Glaxo wellcome mini case

Glaxo Wellcome Inc. Mini-case Report April 2, 2007 [pic] Executive Summary Glaxo Wellcome Inc's primary business is to market prescription products to physicians andhealthcare providers. One of the top three pharmaceutical firms in the world, Glaxo Wellcome Inc. held about 4 percent of the worldwide prescription pharmaceutical market. The U. K. based company was formed in 1995 when Glaxo Pharmaceuticals acquired Burroughs Wellcome. While the company is based in the U. K. , the U. S. market represented approximately 40 percent of worldwide sales while the U. K. produced about seven percent.

As of 1997 Glaxo Wellcome Inc. had 22 local operating companies in nine countries including the U. S. Because of the harsh requirements of theFoodand Drug administration (FDA) most products are introduced in one of the other eight countries before seeking U. S. approval. Migraine medicine is a primary growth area for Glaxo. The company was first to manufacture and market triptans, a new class of prescription migraine medicine. Triptans were launched in 1993 and work specifically on the 5HT-1 receptor sites believed to be the primary cause of migraine headaches.

Imitrex was the first triptan produced and sold by Glaxo in the U. S. The concern now is how the company should best market the second-generation triptan by the company, Amerge. This will be the first time a pharmaceutical company has two prescription triptans available on the market. Problem Statement and Key Issues Glaxo Wellcome's U. S. division faces the task of determining a positioning strategy for their new triptan, Amerge, to increase total market share in the currently underdeveloped migraine market.

Not only should the marketing decisions combat pressure from competitors with comparable products, but also the pharmaceutical marketers must elevate the importance of the new product’s placement on the formularies of managed care plans. Additionally, the development of a direct-to-consumer (DTC) advertising campaign that is informative and persuasive, without offending the medical community, must be included as a part of the positioning strategy. SWOT Anaylsis for Glaxo Wellcome Inc. Strengths: Seen as a reliable prescription drug manufacturer, therefore has a positive reputation • Global company with 4% of the worldwide prescription pharmaceutical market • Company has a strong balance sheet and growth potential • Imitrex dominates the migraine market as the first and only triptan available from 1995-1998 Weaknesses: • Does not have a clear marketing strategy for the triptans • Largely focused on competitor activity instead of growing market share • FDA regulations create long approval periods The recent business combination of Glaxo Pharmaceuticals and Burroughs Wellcome in 1995 has created organizational challenges Opportunities: • 90% of the migraine market is underdeveloped • More marketing options include the ability to directly contact consumers as well as doctors and hospitals (in the U. S. division) • Ability to market line extensions for new products such as Amerge • Difficult for new competitors to enter the market because of R&D and approval processes Threats: • Non-acceptance as a formulary of managed care plans Competitors’ products, such as Zomig, released before and out-performing Amerge • Changes in healthcare legislation, including Medicaid and Medicare Alternative Courses of Action 1. Replacement Strategy: the U. K. division chose this plan of action, ceasing all promotion of Imigran (U. K. name brand for Imitrex) and positioning Naramig (the U. K. brand name for Amerge) as the recommended drug to start treatment of migraine patients. The replacement strategy results met Glaxo U. K. expectations, but damaged the growth of Imigran and did not prevent Zomig from successfully entering the market.

Furthermore, the U. K. market has two major differences from the U. S. market: pharmaceutical companies cannot legally advertise their products to consumers, and the health care system is socialized. The implications of these two differences in terms of positioning strategies are vast. The inability to utilize DTC advertising prevented the U. K. from successfully pursuing alternative positioning strategies, such patient-based segmentation, due to concerns about the physician’s ability to identify such segments and further confusing the prescribing process.

