

COMPETITIVE COUNTER-STRIKE

Counter-Launch Planning to Preempt and Defend Against the Launch of a Competitive Product



Dr. Stan Bernard

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Pharmaceutical executives and marketers should adopt the mindset that the best defense is a good offense: they need to select the best team, process, and plans for counter-launching.

In December 1999, Parke-Davis (now Pfizer) launched Lipitor, a very potent LDL cholesterol-lowering agent. Despite being the fifth statin to enter the U.S. market, Pfizer overwhelmed the competition and soon made Lipitor the top-selling cholesterol and pharmaceutical product in the world. By 2002, AstraZeneca was preparing to launch Crestor, a new statin with even greater LDL-lowering effects than Lipitor. As the market leader, Pfizer could have ignored the impending threat from Crestor and continued to expand the market, thereby continuing to capture the majority of sales in this class.

Instead, Pfizer counter-attacked. Pfizer preempted the launch of Crestor by repositioning the AstraZeneca drug as having safety concerns, specifically rhabdomyolysis, a rare but potentially fatal muscle condition. (Lipitor also had this safety issue highlighted in its label, but the incidence was considered slightly lower than with Crestor.) By the time of Crestor's launch, AstraZeneca was on the defensive, having to respond to physicians, patients, and the media regarding these safety concerns.

"Pfizer's proactive, counter-launch approach crippled the launch of Crestor and ensured that it would not become a major competitive threat," says Stan Bernard, M.D., MBA, president of Bernard Associates LLC. "Pfizer, renowned for planning for and preempting competitive product launches, is exceptional in this regard. While most pharmaceutical companies spend substantial money, time, and effort to launch their own products, very few companies prepare and execute comprehensive counter-launch plans (CLPs) to anticipate, undermine, and defeat competitive launch products before they have the chance to penetrate the market and gain significant traction. CLPs are a deliberate, systematic, and integrat-

ed approach to analyze, prepare and protect a company's marketed product from a new competitive intruder. They differ from traditional competitive plans in that CLPs are specifically designed to preempt and thwart the launch of important new competitors."

Dr. Bernard says just as there are traditionally four Ps of marketing, there are four Ps to consider with counter-launch planning: philosophy, people, process, and plans.

COUNTER-LAUNCH PHILOSOPHY

"Pharmaceutical companies have long competed like gentlemen fighting a fair duel: take 10 paces before firing," Dr. Bernard says. "In the past, companies could afford such cordial competition because there were numerous product launches, many large and growing markets, and relatively few competitors. But with only 17 new molecular entities approved last year, fewer new markets, growing pricing pressures, and significant generic competition, companies can no longer afford to be so genteel."

Increasingly, pharmaceutical companies must learn to compete as aggressively as other industries such as telecommunications, manufacturing, and consumer electronics.

According to Dr. Bernard, the most important time to compete is actually before the product launch period.

"Experienced pharmaceutical marketers appreciate the adage that they live with what they launch: the product launch is essential to the short- and long-term success of a drug," he says. "Consequently, if a company can thwart or undermine a competitor's product launch, it will severely hamper the market penetration and success of the challenger for years to come."

In preparation for the launch of a competitor, many pharmaceutical companies will set

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up some defensive positions, such as fortified salesforces or higher promotional spending to offset a competitor's launch. But very few companies aggressively and proactively compete against their competitors before their launch. Pharmaceutical executives and marketers should adopt the mindset that the best defense is a good offense; they need to select the best team, process, and plans for counter-launching.

COUNTER-LAUNCH TEAMS

Commonly, brand teams will assign one team member, usually a brand marketer or market researcher, to be responsible for competitive launch planning. This person often works independently, perhaps using the services of a part-time market researcher or an external competitive intelligence firm.

"To develop a powerful, insightful counter-launch plan, companies need a powerful, insightful multidisciplinary team," Dr. Bernard advises. "At the least, this team should consist of a senior brand leader; a competitive intelligence professional; a market researcher; internal professionals representing key stakeholder segments, for example physicians, consumers, and payers; a medical or scientific professional; an internal key opinion leader expert; field management; and public relations personnel. The team should have appropriate geographic representation and meet on a regular basis."

