

INCREASE SALES OF MATURE PRODUCTS

## LATE LIFE CYCLE MANAGEMENT FOR HEALTHCARE PRODUCTS

*Pharmaceutical products in the 'late life cycle' stage typically lose market exclusivity while still generating high, but often declining, sales figures. Late life cycle management programmes can mitigate this negative sales trend. The overall goal of such projects is to identify old and new marketing methods and sales channels as well as other growth drivers in order to achieve optimum sales revenue and profit at the end of the product life cycle.*

The majority of prescription medicines reach their sales peak approximately 8 years after their market introduction, once a stable base of prescribers has been established and the product positioning is well known among prescriber and patient target groups. Following this stage the number of new prescriptions begins to decline resulting in an initially stagnating and then declining volume of sales.

At first the sales curve experiences a 'natural' plateau until generic products are introduced to the market. Then the sales curve declines noticeably. With high levels of generic products in Europe it is important for pharmaceutical producers to continually work at optimising sales at all stages of the product life cycle.

In some fortunate cases patent protection for the mature product is prolonged and market entry of generic medical products is delayed for several years. Typically in these cases, all strategic options to maintain a high level of sales and if possible foster sales growth are considered. But even for late life cycle products whose patent cannot be prolonged, it might be useful to think about growth strategies, especially as mature products often generate a substantial portion of the pharmaceutical companies' total sales.

Late life cycle products are often the bestsellers in a company's portfolio and are thus difficult to replace quickly; especially as there are now far fewer new active ingredients and compounds that have the potential of being bestsellers.

As a result it is becoming even more important, especially in Europe, to maintain a high sales curve as long as possible. Most strategic options considered for medical products within late life cycle stages often focus on one central question: how can these products be marketed in the most profitable and cost efficient manner?

In order to reduce costs, one possibility is to market mature and younger products within one business unit. Another possibility is to link the marketing activities of the mature product to the generic medication business of the company.

In some cases it might be useful to contract a generic licence out to another company before the patent protection expires. An OTC switch is another strategic alternative which can be considered.

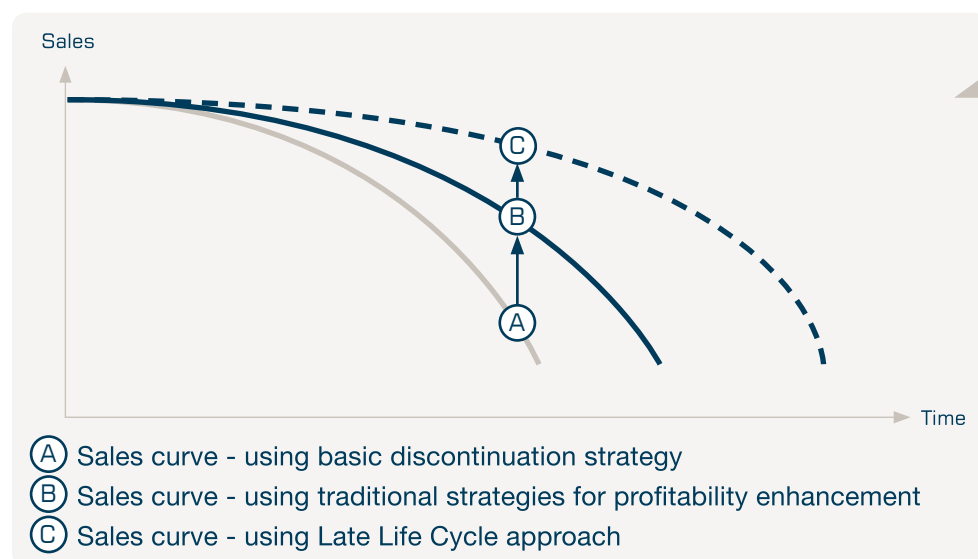
Optimisation of the sales structure or cost reductions in marketing activities are further options that need to be evaluated. Outsourcing of sales and marketing activities to specialised service providers or more innovative solutions such as co-promotion or the usage of internet based contact channels are also possible.

The main focus of all of these considerations / ideas is the enhancement of profitability whilst the strategic aspect of how to increase sales of mature products remains unconsidered, resulting in disregarded sales growth.

Traditional strategies for mature products are too single focused

Companies can successfully identify additional growth drivers, allowing it to generate more revenue with their late life cycle products than can be expected by the simple carry over effects of a basic discontinuation strategy.

SALES EFFECTS WITH LATE LIFE CYCLE MANAGEMENT



In order to identify the growth potential for late life cycle products, SEMPORA employs a systematic approach which includes the following options and approaches:

- Geographic expansion: entry to markets in new countries or regions.
- Development / expansion of product profile in order to gain access to new indication areas (e.g. patent extension).
- Adaptation of product attributes: development of new utilisation mechanisms, for example smaller product sizes in order to achieve smaller dosage or change of package sizes.
- Marketing and sales efficiency: conduct of patient and prescriber segmentation, optimisation of communication strategy and reallocation of sales force resources (e.g. increase of product discussions with prescribers).

- Boost patient loyalty and - if possible - intensification of patient relationship marketing.
- Adaptation of product pricing: new pricing model in order to optimise sales.

During the analysis phase of a late life cycle management project SEMPORA evaluates the various options for improving performance.

For this, market research and sales data of prescribers as well as patient segments are gathered and analysed. Typical analysis follows the product flow, which depicts the route of the product from the producer via prescribers by way of the various sales channels to the patient segments. This enables the checking of all current distribution channels as well as identifying additional, previously underused channels.

Subsequent steps in such a process include:

- Development of strategic investment scenarios based on the objectives of the specific product in accordance with the objectives / strategy for the remaining product portfolio.
- Creation of a business case to model the future outcome expectations of the different options.
- Quantification of the probability as well as assessment of the opportunities and risks for each of the strategic alternatives

Ultimately the aim is to develop an action plan for the mature product to attain the identified sales potential. The choice of which strategic option to use is dependent on the product characteristics, the target for the mature product as well as the goals for the other products within the company's portfolio. It is also crucial to understand what other pharmaceutical products will be introduced to the market in the short and midterm. Such projects can identify several important triggers for extending the market success of a mature product.

Strategic options  
of Late Life cycle  
Management

The pursuit of a sys-  
tematic approach is  
crucial for success

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