

Learning from Experience



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The Canadian Pharmaceutical Marketing Program provides participants with a perspective on the current challenges and best practices for designing and implementing successful brand strategies in today's marketplace. Core to the design of courses in the Program is the involvement of senior industry faculty speakers sharing their experiences and knowledge. It is through their insights that the participants gain "real world learning." This column will feature the faculty speakers' experiences through their topic discussions and the questions posed by participants.

Q You describe price as being the most important "P" in the marketing mix, yet price seems to be the one feature we often feel that we have little control over. Can you comment?

A In Canada, we perceive our flexibility in pricing to be limited because of three factors:

- The requirement that the Canadian company be in line with Global pricing strategies
- The limits set out by the Patented Medicine Prices Review Board (PMPRB)
- The demands made by the large public payers

Yet, it is possible to find numerous examples of manufacturers not maximizing their price available under the PMPRB regulations; they either set prices too high or too low in view of the market circumstances, or price their products outside the range originally proposed by the Global parent.

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Q *Can you give us tips on how can we maximize our pricing flexibility in the Canadian market?*

A After gathering the relevant information comes the hard work of analyzing the data and planning the strategy. The key concerns must always be:

- the value to the payer of the proposition you are bringing and
- a thorough understanding of the details of the total system you are working with.

This means that the economic data supporting the use of the product needs to be robust and based on meaningful clinical benefits.

Too often we see new products brought to market with marginal benefits to existing alternatives, with the expectation of achieving a premium price with no restriction on use. In some cases, the price set may be beyond reasonable limits of cost-effectiveness or affordability. The perception of limited flexibility arises mainly from those cases.

It also means that the pricing function cannot operate in a relative vacuum. It needs to have an in-depth understanding of the:

- trade channels,
- reimbursement systems,
- marketing strategy,
- drug plan issues and
- the specialized services used with the medicines and the regulatory regime.

The recent trend of greater scrutiny of the price of medicines by all the stakeholders, including the public at large, is an inevitable result of the ever-increasing cost of health-care. This pressure on pricing will continue to increase, but that does not necessarily mean that prices will go down. Rather, this should be a challenge to the pricing professional to develop the quality of data and the innovative programs needed to achieve prices that suitably value the new medicines brought to market. **CPM**

*This opportunity to “Learn From Experience” is based upon a presentation by Bob Kamino entitled **Pricing and Reimbursement** to the participants at the Humber **Marketing Pharmaceuticals in Canada** Program run in partnership with Pangaea Training and Development.*



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