

# 3-D Competitive Analysis

As the pharma industry transitions to a more challenging product life cycle profile, companies need to employ innovative approaches for assessing competitors, stakeholders, and markets

**B**elief that the Earth was flat was nearly universal until about the 4th century BC, when Greek scientists and philosophers calculated that the planet was actually spherical. These days, despite evidence to the contrary, many pharmaceutical companies perceive their competitive world as a relatively flat landscape. Consequently, numerous pharma professionals still use outdated, superficial competitive analyses that limit their perceptions to competitors' product and corporate profiles, particularly promotional spending and sales force allocations. These simplistic, often myopic approaches place companies at risk from competitive threats and dangerous blind spots.

As the pharmaceutical industry transitions to a shorter and less profitable life cycle model, competitive planning for brands and companies has become critical for growth. The foundation of this planning is competitive analysis, the process of assessing and understanding the competitive world to help design winning strategies and tactics. The new pharmaceutical environment demands 3-D Competitive Analysis, a fundamentally different approach that provides a more robust, insightful, and actionable understanding based on three key dimensions: competitors, stakeholders, and the market.



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## Competitive Personality Analysis

Traditional competitive analysis focuses on profiles of key competitors and their products. Such profiles center on data-gathering and answer questions such as "What is the competitor's product profile and what will be the competitive differentiation?" and "What sale forces will be deployed to support the competitor's product?" Three-dimensional competitive analysis builds on these standard profiles by adding a company personality analysis.

Like people, every company has a distinct personality. The personality analysis, by contrast, addresses "how" questions such as "How does a company think and act?" Based on competitive intelligence, executive profiles, corporate presentations,

Pharma professionals rarely consider their own company as part of the competitive mix, but corporate self-analysis is an integral part of 3-D Competitive Analysis. The objective is twofold: 1) to understand how the competition perceives your company, identify vulnerabilities, and potentially conceal or counter them; and 2) to identify opportunities to leverage your company's competitive advantages. Self-analysis is essentially a mirror image of the company profile and personality analysis conducted on your competitors. This analysis serves to identify, profile, and highlight your company's own competitive tendencies to avoid predictability. Predictable competitors are easy prey.

## Strategic Stakeholder Analysis

Traditional competitive analysis focuses primarily on pharmaceutical customers, physicians, and patients. However, in today's market, even when doctors prescribe a specific product, and patients want that product, they are unlikely to receive a par-

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and other sources of information, this dynamic analysis helps get inside a competitor's head to understand how they think and how they will behave. For example, many companies have signature methods for launching products. By conducting a company personality analysis, you can anticipate and counter a competitor's tactics.

ticular brand. Why? Because the power of doctors and patients is waning. A recent IMS analysis revealed that less than 15 percent of all US chronic care prescriptions are sensitive to physician promotion. Increasingly, prescription power is being transferred from doctors and patients to "strategic stakeholders."

Strategic stakeholders may include



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governments, regulators, payers, policymakers, professional societies, health technology assessment groups, the media, politicians, patient advocacy groups, distributors, retailers, and others who are influential in the adoption, utilization, pricing, and perception of branded products. In many cases, the relative impact of strategic stakeholders on brand sales can exceed that of doctors and patients. And because they play an important role in the adoption and use of specific brands, strategic stakeholder analysis should be part of every 3-D Competitive Analysis. This includes stakeholder mapping and other techniques to understand a particular brand's stakeholder ecosystem. The competitor with the best understanding and impact on this ecosystem will gain substantial competitive advantage.

#### Market Winning Analysis

Three-Dimensional Competitive Analysis takes a holistic view to competing by considering not only marketing and sales factors, but also other market and environmental considerations, including technology, regulation, legalities, public policy, partnerships, finances, reimbursement, manufacturing, and distribution elements. The analysis accounts for different geographies, markets, and cultures as well as past, present, and future time frames. Analysts should identify, prioritize, and weigh major market factors, then rate each competitor, including their own company, on the prioritized market elements.

This market winning analysis matrix can help to identify how competitors are thriving in a particular market, and how your company compares. This matrix can also help your company find ways to change key success elements and ultimately leverage company and brand strengths while exploiting competitors' weaknesses.

Market winning analysis highlights

an essential distinction between traditional competitive analysis and 3-D Competitive Analysis. Standard competitive analysis is primarily reactive and defensive: What can be done to prevent your competitor from threatening and undermining your company? On the other hand, 3-D Analysis adds a proactive, offensive mindset: How can you force your competitor to react to your company and brand actions. This balanced view of both competitive threats and opportunities reflects the common phrase that "the best defense is a good offense."

#### Finding the Right Team

To conduct a systematic, multi-dimensional, and insightful 3-D Competitive Analysis, it's critical to have the right processes, frameworks, and tools, including a multi-disciplinary team of internal professionals and, if necessary, external competition consultants. Companies should not rely on competitive intelligence vendors, whose expertise is primarily competitive surveillance and data gathering. Instead, use either internal competition experts or external competition consultants who have expertise in comprehensive competitive analysis, strategy, planning, and execution. These professionals can provide the right methodologies, frameworks, tools, and experience to help facilitate and lead a competitive analysis process.

In contrast to traditional competitive analysis, 3-D Competitive Analysis offers a more complete picture and understanding of competitors' behavior and likely actions; your own company's competitive tendencies and opportunities; key stakeholder influences; and market success factors. Companies using 3-D Competitive Analysis possess the strategic framework to support advanced competitive planning and the competitive edge to win in an increasingly complex and multi-dimensional pharmaceutical world. PE