COUNTER-LAUNCH PROCESS

For most brand teams, the professional responsible for "competition" collects market research, orders some competitive intelligence, and prepares a few standard promotional tactics such as salesforce preparation and training. These minimal steps represent a small fraction of the vast resources — time, money, and personnel — that the competition is investing in

launch preparation and that the brand team itself is committing to launching its own product. More significantly, this relatively small investment is often miniscule in comparison with the sales revenue an existing product stands to lose from the launch of a competitor. Such limited preparation is unlikely to even slow down a powerful competitive threat.

"To succeed against new competitive threats, brand teams need to take a systematic, integrated approach to counter-launch planning," Dr. Bernard says. "This approach incorporates three key phases: analysis, simulation, and planning. The analysis phase is designed to assess external market factors and internal corporate capabilities to identify potential opportunities and threats. Ideally, this phase should be followed by a competitive simulation, a new version of business war games, to explore and enact these opportunities and threats. The planning phase captures the key learnings from the first two phases and outlines an integrated set of counter-launch strategies and tactics."

Surprisingly, many companies only analyze the competing launch product, Dr. Bernard says. They will typically evaluate a competitor's product strategy, positioning, messaging, and key tactics, particularly salesforce numbers and deployment. This methodology severely limits a company's field of vision and misses the critically important interdependencies among the competitors, stakeholders, and other market forces. Moreover, it fails to incorporate a company's own strengths and weaknesses relative to the competitor and the market.

A more comprehensive approach includes both an external market assessment and an internal corporate analysis.

The external assessment consists of a competitive analysis, a stakeholder analysis, and a market analysis. The competitive analysis should include not only the evaluation of a competitive product's clinical profile and launch plans, but also a profile of the compet-

ing company. What are the historical tendencies of the competing company? How does it typically launch, position, message, and target its products? For example, some companies consistently seek to reshape the market to set the stage for their products; other companies focus on clinical, marketing, or pricing differentiation; others try to overwhelm their competition with huge promotional outlays and larger salesforces.

Some pharmaceutical companies will evaluate how traditional stakeholders, such as physicians, consumers, and payers, will respond to the launch of a competitive product. But there are many additional stakeholders who may influence the adoption, use, perception, or pricing of a launch product. Depending on the products and markets, these stakeholders may include key opinion leaders, healthcare professionals other than physicians, the media, politicians, patient advocacy groups, distributors, and others. Market factors, such as recent regulatory changes or technological developments, may also play a role in the launch of a competing product. An assessment of one's own company's capabilities, tendencies, and vulnerabilities is also essential.

"Once the analyses are completed, the counter-launch team should synthesize and summarize the findings, focusing on the key opportunities, threats, and potential action steps for the defending brand and company," Dr. Bernard outlines. "Next, counter-launch teams should conduct a competitive simulation to test these potential strategies, tactics, and action steps."

Competitive simulations are more realistic, more customized, and more engaging than traditional war games. Unlike war games, competitive simulations incorporate multiple competitors, customers, and stakeholders. They also simulate and test a competitor's overall launch plan and the company's counter-launch plan, not just a single promotional tactic, such as physician detailing. Competitive simulations can be cus-

SELECTED EXAMPLES OF COUNTER-LAUNCH ACTIONS

OFFENSIVE/PROACTIVE STEPS	DEFENSIVE/REACTIVE STEPS
Competitive Product Prepositioning	Base Defense (e.g., Market/Segment Denial)
Legal Maneuvers	High Switching Costs
Long-term Contracting or Entry-Deterring Price	Price Matching or Discounting
Capacity Lockouts	Salesforce Augmentation
Proprietary Technologies	Enhanced Promotional Spending
Market-Deterring Communications	Threat of Retaliation

EXECUTIVE CHECKLIST FOR COUNTER-LAUNCH PLANNING

- Multidisciplinary competitive planning team
- Executive consultant/expert to lead team
- Systematic, integrated process for counter-launch planning
- Counter-launch analyses: competitive products/competitors, stakeholders, market factors, and counter-launch company
- Competitive simulation exercises
- Counter-launch plan

tomized to address the most important counter-launch issues, such as various market scenarios and pricing options, and to capture valuable feedback from key customers and other stakeholders.

