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# Market Analysis

## Marketing Masterclass

### Product differentiation for competitive advantage

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**Abstract** Six questions and two critical success factors are offered as a practical guide to aid in the search for viable, sustainable product-driven differentiators aimed at enhancing competitive advantage.

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## INTRODUCTION

In a world of accelerating product proliferation, the challenge for marketers is to ensure that their products are perceived as both highly relevant and meaningfully different. The sheer amount of marketing noise, however, often reduces the ability for any one product to stand out in a competitive category.<sup>1</sup> Furthermore, research suggests that many marketers tend to overestimate the unique value their product has to offer, and to underestimate how difficult it will be to switch customers from other currently available solutions.<sup>2</sup> Thus, the ability of marketers to drive customer product trial and use largely depends on their ability to identify, and effectively communicate, the unique

ways a product can help address a relevant unmet need.

While there are numerous ways to differentiate brands, identifying meaningful product-driven differentiators can be especially fruitful in gaining and sustaining a competitive advantage.<sup>3</sup> For medical marketers in the pharmaceutical field, a powerful source of competitive advantage can be gained by developing a deep understanding of the science underlying the disease or condition, knowing specifically how the product acts to alleviate the condition, and explicitly demonstrating the advantages it offers versus alternative approaches. These are largely data-driven parameters; however, the challenge for most organisations is not

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in collecting and analysing the scientific data. Of paramount importance is the ability to ask the right questions, 'dig deep' to find the answers and keep the rationale simple when delivering the message.

In our experience, the search for product-driven differentiators can be greatly facilitated by utilising a classic six-question toolset. These questions are simple and straight-forward, and are rooted in a short story by Rudyard Kipling published over 100 years ago.<sup>4</sup> Their usefulness has been demonstrated in other fields as well, such as legal practice and health education.<sup>5,6</sup> To best apply this approach in a pharmaceutical environment, we recommend that marketers explore these questions in a cross-functional setting, with internal colleagues from R&D and New Product Development. Although the order of these questions is not important, the first question should always be...

*Who* is the most appropriate beneficiary of the product? The question should go beyond a general description of which patient the product might be used for, and succinctly focus on who the *ideal* patient might be. Certain thiazolidinediones used in the treatment of type 2 diabetes have been differentially and successfully positioned by concentrating on specific, difficult-to-manage, patient subtypes. One should also consider not just the condition or disease being treated and the obvious contraindications, but also the patient's mental state, fears, anxieties and lifestyle. Additionally, ask who else interacts with the direct beneficiary who may also benefit from the drug? Perhaps one of the best examples of products stemming from this line of interrogation are the various cholinesterase inhibitors available for treatment of Alzheimer's disease.

*What* are both the real, and the perceived, benefits of the product? When reviewing the clinical trial data, one should not only concentrate on how the

product compares to competitive agents with regard to established endpoints. Pertinent questions might focus on what additional patient needs are being satisfied. Listening to a patient's description of their experiences with the product can often lead to discovery and development of new indications. An example is minoxidil, which was initially introduced as an oral medication for treatment of hypertension and is now better known as a topical hair growth stimulant. Extending this questioning further into associated emotional benefits can also lead to ways to further differentiate a product. For example, focusing on the emotional benefit of a dyslipidemia patient successfully reaching their target cholesterol level shortly after initiating a course of therapy with a statin may enable a message of better adherence to therapy and higher patient compliance.

*When* does the therapy work most effectively? This question is not limited to the dosing regimen but also considers other factors such as time to onset of action or whether there are certain times during the day when dosing with competitive products might be a disadvantage. For example, taking the product with/without food to aid in drug absorption or help manage nausea. How long must alternative therapies be taken to achieve optimal results? There are several examples in the bisphosphonate category of osteoporosis products in which time and frequency of dosing has become a major point of competitive differentiation. Another current example can be found in the positioning of certain products in the erectile dysfunction category in which the timing and length of therapeutic effect is used as a brand differentiator.

