more strongly to corporate names.

Current strategies in the pharmaceutical industry have shown significant differences compared with the FMCG sector. In the choice of brand names, the basic naming strategies are the same, but the focus on them is different. According to Schuiling and Moss (2004), branding theory and practice in pharmaceuticals is still ten years behind the FMCG area. The authors expect that pressure towards globalisation will continue and this will affect change in the pharmaceutical industry in time.

Through the results obtained from both the author's secondary and primary research, six major conclusions can firmly be made followed by recommendations to the pharmaceutical companies. First, it is evident that branding does play a significant role in the success of pharmaceutical companies, provided that it follows different branding strategies from those of FMCG companies. Branding is a necessary tool in the pharmaceutical industry. Examples cited in the paper, such as that of Tylenol, prove that effective branding can increase sales. Companies need to understand the products they offer and to whom they are offering too. This message needs to be conveyed effectively to the target audience through marketing media and other tools. Slogans, tag-lines, logos, and packaging are important vehicles through which more effective advertising can happen.

Second, the advertising of pharmaceutical companies for both prescription and non-prescription medication is important and should take place. Given that Canada has strict advertising laws for prescription pharmaceutical products, through advertising direct-to-consumer, the company could emphasize the therapy or disease instead of the branded drug, as well as advertisements that educate the public through cause marketing.

Third, given the limited life span of a pharmaceutical product, in order to lengthen the life of the product as much as possible, after patent expiry, it is imperative that companies use corporate branding techniques. It would be beneficial for consumers to be able to associate the company name with good ethics, corporate social responsibility, and other non-profit organizations the company may support. Building loyalty, credibility and trust with consumers is paramount in creating longer-term success.

Fourth, from the results of the survey, it is clear that for prescription medication, patients trust physicians. As a result, the company should build loyalty with these physicians by supporting continuing medical education, sponsorships, and clinical studies to back up their products. The company should be careful, though, not to cross that fine line between what may seem unethical in building relationships with these physicians – physicians should choose to prescribe these products in the best interest of their patients and not for any other reason that may benefit themselves or the pharmaceutical company.

Fifth, for non-prescription medication, brand name plays a significant role. As a result, it is evident that direct-to-consumer advertising is essential in order to create awareness to consumers who make their own decisions, especially for non-prescription medication. For non-prescription medication, according to the survey, in-store promotions seem to influence consumer purchase decisions. As a result, companies could conduct promotions through coupons in flyers so that consumers can make decisions about the products prior to entering the store, or have coupons on the shelf above the products, for those who make decisions at the point of purchase. Seeing as price is influential as well, these promotional coupons will potentially affect the decision-making process. Given that family and friend recommendations as well as advertisements are also important, it is imperative that companies create good advertisements, as well as effective products, in order to induce word of mouth advertising. This will undoubtedly contribute to greater sales of the product. This approach can help in competing against generic drugs.

Sixth, given the role that generic products have made an appearance in the drug market, in order to remain competitive, when a product is already out on the market, the company should already be developing another drug that is either better than the current one, or the same drug targeted to a different segment of the market.

APPENDICES

Appendix A: Survey

A Study for Pharmaceutical Products

In an effort to study pharmaceutical products to fulfill Simon Fraser University's MBA project requirement, I would like to ask you a few questions about medication and your assessment of its attributes. Please answer all the enclosed questions to the best of your ability. *There are no right or wrong answers, only your opinion.*

Your participation is voluntary and anonymous. You must be at least 19 years of age to participate. Your responses are kept confidential and you will not be asked to identify yourself. This questionnaire takes 5 to 10 minutes to complete.

Thank you very much.

1. What drugs come to mind when you think of cold medication? (List all that come to mind)

---

2. What company do you think manufactures Viagra?

3. How likely are you, after reading or seeing a medicine advertisement, to ask your physician about it

(1=not likely at all, 5= very likely)

Please Circle 1 2 3 4 5

4. How likely are you, after reading or seeing a medicine advertisement, to purchase it next time you are in need of a drug?

(1=not likely at all, 5= very likely)

Please Circle 1 2 3 4 5

5. How likely are you to purchase the same brands of medication you have historically?

(1=not likely at all, 5= very likely)

Please Circle 1 2 3 4 5

6. After you hear about a new drug, how likely are you to purchase it next time you need medication?

(1=not likely at all, 5= very likely)

Please Circle 1 2 3 4 5

7. How much of a difference do you think there is in the effectiveness of branded versus generic medication?

(1=no difference, 5=a lot of difference)

Please Circle 1 2 3 4 5

8. How much more, in terms of the highest percentage, are you willing to pay for a branded medicine over a generic one? Please check one box.

