

**Lesson No. 7.**

**Topic of the lesson:** Positioning of drugs.

Positioning of pharmaceutical products in the pharmaceutical market

**Main issues to be discussed at the seminar:**

1. Positioning of medicines in the pharmaceutical market.
2. Analysis of the concept of “positioning strategy”. Strategies for positioning drugs in the pharmaceutical market.
3. Laws and models for positioning pharmaceutical products on the pharmaceutical market.
4. Methodology (technology) for positioning pharmaceutical products on the market.
5. General concept of the drug ( description of its medicinal biological and market properties)
6. Positioning of prescription drugs.
7. Brand positioning in the pharmaceutical market. Formation of consumer loyalty to the company brand.

**1.** One of the ways to satisfy consumer needs may be **product positioning** . This is a system for determining the place of certain types of pharmaceutical products in a number of similar products circulating on the market, including the determination of the characteristics of the goods, the characteristic features that distinguish them from similar competing products .

**The purpose of product positioning** is to help the buyer distinguish a given product from a wide range of similar products on some basis and give preference to it when purchasing.

Positioning is based on:

- determining the advantages or characteristics of the product (by price, appearance, and other parameters),
- determining the specific needs of the consumer,
- special use of the product, determining the availability of the product in accordance with its release form (tablets, ampoules, syrups),
- targeting a specific group or category of consumers.

Product positioning can be used when any new drugs, medical products, hygiene products and other products go on sale in pharmacies.

A new product that has any features of quality, use, or with new advantages should be given special attention by pharmacists , who in turn will offer the product to the buyer.

The pharmaceutical market has its own peculiarities when developing a positioning strategy. As in other markets, successful and competent positioning not only secures the brand’s place in the pharmaceutical market, but also makes it less vulnerable to price conditions. This gives the owner of such a brand the opportunity to claim higher profits than competitors, thanks to the stable demand of loyal customers for popular medicines.

Conventionally, medications can be divided into several groups:

- ✓ seasonal (medicines against flu and colds);
- ✓ specialized (helping with heart disease, joints);
- ✓ general (pain pills, vitamins, dietary supplements);
- ✓ unique (original medicines that have no analogues).

Each type of drug has its own specific positioning in the pharmaceutical market. First of all, it is worth clarifying that in general, a conservative style of presenting information about a drug prevails in the pharmaceutical market. Preference, in most cases, is given to traditional advertising materials, the effectiveness of which is minimal.

**Common medications.** This group includes painkillers (Pentalgin, Bral, Analgin, Nurofen), dietary supplements, vitamins, homeopathic remedies. Competition among these drugs is quite high, since there are many generics that are inferior in quality to original drugs, but at the

same time their price is several times lower. For example, Analgin and Bral are three to seven times cheaper than Pentalgin and Nurofen. Products from a higher price category are forced to spend much more money on advertising so that the name is remembered by potential consumers. The main condition here is the ability to prove that the properties of a drug of one brand are superior to the properties and quality of another. Basically, there is a struggle between generics here, since they are cheaper compared to the original drug, which means they need more funds for their promotion.

**Specialized medicinal products.** This group of drugs is positioned differently. Many companies enter into agreements with hospitals and clinics so that doctors who see patients with a specific disease or problem are prescribed this particular drug. Price positioning also plays a role here, but less significant than in the previous case. Many patients, in this case consumers, will take their doctor's word for a recommendation for a specific drug, regardless of the cost of the drug.

**Seasonal medications.** Seasonal medications include medications for colds and flu, the promotion of which actively begins in October-November and ends around February, when the next outbreak of acute respiratory viral infection occurs. Here you need to choose your positioning very precisely, since the competition is very high. Advertising in the media is also used as promotion, and clinics and private clinics are also involved.

One of the most competent examples of positioning is the drug Ingavirin, which was in first place in sales in the ranking of medicinal brands on the pharmaceutical market. Due to the fact that the volume of pharmacy sales of the drug increased over the month by almost 2.5 times, while the market as a whole decreased by 11.1%. Not only price positioning is important here, but also other related factors.

**Unique medicines.** Original medicines that have no analogues do not require price positioning or anything else. For the reason that they are one of a kind and have no alternative, that is, lower cost generics. They are positioned on the pharmaceutical market as unique, and no other medicine can replace them. Positioning and promotion specifics directly depend on what the drug is and what promotion methods will be used in the pharmaceutical market. Moreover, whether the actions for its promotion and positioning will be effective or not will determine the length of the life cycle of the drug.