*Where* does the product work best? Where in the body is the effect most pronounced? Where does the drug exert its pharmacologic effect as it passes through various organs and tissues? Could

any of these factors result in a competitive advantage? For example, a key advantage of certain non-sedating antihistamine products relates to their inability to penetrate the blood–brain barrier. Another example would relate to patients who are exposed to conditions of high heat and humidity and, as a result, may react differently to certain products than patients in cooler and less humid environments.

*How* are products in a specific category delivered to the end user? This challenging area is ripe for creative marketing. Many pharmaceutical marketers immediately jump directly to the dose form — oral, spray, transdermal, etc. When thinking about ‘How’, consider the way the product is developed, manufactured, packaged and distributed. These are all key elements in the value delivery chain.<sup>7</sup> Can any of these areas offer a point of potential differentiation? One example in which this line of interrogation has been successfully exploited is the development, design and distribution of pump inhalers for asthma.

*Why* does the product work the way it does? What is the mode of action (MoA) and the effect at the molecular and cellular level? One example of where this point is used as a differentiator is the angiotensin-converting enzyme (ACE) inhibitor class of drugs in cardiovascular medicine. ACE inhibitors are all very similar. Individual drugs, however, differ in a few ways, including lipid solubility and ACE affinity and binding, with some agents more specifically affecting ACE found in tissues rather than that circulating in plasma. These subtle differences in drug properties have been utilised by marketers as a differentiator.

Asking each of these six questions individually can help to effectively differentiate a product. An even more robust competitive advantage can, however, be gained by linking several potential product-driven differentiators. For example, a successful scenario might

emerge when a unique MoA (‘Why’) leads to a product being especially effective when dosed in a certain way (‘How’) in one particularly resistant patient type (‘Who’). It is important to remember that while these questions may identify potential differentiators, any new product claim or indication must be appropriately supported by clinical evidence, regulatory validation and commensurate labelling change to become a significant competitive weapon in the marketplace.

## KEY SUCCESS FACTORS

Consistent with the decades of research in consumer choice, evaluation and decision-making,<sup>8,9</sup> there are several principles to keep in mind. In our practical experience, two overriding principles or key success factors should guide medical marketers in the utilisation of the six-question toolset.

*#1: Keep it simple:* Complex pathophysiology and pharmacologic descriptions, along with graphs and charts of relevant data, may be necessary to satisfy regulatory and legal stakeholders. However, when it comes to explaining how a therapy is different, simpler is always better. Consider using analogies or simple demonstrations to explain how the product is different. The fact that most people’s working memory capacity is quite limited requires that pharmaceutical brands selectively emphasise specific information that makes their product unique or different. Although dealing with highly trained medical professionals, their schedules are extremely full, and thus they will generally appreciate and better retain a simple and concise description as opposed to a long, rigorous scientific presentation.

*#2: Keep it relevant:* Always consider product-driven differentiators in the context of what the customer and end-user consider relevant. Being ‘different for the sake of different’ is not the objective. Putting those differences in a relevant context for the physician, for example by

highlighting a particularly difficult condition to manage or a specific patient type in which the treatment would be most appropriate, can help drive physician choice. Always remember to balance the potential product differentiator against consumer attitudes and beliefs and unmet customer needs. Even simple, unique descriptors of the product will fail if differences are not relevant to the unmet, or under-met, needs of the customer or end user.

In summary, seeking out product-driven differentiators can be especially fruitful in helping to create a competitive advantage. Successful positioning requires relevant, clearly articulated differentiation versus competitor products. For pharmaceutical medical marketers, once an area of highly relevant and meaningful differentiation has been identified, one needs to leverage this in the marketplace. Examples of methods to accomplish this goal include: Publishing a concept in the scientific literature, capitalising on Key Opinion Leader endorsement and initiating well-designed Phase IV studies to help gather information and gain support from a broader base of clinicians.

*Disclaimer:* The views and opinions expressed by Dr Dumovic are his and not necessarily those of Novartis Pharmaceuticals Corporation.

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