0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
□	□	□	□	□	□	□	□	□	□	□

9. Please indicate the differences between generic and branded drugs on the following attributes by circling a number using the following scale

(1=not different at all, 5=very different)

1. Your perception of price	1	2	3	4	5
2. How often you are exposed to advertisements	1	2	3	4	5
3. Effectiveness	1	2	3	4	5
4. Your awareness of available medications	1	2	3	4	5
5. How often you are exposed to in store promotions	1	2	3	4	5

10. What brand of headache medicine do you generally buy? Please select one.

Tylenol	___	Acetaminophen	___
Aspirin	___	Ibuprofen	___
Advil	___	Methocarbamol	___
Robaxacet	___	Motirn	___

Other ___,please specify___________

11. Please indicate your opinion of the importance of the following attributes in purchasing *PRESCRIPTION* medication by circling a number using the following scale.

	(1=not important - 5=very important)				
1. Brand name	1	2	3	4	5
2. Price	1	2	3	4	5
3. In store Promotions	1	2	3	4	5
4. Physician Recommendation	1	2	3	4	5
5. Past experience	1	2	3	4	5
6. Pharmacist recommendation	1	2	3	4	5
7. Family/Friends recommendation	1	2	3	4	5
8. Advertisements	1	2	3	4	5

12. Please indicate your opinion of the importance of the following attributes in purchasing NON-PRESCRIPTION medication by circling a number using the following scale

	(1=not important - 5=very important)				
1. Brand name	1	2	3	4	5
2. Price	1	2	3	4	5
3. In store Promotions	1	2	3	4	5
4. Physician Recommendation	1	2	3	4	5
5. Past experience	1	2	3	4	5
6. Pharmacist recommendation	1	2	3	4	5
7. Family/Friends recommendation	1	2	3	4	5
8. Advertisements	1	2	3	4	5

13. During the past 12 months, how often have you purchased NON_PRESCRIPTION medication? Please check one box.

☐ once a year ☐ once every six months ☐ once every three months

☐ once every month ☐more than once per month

14. During the past 12 months, how often have you purchased PRESCRIPTION medication? Please check one box.

☐ once a year ☐ once every 6 months ☐ once every 3 months

☐ once every month ☐ more than once per month

15. Your Gender? Please check one box.

Male☐ Female ☐

16. Your Age Group? Please circle one group.

18-29 30-39 40-49 50-59 >60

Thank you very much! I appreciate your participation!

Appendix B: Coding Scheme

Variable number	Variable Name	Definition of Variable	What Question it Came From	Coding
1	Respondent #	Naming respondent		1-33
2	Cold medication	What brands come to mind when they think of colds	Q1	Entered text that respondents wrote
3	Viagra	Which company they think manufactures it	Q2	Entered text that respondents wrote
4	Ask physician	How likely they are to ask physician about ad they heard or saw	Q3	1=not likely, 5=very likely
5	Purchase after ad	How likely they were to purchase it after seeing the ad	Q4	1=not likely, 5=very likely
6	Purchase historically	How likely they are to purchase same brands as they have in past	Q5	1=not likely, 5=very likely
7	Purchase after hearing new	How likely are they to purchase a medication after hearing about a new one	Q6	1=not very different, 5=very different
8	Brand versus generic	How much difference they see in effectiveness of generic versus branded medication	Q7	1=not very different, 5=very different
9	Percentage of paying	How much more they are willing	Q8	0% =1 10%=2

	more	to pay for branded medication		20%=3 30%=4 40%=5 50%=6 60%=7 70%=8 80%=9 90%=10 100%=11
10	Differences between generic and branded	Based on perception of price	Q9-a	1=not very different, 5=very different
11	Differences between generic and branded	Based on exposure to ads	Q9-b	1=not very different, 5=very different
12	Differences between generic and branded	Based on effectiveness	Q9-c	1=not very different, 5=very different
13	Differences between generic and branded	Based on awareness of available medications	Q9-d	1=not very different, 5=very different
14	Differences between generic and branded	Based on in-store promotions	Q9-e	1=not very different, 5=very different
15	Headache medicine	What brand of headache medicine they generally buy	Q10-a	1= Tylenol
16	Headache 2		Q10-b	2= Aspirin
17	Headache 3		Q10-c	3=Advil
18	Headache 4		Q10-d	4=Robaxacet
19	Headache 5		Q10-e	5=Motrin
20	Headache 6		Q10-f	6= Acetaminophen
21	Headache 7		Q10-g	7= Ibuprofen
22	Headache 8		Q10-h	8=Methocarbamol

