

# Botox: almost trouble-free new faces

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**Botox: Almost Trouble-Free New Faces Synopsis** The Botox case illustrates the accidental success of a product developed for an entirely different purpose. Originally, Botox was used in the treatment of crossed-eyes, but ophthalmologists quickly learned that it would also erase wrinkles and frown lines around eyes. It wasn't long before doctors across the United States were using Botox for treating wrinkles even though Allergan could not promote the product for this use.

The case discusses the advantages (fewer frown lines) and disadvantages and side effects (drooping eyelids and the need to repeat treatments) of Botox; explains what the product is; lists potential target markets; selling of the product at “ Botox parties”; use of Botox treatments to attract customers to resorts; Allergan's marketing of Botox once it was approved for cosmetic purposes and the use of Botox to support the new strategy of Allergan to become a major player in the pharmaceuticals industry.

It closes with the observation that the formula for Botox is one of the most closely guarded product secrets in the world—along with the formula for Coca-Cola. The case is especially useful for discussing added value and the creation of customer satisfaction.

It raises questions about the difference between needs, wants, and demands; what constitutes value; is useful for illustrating the difference between a marketing oriented company (Allergan after Botox) rather than a non-marketing oriented company (Allergan before Botox); the potential benefits of marketing and raises questions about societal marketing (should Botox be promoted for cosmetic purposes? Should it be sold through parties? ) The case can also be used to illustrate relationships in the marketing

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paradigm—between Allergan and doctors, Allergan and final consumers and doctors, and final consumers.

Allergan's marketing efforts are two-pronged in order to successfully promote to both markets. It is important for students to realize the pivotal role of the doctor in this purchase process in which consumers do not buy the product directly.

Teaching Objectives

1. To illustrate the effect of publicity on product success.
2. To raise questions about the differences between needs, wants, and demands.
3. To challenge students to define added value and how it relates to consumer satisfaction.
4. To demonstrate the importance of target market selection (not just for women!).
5. To illustrate the marketing of a pharmaceutical product and the importance of the doctor in the marketing process.
6. To illustrate consumer-oriented marketing.
7. To raise questions about the social impact of a marketing success such as Botox.
8. To illustrate the role that marketing plays in the development of company strategy.

Answers to Discussion Questions

1. What are the needs, wants, and demands of consumers for Botox products in its different treatment markets? What value does Botox deliver in each market? How does value affect the price for Botox?

The use of Botox for ocular treatment illustrates a classic need. The consumer has a defect that needs treatment. When used for crossed-eyes, the product not only has strong physical properties, but social properties as well. Patients can see better, but they may also feel much better about themselves as their appearance improves. This can have a strong impact on their ego and social needs. Of course, this also illustrates wants. People with crossed eyes can still read and function. The want here is not that they will

expire from lack of the drug, but that they want to look better and feel better about themselves.

The value of this is undeniably high. What probably constitutes the major portion of the value are the social and ego wants. One can live without it, but does one want to? Because the value is high, the price can be high. But in this market, insurance reimbursements may operate to lower the price that consumers are willing to pay. After all, they don't have to have the product. Although there is need, want is also high. Botox for cosmetic purposes is quite different. This situation illustrates want. We can all live with wrinkles, but we want to be rid of them. Want drives the purchase process.

Given American's obsession with appearance, the value of improving appearance would be very high. Again this value would primarily be ego (I look better) and social (others think I'm younger). And one would pay for it. As the case indicates the cost of Botox is quite high and unlikely to be covered by insurance companies for cosmetic purposes. The Botox example illustrates want and need are quite different and they affect value. Unfortunately many U. S. consumers place a higher value on ego and social wants than physical needs which accounts for the run-away success of Botox. . When Allergan sold Botox as a specialty drug for ocular problems, what marketing management orientation was it employing? When it sells Botox as a cosmetic treatment, is it employing the same or a different orientation? One could argue that Botox as a specialty drug for ocular problems illustrates the product concept. The focus of the company was on eye and skin treatments. Thus, it developed products within those categories

and sold them on a product need basis to doctors. The success of Botox cosmetic has forced the company to become more marketing oriented.

The company is now focusing on target markets and developed promotional efforts aimed at final consumers as well as promotion to doctors. The company has found a new use for an existing product that lies outside their tradition product focus. 3. When doctors treat patients with Botox in their office, is that an example of a selling concept or marketing concept? When they hold parties for patients in private homes? The answer to these questions depends on what the Botox is used for and the motivations of the doctors.

