

# Decisive Strategy Wins the Market

A clear, consistent approach to the competition can deliver big gains in market share; six decisions lead the way

An effective competitive strategy is the most important factor for winning in a competitive marketplace. Despite its significance, competitive strategy remains a confusing concept to many pharmaceutical professionals. Some professionals believe that competitive strategy is simply a few paragraphs in a brand's annual marketing plan. Others mistakenly equate "competitive intelligence" with competitive strategy. In fact, competitive intelligence represents only one component of a multifaceted competitive analysis necessary to compose an overall competitive strategy.

## The Competitive Planning Process

Competitive strategy can be defined as a "framework for making decisions which prioritize actions that create results in a competitive market." It is the third of five competitive planning steps in what I call the "CASSER" approach: 1) Competitive Analysis; 2) Competitive Simulations; 3) Competitive Strategy; 4) Competitive Actions; and 5) Competitive Results (see graph). Competitive Analysis helps to reveal key market influencers, prioritize strategic stakeholders, and anticipate competitors' strategies and approaches (see "3-D Competitive Analysis," *Pharm Exec*, April 2010). Competitive Simulation—the new, improved version of business war games—enables company professionals to role-play competitors and stakeholders in order to pressure-test these market, stakeholder,

and competitive assumptions and insights (see "War Games 2.0," *Pharm Exec*, January 2010). These first two steps lay the foundation for developing Competitive Strategy.

## Strategic Decision Groups

There are six categories of decisions that need to be made for an effective competitive strategy:

» **Strategic Goals:** The first decision that teams need to make is to determine how to utilize competitive strategy. For example, competitive strategy can be used for products, functions or departments, corporations, stakeholder segments, and

as the company would like it to be. A successful company usually finds ways to shape the market landscape to ensure that all the other competitors play the company's preferred game on its terms and on its field.

» **Strategic Options:** Harvard professor Michael Porter has identified three general types of competitive strategies: differentiation, cost leadership, and focus. Differentiation strategies are the most common approach taken by pharmaceutical companies for brand versus brand competitions, and there are many opportunities to differentiate beyond the molecular profile. I encourage consideration



specific scenarios, such as competitive counterlaunches or the release of important clinical data. Product-related strategies are the most common application in the pharmaceutical industry and can be used at the brand, franchise, or portfolio level.

» **Strategic Scope:** Delineates a clear focus and boundaries for a team to develop strategy. Teams need to select the product category (disease state), indications, competitive set (companies and products), geography (global, regional, or local markets), key stakeholders, time frame (usually one to three years), and other relevant factors.

» **Strategic Vision:** Your company's view of the future competitive market

of non-product approaches, such as new technologies, diagnostics, regulatory and legal actions, politics, manufacturing, distribution, stakeholders, and partnerships. Cost leadership is more commonly used by generic manufacturers, although innovator companies are increasingly using pricing strategies to penetrate highly competitive markets. Many specialty pharmaceutical companies focus on market niches, such as Genzyme with orphan drugs and Novo Nordisk in diabetes.

» **Strategic Choices:** There are several decisions that need to be addressed to fine-tune the overall strategy. Some of the questions to consider are: What market or markets do you



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want to compete in? What unique value does your company and/or product bring to customers? Who are the most important stakeholders and how can your company win with them? Who are your most important competitors and what are their strategies and potential competitive advantages? When and where should you attack the market?

- » **Strategic Components:** A typical competitive strategic plan includes the selected competitive strategy, strategic objectives, product positioning and messages, competitive counterpositioning and countermessages, key target segments, prioritized stakeholders, and market metrics.


Once you have developed a Competitive Strategy, the next step in the CASSER Approach is to determine Competitive Actions. I prefer to use

the word "actions" instead of "tactics" because actions denote urgent, proactive, and more comprehensive approaches to execute and win in the marketplace. Competitive Actions range from traditional tactics such as promotions to other elements, including competitive clinical trials, counterlaunch steps, and targeting specific strategic stakeholders. Each of these actions should have assigned leaders and team members, specified timing, resource allocations, and followup steps. Competitive Results, the final planning step, entails timely strategic and action assessments based on predetermined metrics and ongoing market and competitive surveillance.

#### Strategic Execution

The development and implementation of Competitive Strategy needs

to be a multidisciplinary, multifunctional, and cross-geographic exercise involving the primary internal stakeholders, particularly senior management. It should be aligned with the overall brand and corporate strategies but customized appropriately for specific markets, stakeholders, and competitors.

Competitive Strategy is more of a process than a plan. Because competitors, markets, and stakeholders are constantly changing, Competitive Strategy needs to be iterative, flexible, and adaptable. Companies should assign appropriate staff to maintain and update the strategy accordingly. Increasing attention to Competitive Strategy becomes more critical as the pharmaceutical industry transitions into the competitive stage of its lifecycle. 

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