Competitive simulations also use much more engaging, relevant, and appropriate themes than “battles” or “skirmishes.”

“While many marketers and brand managers now conduct competitive simulations for launching their own products, relatively few conduct simulations to prepare their teams to preempt and defend their market against intrusion from a new product,” Dr. Bernard says. “In my experience, there is no better type of market research or preparation to enable brand teams to test counter-launch strategies and tactics.”

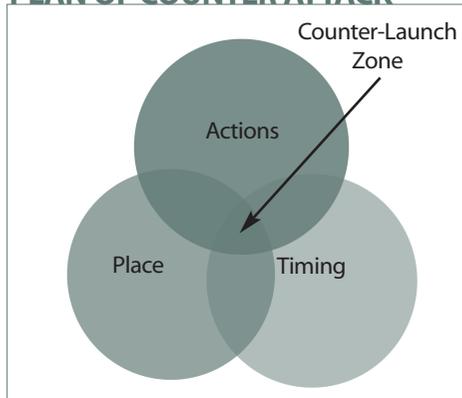
COUNTER-LAUNCH PLANNING

The final step in preparing a counter-launch is the planning phase.

Dr. Bernard asserts that there are two general rules for counter-launch planning.

“First, do not fight unless you have to fight,” he says. “There are several ways to

PLAN OF COUNTER ATTACK



avoid a fight, such as redirecting competitors to other disease states or marketed products or deploying legal maneuvers to prevent competitors from entering your market. For example, Amgen to date has protected its multibillion dollar anemia drug franchise in the United States by filing a patent infringement lawsuit to prevent Roche from introducing its new agent Mircera. The second rule is that if you have to fight, pick the actions, place, and timing that provide your product with the best chance of success. (See Counter-Launch Actions chart on this page.)

“Most companies use defensive steps or entry barriers, such as enhanced salesforces, price reductions, or high product switching costs,” Dr. Bernard continues. “But relatively few pharmaceutical companies take assertive or proactive actions to preempt and undermine a competitor’s launch.” (See Executive Checklist for Counter-Launch Planning chart on this page.)

For example, some pharmaceutical companies have undertaken timely “capacity lock-ups” by purposely occupying key clinical researchers, research sites, or study patients; key manufacturing plants; or scarce raw materials. Other companies have leveraged proprietary technologies to preempt new competitors. Genentech’s breast cancer agent Herceptin, the first compound in its class, has been combined with the HercepTest and other

Herceptin-specific pharmacogenetic tests which identify which patients will respond favorably only to the drug Herceptin. Consequently, newer agents have been relegated to second-line options.

Most pharmaceutical companies wait until a competitor launches its product before defending their marketed product. Ironically, the launch period is the time when competitors are in the strongest possible position: this is when they are most ready, best resourced, and most able to select their best battleground for attack.

“Incumbent companies should actively undermine market challengers in their pre-launch period, when they are weakest and most vulnerable,” Dr. Bernard says. “In the prelaunch period, premarketed products are extremely limited in their messaging and promotions; the least prepared; and the least experienced. For instance, as discussed initially, Pfizer’s Lipitor branch team undermined AstraZeneca’s Crestor during its prelaunch phase by prepositioning it with key opinion leaders and other stakeholders.

“More importantly, because Pfizer acted early instead of waiting until Crestor launched, it was in a position to select the marketing battleground: the safety profile of the two statin products where Lipitor had an advantage, instead of cholesterol-lowering efficacy, where Crestor had the upper hand,” Dr. Bernard continues. “Counter-launch planners should identify the best competitive advantage for preemptive strikes against competitors launching a product. The preferred battleground can refer to a market segment, a clinical parameter, or a stakeholder-specific issue. Ideally, counter-launch managers should seek to counter launch where its planned actions, place, and timing overlap: the counter-launch zone, where the defending company has the optimal opportunity to protect its competitive advantages.” ♦

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