The positioning of medicines on the pharmaceutical market of the Russian Federation depends on the following factors: the price of the medicine; type of drug (in which group this drug is located); whether the drug is an original drug or a generic; uniqueness of the drug.

### **Positioning of pharmaceutical products**

Product positioning is the definition of characteristic features that distinguish it from similar competitors' products. Positioning provides a product that is unambiguous and clearly differentiated from others with a desirable place in the market and in the minds of target consumers. Before making a choice between market segments, it is necessary to establish how well the characteristics of the drug meet the needs of different consumers - doctors (for prescription drugs), pharmacists (pharmacists) and end users (for over-the-counter drugs). Only after determining the actual needs of the target audience can the drug be positioned correctly. A medicinal product can be positioned on the market according to the following criteria:

- ✓ based on their specific properties - effectiveness, potency, side effects, price in comparison with analogues, etc.;
- ✓ based on the method of use - dosage regimen, conditions of administration, ease of use;
- ✓ based on consumer benefits - cost of treatment, duration of action;
- ✓ in relation to the final consumer or patient - the possibility of use by special groups of patients (children, the elderly), use for chronic or acute illness, depending on the severity of the disease;
- ✓ in relation to a competing medicinal product;
- ✓ in relation to the pharmacotherapeutic group of drugs;

✓ in relation to the elements of the marketing mix - packaging design, packaging size

Positioning of the drug can be carried out in the following sequence:

- 1) identification of competing drugs;
- 2) highlighting the characteristics of drugs by which consumers make their choice;
- 3) assessment of the significance (weight) of the selected important characteristics;
- 4) determination of the positions of competing drugs according to the selected characteristics;
- 5) identification of consumer needs;
- 6) generalization of information; building perception maps.

Identification of the needs of consumers (doctors, pharmacists, patients) can be carried out based on the results of their surveys about the “ideal” drug, according to one or more characteristics of the drug.

The company can choose a position already occupied by another company or start producing a new type of tablet. However, before deciding to produce a new type of tablet, the company must ensure that:

- a) technological capabilities for the release of a new drug;
- b) economic opportunities;
- c) a sufficient number of consumers.

### **Integrated Research Program positioning of medicines in the pharmaceutical market**

The drug positioning concept includes the following steps:

- 1) Study of the drug market. The objectives of this stage are to study the range of a specific group of medicines.
- 2) Study of the consumer of medicines. In order to position medicines, it is necessary to identify and study the target segment of consumers, including their preferences when choosing drugs, which is the goal of the second stage of the study.
- 3) Positioning of medicines (direct assessment of the actual position of the medicine on the pharmaceutical market).
- 4) At the last stage of the study, based on the results obtained, practical recommendations are developed for forming a procurement portfolio and improving the procurement policy of the studied group of medicines for pharmacy organizations.

### **2. Analysis of drug positioning strategies in the pharmaceutical market**

Positioning depending on consumer needs can be based on the following characteristics of medicines:

- based on specific properties (therapeutic effect, potency, side effects, contraindications);
- based on the route of administration (for oral, parenteral, local use);
- in relation to the end consumer or patient (by age, by the nature of the disease (acute or chronic) by the severity of the disease (mild, moderate, severe);
- in relation to a competing medicinal product (in terms of properties, price, release form, dosage, etc.);
- in relation to the therapeutic class of drugs (representative of a new therapeutic class or new in an existing therapeutic class);
- in relation to elements of the marketing mix (e.g. packaging design, packaging size, etc.).

The following groups of medicines are distinguished:

- **seasonal** (medicines against flu and colds);
- **specialized** (cardiological drugs, antibiotics, hormones);
- **general** (non-narcotic analgesics, vitamins, antiseptics, etc.);
- **unique** (original medicines that have no analogues).

Competition in the “ **generic drugs** ” group is quite high, since there are many generics that are inferior in quality to original drugs, but at the same time their price can be several times lower. Products from a higher price category are forced to spend much more money on advertising so that the name is remembered by potential consumers. The main thing is to prove that the properties of the drug of one brand are superior to the properties and quality of another. In this group of drugs, there is mainly a struggle between generics.