When doctors are prescribing Botox for ocular problems, this would seem to be the marketing concept because they are focusing on the needs of the consumer. The same could be said for Botox cosmetic. Parties, however, seem to be different. Here the doctor's motivation seems to be on selling a greater quantity of the product. That resembles the selling concept. This is not a focus on the needs of individual consumers as treating individual consumers in the office would be. The goal seems to be to increase revenues by cutting costs and serving multiple customers at once. . Apply the concepts of customer lifetime value and customer equity to Botox. How do doctors and Allergan improve the way they manage customer relationships? Because customers need an on-going series of treatments, Botox has the opportunity to provide lifetime value over and over. The value added will depend on how well Botox continues to work and aging consumers' desire to appear young. The efficacy of Botox over time is a problem for Allergan. At

this point, no one knows how Botox treatments will work over a period of years. Will their effectiveness decrease?

Are there side effects, unknown at this time, to continued use of Botox cosmetic? Eventually, consumers may be more willing to live with their wrinkles and/or tire of paying for Botox. One advantage that Allergan has is that many consumers may only recognize the Botox name with the result that loss of efficacy will not affect sales of other Allergan products. Consumers may be quite willing to buy other Allergan products even if they become disenchanted with Botox. The issue of efficacy affects equity. If the brand does not continue to work, it loses equity over time. Equity represents the brand's share of the consumer.

If Allergan built a strong corporate brand, it could have more equity with the consumer who buys a variety of Allergan products. On the other hand, having individual brands for various products avoids negative brand carryover. 5. How does Allergan connect with its customers (doctors)? How does it connect with final consumers? How does it connect with the world around it? What could it do to improve these connections? Doctors: Allergan has beefed up its sales force to increase promotion to doctors and developed clinics in which doctors are taught the appropriate use of Botox.

Final Consumers: It has increased advertising to final consumers. Allergan has developed Web sites that target both doctors and consumers. This is especially the case for Botox. When one goes to the Botox Web site, one finds information for doctors (more technical information on the product and how to prescribe it) and information for final consumers including how to find a physician—especially important because final consumers cannot buy the

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product directly. The site for consumers shows results, give beauty tips, and is fairly interactive as consumers have the opportunity to participate in surveys and polls and view the results.

The information is much less technical and much more oriented to appearance. Global: The Allergan Web site ([www.allergan.com](http://www.allergan.com)) first pops up asking the viewer to pick a country. Choices are France, the United States, Germany, Japan, the United Kingdom and Canada. Although the Internet is a major means of promotion for Allergan and Botox stimulating demand from both consumers and doctors, Allergan seems to be making a major push primarily in the more economically advanced countries around the globe. This is logical for a company that has only recently begun to grow.

It is far from saturating global markets and would do well to deal initially with more affluent markets as many of its products are expensive. To improve its connections, it could develop Web sites for more countries and cross-sell more products. A logical product extension might be skin care products. At present, it is suggesting the use of various types of skin care products, but it would seem that a line of Botox skin products would sell very well. This could increase the equity of the brand and strengthen the relationship with the consumer. Teaching Suggestions

In assigning this case, ask students to read it and to think about the societal issue. Should a company market a product such as Botox for what some consider a seemingly frivolous use? This should stimulate students to begin thinking about the value of the product and the impact extension marketing of it has on consumers. In class, begin the discussion by asking students what they knew about Botox before they read the case. This should illustrate

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the value of publicity and also the potential for misunderstanding the product and naturally leads to questions about the value of the product—what it consists of and how that affects satisfaction.

You might follow the order of the questions at the end of the case. When you get to the last question, go to the Web sites ([www.allergan.com](http://www.allergan.com) and [www.Botoxcosmetic.com](http://www.Botoxcosmetic.com)). Work through the Web site and focus on the differences in the “ pitches” to final consumers and doctors. This will provide plenty of opportunity to discuss the stimulation of wants, relationship with customers, etc. At the end of the discussion, you might ask students how they feel about the extension promotion of Botox. Should it be heavily promoted for cosmetic purposes?

Is doing so good for society? The class might even be divided in those who favor heavily promoting Botox and those who don't to debate the issue. It's important to emphasize the needs and wants of consumers as part of a social system. There is always an opportunity cost to buying Botox. If consumers are spending so much on it, what are they not buying? Should this product be promoted to consumers with incomes of \$50, 000 as opposed to \$150, 000. What is the spillover impact on consumers with lower incomes? Would that be detrimental to such consumers? Society?