23	Headache 9		Q10-i	9=Other
24	Influence of attributes on purchase decision of prescription	Based on Brand name	Q11-a	1=not very important, 5=very important
25	Influence of attributes on purchase decision of prescription	Based on price	Q11-b	1=not very important,5=very important
26	Influence of attributes on purchase decision of prescription	Based on promotions	Q11-c	1=not very important, 5=very important
27	Influence of attributes on purchase decision of prescription	Based on Physician recommendation	Q11-d	1=not very important, 5=very important
28	Influence of attributes on purchase decision of prescription	Based on Past experience	Q11-e	1=not very important, 5=very important
29	Influence of attributes on purchase decision of prescription	Based on Pharmacist recommendation	Q11-f	1=not very important, 5=very important
30	Influence of attributes on purchase decision of prescription	Based on Family/friend recommendation	Q11-g	1=not very important, 5=very important
31	Influence of attributes on purchase decision of prescription	Based on advertisements	Q11-h	1=not very important, 5=very important
32	Influence of attributes on purchase decision of non-	Based on Brand name	Q12-a	1=not very important, 5=very important

	prescription			
33	Influence of attributes on purchase decision of non-prescription	Based on price	Q12-b	1=not very important, 5=very important
34	Influence of attributes on purchase decision of non-prescription	Based on promotions	Q12-c	1=not very important, 5=very important
35	Influence of attributes on purchase decision of non-prescription	Based on Physician recommendation	Q12-d	1=not very important, 5=very important
36	Influence of attributes on purchase decision of non-prescription	Based on Past experience	Q12-e	1=not very important, 5=very important
37	Influence of attributes on purchase decision of non-prescription	Based on Pharmacist recommendation	Q12-f	1=not very important, 5=very important
38	Influence of attributes on purchase decision of non-prescription	Based on Family/friend recommendation	Q12-g	1=not very important, 5=very important
39	Influence of attributes on purchase decision of non-prescription	Based on advertisements	Q12-h	1=not very important, 5=very important
40	Purchase often	How often in past 12 months they purchased non-prescription	Q13	Once/yr=1 Once every 6 months=2 Once every 3

				months=3 Once every month=4 More than once per month=5
41	Prescription purchase often	How often in past 12 months they purchased non-prescription	Q14	Once/yr=1 Once every 6 months=2 Once every 3 months=3 Once every month=4 More than once per month=5
42	Gender		Q15	Male=1 Female=2
43	Age		Q16	18-29=1 30-39=2 40-49=3 50-59=4 >60 =5

Appendix C:
Means from T-Test Results of Questions 11 and 12

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Brand name	2.5313	32	1.36746	.24174
	NPBrand name	3.4063	32	1.31638	.23271
Pair 2	Price	3.1250	32	1.38541	.24491
	NPPrice	3.6875	32	.99798	.17642
Pair 3	Promo	2.0938	32	.99545	.17597
	NPPromo	2.8750	32	.97551	.17245
Pair 4	Phys# Rec	4.6250	32	.83280	.14722
	NPPhys# Rec	4.2188	32	1.12836	.19947
Pair 5	Past	4.1875	32	1.28107	.22646
	NPPast	4.5000	32	.87988	.15554
Pair 6	Pharmacist	3.9063	32	1.27910	.22611
	NPPharmacist	4.0625	32	1.18967	.21031
Pair 7	Family/Friends	3.4375	32	1.10534	.19540
	NPFamily/Friends	3.7500	32	.95038	.16801
Pair 8	advertisements	2.0625	32	.84003	.14850
	NPadvertisements	2.6250	32	1.07012	.18917

