

Strategic direction for pfizer and merck



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However, there are different strategic direction for Pfizer and Merck in order to gain more profit in the market. The reason Pfizer becoming the market leader is because they used different marketing strategy compare to Merck. First strategy used by Pfizer is market entry as a new opportunity rises; it is the right time to enter the market. For instance, at the time of market entry Lipitor, lower cholesterol statin drugs have been limited with little awareness about the risks of high cholesterol. In addition, Pfizer promotes their product by the collaboration with the doctor as they use the doctor to prescribe the statins. The advantages for Pfizer as preferred and suggested by many doctors are this product can be trusted and reliable to the consumer. The other strategy is Pfizer channel distribution is direct to consumer which can maintain the relationship between buyer and seller. Strong relationship plays an important role in order to give better impression about the product. Next for pricing strategy, Pfizer has increase the price of old drugs, developing new drugs due to the losing in patent protection. The great marketing mix strategy used by the Pfizer drives them to become world's first US \$10 billion a year drug.

As a closer rival in pharmaceutical industry, Merck has different strategy in order to compete with Pfizer. Merck can be classified as market follower and this strategy has contributed to the increase in sales from US\$ 1.8 billions in 1991 to US\$ 17.8 billions in 2001. The advantages of being market follower are " market followers will be careful with segment markets and they will compete in areas where their strengths are highly valued. Besides, market follower usually will think more creative than a leader market."(Market Follower, 2003) The marketing mix used by Merck is they promote their

product Mevacor as a market pioneer to educate public of the dangers of high cholesterol. (Ahati, 2008) clarify that “ Merck was much more interested on the research and the ability of the product to sell itself, marketing would only be an accelerating factor to help sell the product.” Moreover, the pricing strategy for Merck is they are lowering the price of the drugs. This is because of improvements in manufacturing efficiency and challenge of generic competition.

The current status of the patent is almost expired. This means that it won't be able to protect the product. This is a critical time for Pfizer, the maker of the powerful cholesterol drug since other manufacturers will soon be able to market generic alternatives for patients. Due to this patent issue, there are imitation of the other drugs in the market while the competitors selling at the cheaper price. Even though this can be considered as a strategy for competitors but Pfizer need to come out with new strategy direction and also related marketing objectives for Lipitor due to the expiry of the patent.

Lipitor can be classified as a “ me too” product after the patent issue. However, there are many other ways for Lipitor to rise again in the pharmaceutical market. The first thing is Lipitor should reposition their brand. Under the repositioning strategy, there are 4 things Lipitor can do. For example is repositioning the competitor, taste change, new opportunity discovered and mistake made in original position. Lipitor should enhance their brands names because without strong brands, it won't be success in the market. Hence, solving branding dilemma should be the top priority. For instance, Lipitor should emphasize more in the recognition and reputation on the brand itself such as using Co-pay cards. These cards are given to

patients and are used as a secondary insurance to lower the out of pocket cost for the consumer (Pfizer's Big Problem: Lipitor Patent Expiration, 2011).

The other strategic way for Lipitor is they must do better than competitors in term of marketing mix. More specific into pricing strategy which Lipitor should reduce Pfizer's price in order to produce more at the lower cost. The reason is with better methods and familiarity with techniques results in accumulated experience of personnel. Furthermore, produce more at the lower cost can gain more experience curve which can even make more profit in order to achieve cost leadership. Furthermore, Pfizer should use aggressive strategy which may offer lessons for drug makers facing similar losses of patent protection for other blockbuster drugs over the next few years, and may chart a new path for shifts between the big pharmaceutical companies and generic rivals.

Question 3

Based on the case study, Pfizer use different marketing strategy in order to approach doctors and also consumers. However, the most important part is how effective the strategy as to maintain their consumers. Pfizer is using the representative such as salesperson to inform the doctor about their product in order to persuade the doctor to get the recognition and reputation. This strategy is the most effective because without recognition, it is really hard to survive in the market. This is because the brand reputation is one of the most valuable resources for every different product. Consumers choose the most valuable brand because of loyalty and also satisfaction towards the brands. Hence, the reason Pfizer persuade the doctor is because Pfizer wants to be well known in the pharmaceutical industry. For example in the case

study is Pfizer trained and tested around 13, 000 salespeople in order to success in Pfizer's sales campaign in doctor's office. Due to this, the reputation helped make the Pfizer's sale reps the most productive in the industry.

Another way Pfizer has done is they are seeking doctor's advice and opinion through focus group. Focus group is much more effective due to the closer approach. In the case study, it was stated that even doctor were prescribing statin in records number, they were still spooked for the idea of recommending high doses. This result the FDA to approve starting dose for Lipitor in range of 10 to 80 milligrams a day and it was the major advantages for Lipitor.

Moreover, Pfizer use another different campaign towards the consumer and the most effective way is direct consumer advertising. Pfizer convey the message through advertising and it is depends on the consumer on how they perceive the message. Based on the case study, the campaign aimed at conveying two messages which are first, consumer don't have to be visible unhealthy to have dangerous cholesterol and second is consumer must know their level number of bad cholesterol in blood. If the reading below 100 means optimal while more than 160 considered risky. How effective is this campaign is depends on how consumer takes the message in a serious term. This is because consumer that concern about their health is more likely to know their condition better than the consumer which is doesn't.