
IN THIS ISSUE

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MARKET ANALYSIS

- **Market Access — An innovative approach to developing and managing biopharmaceutical pricing strategy**

How do marketers best price products and how should they manage price over time? Pricing has been a somewhat arbitrary process including measures of development costs, expected market size and competitor product prices. Sanjay K. Rao presents an innovative approach that explicitly recognises the importance of product value in determining its price. The paper proposes a Pricing Decision Support System to develop rational pricing strategies by studying the impact of a wide range of pricing alternatives on product performance forecasts in the framework of a realistic customer/market context.

- **Analytical Marketing — Better decision-making for evaluating new medical device projects: A real options approach**

New product development in the medical device sector is complex and Sukhvinder S. Johal, Peter Oliver and Hywel C. Williams provide insight into the financial decision making methods currently used to aid in project selection. They propose an alternative, real options-based approach to project management to manage uncertainties and understanding the relationships between the risk and the opportunities in a product development lifecycle.

- **Marketing Masterclass — Pharmaceutical Branding: ‘To brand or not to brand’**

The transformation of the healthcare landscape in the United Kingdom has led some to believe that the era of the direct sales representative–physician contact was over. Stephen Griffiths describes two GP quantitative surveys where a statistical preference towards the use of medical sales representatives and advertising was found. Advertising was found to influence GP prescribing in addition to direct selling techniques. This paper shows that brand loyalty is still strong among healthcare professionals and that despite the changes over the past decade, traditional direct marketing techniques remain effective.

- **Marketing Masterclass — Launching a fighter brand to cushion patent expiry: The case of Zocor**

Pharmaceutical companies are seeking innovative ways of better managing the tidal wave of patent expiries and Christina Raasch describes the deployment of a second brand launched at a lower price — the ‘fighter brand’. The strengths and pitfalls of this approach are analysed using the case of Zocor in Germany. This marketing class highlights the opportunities that exist for pharmaceutical marketers to indeed seek ways of profiting from the inevitable challenges that the industry faces.

• **Marketing Strategy — Activation of evidence: A new approach to knowledge translation and closing the clinical care gap**

Carlyle Ware, Stephen Small and Richard Wood explore the role of product differentiation as a marketing strategy in today's world of networked healthcare. Moving from evidence for example provided by clinical trials, to sustainable changes in behaviour increases sales and promotes health.

• **Digital Marketing — Promoting online sales of dental supplies**

As online purchase of consumables and equipment becomes the norm in the healthcare industry, David Gadish presents a marketing strategy in the dental supply arena. He describes an online store showing that this is more efficient than the traditional catalogue-based ordering approach. Online, as well as traditional marketing techniques were used to promote online sales and the results of two years of activity are provided.

• **Wellness Marketing — Combination of marketing strategies for increase of anti-smoking drugs sales**

Doroteya Naboko, Valentina Petkova and Zlatka Dimitrova review different marketing approaches (legislation changes, Rx-to-OTC switching strategy, promotion campaigns and price alterations) and their impact on the sale of anti-smoking drugs. The authors show that concurrent advertising and other marketing approaches leads to an increase in sales.

PAPERS

The impact of intangible assets and expenditures on holding period returns in the pharmaceutical industry

Richard A. Heiens, Leanne C. McGrath and Robert T. Leach explore the implications of the huge expenditure of the pharmaceutical industry on intangible assets such as advertising, research and development (R&D), goodwill and other intangibles. These factors are looked at in terms of impact on market adjusted holding period returns (HPR), a measure of how much excess return an investor would have achieved over the market return during some specified time-frame. The authors show that advertising does have a significant and positive impact on HPR.

How to reach consumers in a market where DTC is not allowed

Chang Dae Ham, Jong Woo Jun and Hyung-Seok Lee share insights from South Korea where the market is in rapid transition but DTC advertising is still not permitted. In describing the application of a 'below-the-line' marketing strategy for an erectile dysfunction product, the authors highlight some of the more successful communication channels and analyse the key features of this important market, vital for future research and current marketing strategy development.

MARKETING CASE

Diabetes knowledge and physician compliance: Evidence of links in a large South African sample

Diabetes is a growing health challenge in both the industrialised and emerging markets. Lynne Tudhope, Melani Prinsloo, Leyland Pitt and Bradley R. Barnes describe a scale designed to assess attitudes regarding diabetes in South Africa. This work shows that

patients with the low levels of diabetes knowledge are also those least likely to comply with healthcare instructions and advice. This work has important implications for those developing chronic disease interventions, especially in poorer and complex socio-economic environments.

With commentaries by Professor Nic S. Terblanche and Professor Christo Boshoff.

- **ResearchWatch**

Brian Smith highlights recent papers on the impact of the internet on pharmaceutical distribution, sales force ethics, innovation and intellectual property, globalisation, R&D processes in Japanese firms and DTC advertising and HMOs.

- **Book review**

Alex Blyth reviews *Pharmaceutical Metrics — Measuring and improving R&D Performance* by David S. Zuckerman.

- **Obituary**

David Wood of Interbrand — written by Michael Birkin of Omnicom Group Inc.