Appendix D:
Means from T-Test Results of Questions 11 and 12

Influential Attributes in Decision Making for Purchase of Medication

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	**Brand name - NPBrand name**	-.875	1.338	.236	-1.357	-.392	-3.699	31	**.001**
Pair 2	**Price – NPPrice**	-.562	1.457	.257	-1.088	-.036	-2.183	31	**.037**
Pair 3	**Promo – NPPromo**	-.781	1.337	.236	-1.263	-.298	-3.304	31	**.002**
Pair 4	**Phys# Rec - NPPhys# Rec**	.406	.874	.154	.090	.721	2.627	31	**.013**
Pair 5	**Past - NPPast**	-.312	1.148	.202	-.726	.101	-1.539	31	.134
Pair 6	**Pharmacist - NPPharmacist**	-.156	.919	.162	-.487	.175	-.961	31	.344
Pair 7	**Family/Friends - NPFamily/Friends**	-.312	.780	.137	-.593	-.031	-2.265	31	**.031**
Pair 8	**advertisements – Npads**	-.562	1.075	.190	-.950	-.174	-2.958	31	**.006**

The bold faced p-values are significant at a 95% confidence level

REFERENCE LIST

Anonymous (2004), "Design for self diagnosis," *Brand Strategy*, 24.

Anonymous (2003). "Message in a bottle", *Psychology Today,* Vol. 36, no. 4, 78.

Anonymous (2003),"Special Report – Pharma: A dose of brand medicine", *Brand Strategy*, 29

Anonymous (2004). "The new age of Branding", *Pharmaceutical Executive*, Vol. 24, no. 6, 106

Anonymous (2005), "Brand Positioning and Strategy", Retrieved June 21, 2005, from:http://www.ibm.nctu.edu.tw/ibm_200210/news/ppt2.ppt

Arnold, Matthew (2005),"Changing Channels, *Medical Marketing and Media"*, Vol. 40, no. 4, 34

Blackett, Tom (2005), "Branding in the pharmaceutical industry", *Packingpackaging*.

Brad, Colleen (2003), "Generic versus brand name drugs", *Chatelaine*.

Coburn, Drew (2003). "Quality of Life brands call for fresh thinking", *Medical Marketing and Media*, Vol 38, no. 9, 106

DeLor, Ken (2004),"What's in a Name?", *Pharmaceutical Executive*, Vol. 24, no. 9, 149.

Eigher, Ahsley, Anshu Kalra, Andrew Matricaria, Nisha Merchant, Libble Miller, Tania Zavoico, and Gaobo Zhou (2005),"Does Branding Work in Pharmaceutical Marketing?", Retrieved May 5, 2005, from: http://faculty.fuqua.duke.edu/~dbr1/seminar/summaries/08-marketing-summary.doc.

Grabowski, H., Vernon (2002), "Returns on Research and Development for 1990's New Drug Introduction," *Pharmacoeconomics*, 20.

Guzman, Francisco (2005), "A Brand Building Literature Review", Retrieved May 20, 2005, from: http://www.brandchannel.com/images/papers/257 A Brand Building Literature_Review.pdf

Haden, Peter, Olivier Sibony, and Kevin Sneader (2005), "New Strategies for Consumer Goods", *McKinsey Quarterly*.

IndiaInfoline.com (2005), "FMCG Business Concpets", Retrieved June 21, 2005, from:www.indiainfoline.com/fmcg/bran.html

Kapoor, Gaurav and Benita Epstein (2004), "Storms Ahead: Can Big Pharma Be Saved?", *Brandweek*, Vol. 45, no. 28, 29.

Keller, Kevin Lane (2003). Strategic Brand Management: Building, Measuring, and Managing Brand Equity. New Jersey: Pearson Education International.

Malone, Patricia (2004), "Building an emotional connection: A five-step branding process", *Medical Marketing and Media*, Vol. 39, no. 5, 52.

Marsh, Jeff (2005), "Pharmaceutical Branding", *Logo Design Works*.

McDowell, Mark (2005), "Private View". *Medical Marketing and Media*. Vol. 40, no. 1. 64.

Parry, Vince (2003). "The art of branding a condition." *Medical Marketing and Media*, Vol 38, no. 5. 43.

Schroff, Karl (2003), "Why pharma branding doesn't work", *Pharmaceutical Executive*, Vol. 23, no.10, 50.

Schuiling, Isabelle and Giles Moss (2004), "How different are branding strategies in the pharmaceutical industry and the fast-moving consumer goods sector?", *The Journal of Brand Management*, Vol. 11, no. 5,36.

Schuiling, Isabelle, and Giles Moss (2004),"A brand logic for pharma?: A possible strategy based on FMCG experience", *International Journal of Medical Marketing*, Vol.4, no. 1, 55.

Tootelian Dennis, Gaedeke Ralph, Schlacter John (1988), "Branded versus Generic Prescription Drugs: Perceptions of Risk, Efficacy, Safety, and Value", *Journal of Health Care Marketing*, Vol.8, 26.