**Specialized medicines** have the advantage of being able to purchase them for the needs of medical institutions using budgetary funds. Price positioning also plays a role here, but less significant than in the previous case. The final word in choosing a drug belongs to specialists.

**Seasonal medications** include cold and flu medications. Here, not only price positioning is important, but also the advertising activity of the manufacturer.

**Unique** medicines (original), which have no analogues, do not need price positioning, they are one of a kind and do not have an alternative, that is, generics with a lower price. They are positioned in the pharmaceutical market as unique.

If a drug has unique characteristics that are important to consumers, the product can be successful. The manufacturer's task is to maintain its position in a specific segment. If a drug has unique characteristics, and consumers do not perceive it as important, marketing efforts are necessary to change consumer attitudes towards the product.

If a drug has properties that are important for solving a problem that is significant for consumers, but is not perceived as a unique drug, it is necessary to create an image of the drug in order to distinguish it from analogues.

Thus:

1. Positioning allows the drug to occupy a clearly separate place from other drugs on the market and in the minds of the target group of consumers.
2. The target audiences of positioning are end consumers, doctors, pharmaceutical workers, government agencies, healthcare organizers, medical institutions, insurance companies paying for doctors' prescriptions.
3. When positioning for consumers, arguments such as effectiveness, ease of use, speed of action, the ability to choose a taste, a single dose during the day, the possibility of using medications while driving, and the prestige of the country of origin are used.
4. When positioning relative to the audience of doctors, attention is focused, first of all, on the rational characteristics of the drug (therapeutic effectiveness, safety, price/quality ratio).
5. Positioning of medicines as sales leaders in the relevant market segments, justification for the growth in demand for them and recommendations for the formation of inventory in pharmacies are tools of influence on managers and pharmacists of pharmacies.

### 3. Laws of positioning

**The first law** of positioning says: “**It is better to be first than to be best.**”

This principle is based on the main feature of human perception: the first means the best, the second means nothing. Practice shows that the brand that leads in the minds of customers controls, on average, twice the market share of the number two brand; the second, in turn, is four times ahead of brand number three. The market belongs to the company that is able to convince the buyer that it is the first. Or be the first in time to appear on the market with a fairly long gap from its followers, sufficient for this gap to be recorded in the consciousness of consumers.

**The Second Law** of Positioning recommends: “**Don't say your product is better, say it's different.**” New products in a certain category inevitably correlate with positions previously occupied by old ones. To say that you are the best means, firstly, to inform the buyer that your

product coincides with competitors' products in terms of the qualitative spectrum of characteristics, and secondly, to encourage him to check the reality of the superiority of one product over another. Stating that your product is different does not create the prerequisites for either one or the other. Positioning is aimed at instilling in the client's mind the idea of distinguishing one's product from a competing one. To win over the consumer, you need to convince him of the novelty of the brand.

**The third law** of positioning calls: **“Create your image so that later it will work for you.”** Creating a positive image is a long-term creative process that includes the entire system of the company's activities. The components of the image are quality, price, reliability, company history and, of course, advertising.

#### **4. There are nine main positioning models .**

**First model** is based on whether the product (drug) has a quality that distinguishes it from other drugs in its category. This is the so-called resource model, or Potter model. In this case, the resource of a positioned drug means its quality, which not only highlights the given object, but can create a certain volume of consumption.

**Second model** , often referred to as the best decision , comes from the characteristics of the motivational state that drives consumer behavior. This model is based on demonstrating to the consumer the relationship between the quality of the product and its price, which distinguishes it favorably from other products (medicines).

**Third model** - positioning based on a particular way of using the product. The essence of this model is that a company offers a product, claiming that for a particular purpose the proposed product is the best. Moreover, the product must be carefully designed and manufactured in strict accordance with this method of use. So, if a medicinal product is intended (especially necessary) for use in expeditionary conditions or various kinds of extreme situations, then it must have good functional packaging. This packaging, on the one hand, must be sealed, on the other hand, it must be easy to open and close, and the drug, for example tablets, must be easily removed in the required quantity.

**Fourth model** focuses on *a specific category of consumers*. This uses the tendency of people to respond positively to reference to their own categorization of subjects of various kinds, especially those that constitute a source of pride or are addressed to social and ethical norms. For example, a product for people who take an active lifestyle, or for people who use the most modern advances in medicine.

**Fifth model** Positions *the product in relation to competing products*. This positioning method is based on the fact that in the minds of the consumer, over time, trademarks are arranged in a logical chain, which determines their positioning.