Moreover, in a socialized health care system where patients are entitled to free medical care, patients can seek treatment easier and can be less involved in the prescribing process than in an insurance-based system where there is more monetary involvement. Although this strategy might communicate a clear message about the drug’s superiority, it would devalue the brand name built for Imitrex, drastically impacting its potential profitability as well as the ability to continue to recuperate the high investments already sunk into the R&D and marketing of Imitrex. . Competition Strategy: since Zomig is expected to be launched prior to the FDA approval of Amerge, Glaxo U. S. can position Amerge directly against Zomig. They can utilize their position as the market leader to leverage Amerge’s positioning as the true second-generation triptan providing the best relief on the market. Glaxo U. S. can back up their claims with the results from the UK where the majority of previous non-triptan users prefer Naramig.

Although this strategy could successfully prevent the competition Zeneca from gaining substantial market share through the marketing of a second-generation triptan, it would also devalue the Imitrex brand similar to the replacement strategy. 3. Pricing strategy: one of the weaknesses identified for Imitrex is its relatively high price in comparison to over the counter (OTC) medication, which is further exacerbated by the medication’s high rate of recurrence.

Since most patients in the US pay either partially or fully for their medication, Amerge could be positioned as an affordable alternative to Imitrex. Amerge could be priced similar to OTC medications and its lower recurrence rate could be promoted to further emphasize its affordability. A possible downside to this strategy is devaluing the image of Glaxo Wellcome for physicians because of a perceived “ lack of quality” that can accompany low priced products. On the positive side, it could detract from competitor’s noise and would allow Imitrex to continue in its position as the market leader.

It could also improve the consumer perception of Glaxo Wellcome as a company that cares for patients that cannot afford expensive medication. 4. Lifestyle Segmentation Strategy: Glaxo U. S. could create an emotional appeal for Amerge by merging the facts about its efficacy, side effects and dosage with the feelings of patients. Prospective consumers seek treatment for their migraines not only to abate the pain, but also to be able to continue productivity in their lives during a migraine episode.

Therefore, Amerge’s proven efficacy, combined with low risk of side effects, low recurrence rate and ease of administration could be used to promote it as the migraine medicine that “ let’s you get on with life”. Unlike the pricing strategy, this course of action would emphasize the product benefits and thus would be more beneficial to Glaxo’s image. But similarly to the replacement and competition positioning strategies, it weakens Imitrex’s position in the marketplace. 5. Benefit-based Portfolio Strategy: Glaxo U.

S. can present both migraine medicines as a portfolio of solutions to migraine pain. Amerge could be positioned as the “ milder” new-generation triptan, and Imitrex could be repositioned as the “ strongest and fastest” triptan with proven efficacy to treat acute pain. This positioning strategy would allow Glaxo U. S. to continue to reap the benefits from the marketing initiatives already invested in Imitrex, while utilizing its current standing as the market leader as a platform from which to launch Amerge.

Possible drawbacks to this strategy include cannibalization of Imitrex sales as well as confusion in the minds of physicians and consumers as to which drug would be the best option for a patient. Recommendations Given the considerable expenditure in R&D and marketing of pharmaceuticals, we recommend that Glaxo U. S. choose the benefit-based portfolio strategy. We feel strongly that Glaxo U. S. should not abandon the efforts placed in the marketing of Imitrex, but rather leverage its current market position to support the launch of Amerge.

We believe this strategy could effectively combat competitors’ efforts to enter the marketplace. The company can utilize DTC advertising to send a clear message of the benefits each drug offers to patients. Nevertheless, it is imperative that Glaxo U. S. also invest resources in conveying the right message to physicians and negotiating placement of both drugs on the formularies of managed care plans; otherwise the likelihood of switching to a different brand or forgoing treatment altogether increase significantly. With a portfolio strategy and clear differentiation among the products, Glaxo U.

S. is better armed to capture the 90% of migraine sufferers that were not being medicated with a triptan as of 1997. Conclusion Although Glaxo Wellcome is one of the largest pharmaceutical companies in the world it has many opportunities for growth and development. One of these opportunities is with the migraine medicines known as triptans. Although Glaxo already has one triptan on the market, there are still many migraine sufferers that are not being treated. With the benefit-based portfolio strategy Glaxo can market its second-generation triptan, Amerge to the millions of migraine sufferers.