Lipitor marketing

Business, Marketing

Above Figure highlights 5 possible marketing strategies solutions that Pfizer can make to face the problem of Lipton patent expiry and threat of generics capturing market share & price competition war. 4. 1 Divest Strategy Divest strategy involves cutting expense related with promotions & researches once Lipton faces direct competition from similar drug generics and use the savings towards other brands that still have patent protection. Along the way, Divest strategy might involve price increases to take advantage of higher brand awareness among attentions, doctors, media,... Etc. However, this will also result in lowest brand building as brand Is not supported and price competition. The success of this strategy hinges on the Inertia of doctors, patients and the other stakeholders (pharmacists, Homos, governments). When their motivation to switch to the newly-available generic is low, either because of low financial incentives or strong attachment to the brand or to the value of brand equity for funding research and development, such a strategy can deliver high profitability, at least over the short term.

Over the longer term, however, the profitability of this strategy depends on the elasticity of the other still-patent protected drugs to the additional promotional Investments. 4. 2 Innovate Strategy Innovate strategy involves Introducing a completely new molecule, Pfizer can launch new forms, demonstrate effectiveness for new indications. This way, Divest strategy, can improve the value of the Lipton brand by offering additional patent protection. However, innovations needs years to get proper authorizations from regulatory and ill not necessarily extend patent expiry dates. . 3 Provide more value for the money Introducing new and Improved flavors, packaging, or delivery systems (egg easy to swallow pills, or patches) can lead to additional emotional or functional consumer benefits (egg higher compliance). This will improve Lipton brand awareness & hence its value. However, above technique do not extend patent life however, it is more difficult to pass the costs on to the consumer when facing generic competition and hence, this strategy's lead is one step ahead towards price competition.

Moreover, these Improvements can be easily copied by generics and thus often have only a weak Impact on sales, while reducing margins. 4. 4 Invest In generics Pfizer can put some control on the market by introducing their own Lipton generic. This will reduce the profitability of generic makers and may deter them from entering the category. Another approach is to license the drug to other pharmaceutical companies before patent expiry. The new copy will typically be priced higher than a true generic, but will benefit from first-mover advantage, preferential access to raw Akers. . 5 Price Reduction Price Reduction strategy involves narrowing price gap between Lipton & potential Generics as the value of the brand cannot sustain large price difference with generics which is essentially the same product.. On the other hand, price competition invites retaliation and can quickly degenerate into a price war that would kill all the profits in the category. Another issue to be kept in mind here is that most doctors who prescribe the drug are not aware of prices. Communicating the price change is therefore an integral part of this strategy.

Recommended Course of Action As discussed in previous section, multiple strategies can be applied with its own pros & cons. Suggested model for Pfizer is a Hybrid model where the following is proposed 5. 1 Phases, Provide more Value for The money/alienate Strategy In this phase which should be applied long before patent expiry, Pfizer should work on adding values to the current product (Improved packaging/flavors/distribution) and work in parallel on the Innovate strategy which might benefit in extending Patent lifetime. 5. 2 Phases, Divest/lenses in Generics.