**Sixth model** uses *positioning, which consists of emphasizing the gap with a certain product category* . Thus, Howdy Corporation made the word **“THE UNCOLA”** **the key point in advertising its 7UP drink.**

**Seventh model** focused on *the country of origin of the product* . Using this factor is a very effective technique.

**Eighth model** - symbol model. The use of symbols is especially effective: 1) when the symbol reflects the quality that the consumer expects to receive from the advertised product; 2) when the symbol reflects a quality with which the consumer is pleased to associate himself.

**Ninth model** - *another category of goods* . Some products benefit from being positioned within a specific product category other than the one to which they belong.

The main positioning tool is advertising. It is important to emphasize here that the possibility of both positioning and advertising stems from the real properties of the product, the quality of which is achieved during its development. Therefore, developers and creators of goods must have an idea of the means by which the product will be advertised and promoted and make efforts to ensure that it is as consistent as possible with the image created by these means.

Good, distinctive positioning of medicinal products is, of course, the most important condition for the market success of the drug.

In the OTC segment ( Over the Counter ) in comparison with the Rx market (prescription medications), factors complicating positioning include:

- insufficient consumer competence. Ordinary consumers do not know the composition of drugs, their most important properties and the dangers associated with them;
- a huge range of medicines and dietary supplements, which often differ little from each other;
- difficulties in comparing competing products in the absence of special knowledge.

## **5. General concept of the drug**

In the most general terms, the general concept of the drug should contain information of the following nature:

1. Description of the pharmacological properties of the drug.
  2. The main target of the drug's action.
  3. Mechanism of action.
  4. Pharmacokinetics and pharmacodynamics of the drug.
  5. Compatibility with other drugs.
  6. Influence on the activities of regulatory systems.
  7. Influence on the pathological process from the point of view of the nature of the intervention in the pathogenesis of the disease.
  8. Indications for use.
  9. Duration of courses of use and dose.
  10. Achieved therapeutic effects.
  11. The significance of the achieved results for the quality of life and ability to work.
  12. Toxicity and side effects.
  13. Presence of contraindications.
  14. Characteristics of the market sector for this drug.
  15. Degree of exclusivity of the development.
  16. Change in the price of treatment.
  17. The cost of the drug and its comparison with the cost of similar products from competing companies, if any.
  18. Possibility of using sources of financing other than the patient's personal funds.
- Prospects for the drug to be included in the formularies of insurance agencies and hospitals.
19. Estimated development cost.
  20. The expected scientific, technical and technological level of development, the level of knowledge intensity of the project, requirements for the quality of the product and the possibility of ensuring it, taking into account the expected sources of financing, the volume of investment and prospects for compensation of development costs.
  21. Solvency of the market sector in which the drug is intended to be positioned. The approximate amount of funds that can be extracted from the relevant market sector to cover development costs. Estimated profit.

## **6. Positioning of prescription medications**

Manufacturers of prescription drugs market them through health care providers. As a rule, such point positioning turns out to be very effective. But even greater results, including commercial ones, are achieved by pharmaceutical companies if they involve the best professionals in the promotion of drugs, the so-called opinion leaders (from the English opinion leader - public opinion leader) - the most influential and eminent scientists who are able to influence with all their authority to the preferences of their colleagues. Practicing doctors, due to their lower level of competence, usually listen to the opinion of their guild elite, which for many reasons makes their choice easier. As a result, everyone is happy, and most importantly, the

patients, since in most cases, medical ethics, focused on real therapeutic effectiveness and safety, is the key to positive selection of prescription drugs. The branded prescription brands themselves, by achieving an optimal level of fame and popularity, are practically guaranteed the proper amount of loyalty in the form of corresponding sales volumes. In addition, the owners of these brands do not need to spend money on useless awareness of end consumers about the properties of the product.

### **7. Brand positioning in the pharmaceutical market**

**A brand** is a complex multifaceted phenomenon, sociocultural in origin and semiotic in nature, which is used in marketing and management for economic purposes.

The benefit of brands for consumers is that they help consumers choose goods or services among a huge number of possible alternatives, acting as a kind of navigation system.

*The structure of the brand, that is, its graphic embodiment, includes:*

- packaging (if it is a grocery product);
- color (one or a combination of colors);
- font (which a potential buyer will pay attention to);
- logo (with which you can recognize the product).

The main functions of the graphic embodiment of the brand include the brand style (in the form of packaging, branding, etc.), which is the primary seller of the product. The brand style acts as a kind of navigator, allowing the buyer to recognize the product on the store shelves among many similar products.

*The brand structure is directly divided into two parts: tangible and intangible.* The material part consists of: the product itself produced by the company; Name; brand; description of benefits. The intangible part consists of: fame; confidence; added value; psychological reward. An important part of a brand's structure is its image. The concept of a brand is inextricably linked with the phenomenon of branding.

Branding as a type of human activity has existed for a long time, and depending on the development of market relations, the brand has performed various functions. The relevance of branding is increasing every day. There are a number of reasons for this, which relate to the state of the market in which competition between companies has been replaced by competition for the consumer.

The purpose of branding is to create a clear brand image and clearly formulate the direction of communications.

**Branding includes work on market research, product positioning, creating a name, descriptor, slogan, visual and verbal identification systems** (trademark, corporate identity, packaging, special sounds, etc.), the use of identification and communication media that reflect and conveying the brand idea.

#### **Stages of brand development:**

1) Brand strategy and positioning. This stage is one of the most important and forms the basis of the entire brand. At this stage, you need to analyze the company and the market, determine the fundamental concept of the brand, the essence and style of communications. Determine the target audience and develop a brand positioning concept.

2) Development of a brand name (verbal identification, naming, brand legend). This stage begins after developing a brand strategy and drawing up a brief. For the first presentation, several naming concepts are prepared for the client. Each concept can contain several names. All options undergo primary testing in open sources. When the client decides on one of the concepts or a variant of the name, a check is carried out to ensure the legal purity of the name.

3) Development of visual brand identifiers (corporate style). This stage allows you to create a new competitive image of the company, using visual identifiers to develop a brand design. It is necessary to understand that a brand is not only a logo and a set of corporate documentation. It is necessary to convey the individual characteristics of the brand through all possible and necessary visual identifiers in each case.

4) Development of a passport of brand standards, a corporate style guide. It is necessary to draw up certification and manuals for all materials and visual media developed in the previous stages. That is, it is necessary to document the concept of the brand, its goals, and describe the features of each carrier of the corporate identity. For each media, you can order a separate technical document, which can be used together with the others or separately.

5) The final stage of branding is implementation, maintenance and audit. The final, but most expensive and time-consuming stage. It is necessary to train staff, produce packaging, printed materials, signs, develop a website and conduct an advertising campaign. At this stage, all points of contact with the brand are visualized.

### *Formation of consumer loyalty to the company brand*

The current stage of marketing development places the main emphasis on relationship marketing, according to which an enterprise directs all its actions regarding the consumer to establish mutually beneficial and long-term relationships. Thus, forming consumer loyalty to a specific manufacturer, trade mark, brand, product, service, etc.

Consumer loyalty is a favorable attitude of consumers regarding the activities of the organization, as well as products and services sold and produced by the organization, personnel, image of the organization, attributes of the trade and brand, etc.

It is the presence of consumer loyalty, that is, his positive attitude towards a given company or its product, that is the basis for stable growth in sales. The presence of loyal consumers is a criterion for the consistency, prosperity and success of a company.

Loyal consumers are characterized by "loyalty" to the company over a long period of time, as well as regular repeated purchases.

There are several methods for building loyalty among consumers:

- *formation of clubs* (fan club, VIP clubs) - an informal or formal association of brand supporters, based on the principles of material or moral incentives. The buyer independently chooses the degree of participation in it and the set of incentives that he needs. At the same time, we must not forget about the quality of the products themselves and the level of service, otherwise this method will be ineffective. It is recommended to use in combination with other methods;

- *joint work with the consumer* . The development of new products, modifications, and improvements takes place with the direct participation of brand users. This practice creates an attachment that goes far beyond the usual loyalty based on an objective assessment of the quality of the brand;

- *development of loyalty programs* - a set of marketing activities aimed at instilling and strengthening brand loyalty. The program can be easily copied by competitors, so it is worth developing unique elements that are difficult to counterfeit.

A loyal consumer must meet the following basic requirements:

- regularity of repeat purchases;
- purchases are aimed at a wide range of company products;
- constantly attracting the attention of other people to the goods of a given manufacturer and merchant;
- absolute lack of response to the tricks of competitors.