MARKETING STRATEGIES OF MYLANS BLOCKBUSTER PRODUCT EPIEPEN

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ABSTRACT

The marketing of pharmaceutical product is always challenging, since the needs and demands are always unmet. In the last decade pharmaceutical companies are showing hike in the prices because of their enriched marketing strategies. The basic factors implemented into this are the increased drug use, the raised drug prices, lack of drug policy, stimulating generic penetration in the market, the reimbursement system and the clever marketing strategy of drug manufacturers. Marketing strategies of pharmaceutical manufacturers are various, depending on the type and patent protection of product.

An epinephrine auto injector is a medical device for injecting a measured dose or doses of epinephrine (adrenaline) by means of auto injector technology. It is most often used for the treatment of anaphylaxis. Epipen is essentially the only product on the market right now, with 93% market share. This study focuses on how Epipen has gone from $100 for a two-pack in 2007 to $608 today and the various tactics used by the company to grab their customers.

KEYWORDS: Marketing survey, Anaphylaxis, Auto injector.

INTRODUCTION

Marketing

Marketing is the study and management of exchange relationships. Marketing is defined as the activity or process through which goods or the products are sold to the consumers. Marketing mix is one of the major tools of marketing. It includes ‘4P’s., Product, Price, Place and Promotion. Price: refers to the value that is put for a product. It depends on costs of production, segment targeted, ability of the market to pay, supply - demand and a host of other direct and indirect factors. Product: refers to the item actually being sold. The product must deliver a minimum level of performance; otherwise even the best work on the other
elements of the marketing mix won't do any good. **Place**: refers to the point of sale. In every industry, catching the eye of the consumer and making it easy for her to buy it is the main aim of a good distribution or 'place' strategy. **Promotion**: refers to all the activities undertaken to make the product or service known to the user and trade. This can include advertising, word of mouth, press reports, incentives, commissions and awards to the trade. It can also include consumer schemes, direct marketing, contests and prizes.

**Pharmaceutical Marketing**

Pharmaceutical marketing or medico marketing is the business of exchange or sales promotion of products. Medical representatives are backbone for pharmaceutical marketing. Medical representatives are only barriers for product advertisement or sales of the product. Based on market demand of the particular product representatives are helpful for promotion and sale of the product. Pharmaceutical companies used various tactics for promoting their product for example include local doctor visit, TV ads, Model ads, free samples and gift samples. By using these methods companies grab their customers and money. In a market economy, the interaction of producers and consumers determines the price of goods and services. Understanding the theory of supply and demand helps explain how prices are determined and this theory also explains how responsive (elastic) both supply and demand are to changes in price. The literature unanimously concludes that medicine price differences exist between countries, even when comparing between or within the strata of industrialized, middle-, and low-income countries. Price variation within countries is more likely in less price regulated markets, such as the United States; however, prices vary in other countries, where public, private, and non-governmental (not-for-profit) sectors procure medicines separately. Variable prices for medicines within and between countries often result from

- The pharmaceutical manufacturer selling the same product for different prices.
- Intra- and inter country differences in the margins charged in the post manufacturing supply chain by wholesalers, distributors, and pharmacists, as well as taxes and co-payments levied by the state

Conducting pharmaceutical price comparisons is challenging, but such assessments can identify price variations and provide valuable information on their source and on interventions that can help reduce medicine prices. However, governments can control these markups by enacting price-control policies and eliminating tariffs and taxes. In addition, buyers of pharmaceuticals should assess their own position in the marketplace and use tactics...
such as price negotiations, pooled procurement and information sharing to increase their market power. The predominant plan and tactics of pricing comprises of, exchange (transaction) is ethical, seller is not misleading consumers or omitting crucial information, price must be justified by costs and there should be no excessive, unjustified profits on essentials. Mylan CEO Heather Bresch’s total compensation went from $2453456 to $18931068 a 671% increase, during the same period the company raised Epipen prices from $56.64 to $317.84 a 461% increase. From this inflation am selecting the research topic to find out the marketing strategies of mylans blockbuster product epipen.

Company Profile
Mylan N.V. is an American global generic and specialty pharmaceuticals company registered in the Netherlands, with principal executive offices in Hatfield (UK) and global headquarters Canonsburg, Pennsylvania. Mylan acquired a controlling interest in India-based Matrix Laboratories Limited, a top producer of active pharmaceutical ingredients (APIs) for generic drugs in 2007, because of this it grew from the third-largest generic and Pharmaceuticals Company in the United States to the second-largest generic and specialty Pharmaceuticals Company in the world. Epinephrine auto-injectors (fig.1) are used to treat life-threatening allergic reactions, including anaphylaxis, which can have symptoms including shortness of breath, rashes and nausea. When anaphylaxis is suspected, epinephrine solution should be injected into the thigh muscle as soon as possible (fig.2). The injection may be repeated every 5 to 15 minutes. A second dose is needed in 16–35% of episodes with more than two doses rarely required. The intramuscular route is preferred over subcutaneous administration because the latter may have delayed absorption. Minor adverse effects from epinephrine include tremors, anxiety, headaches and palpitations.

![Fig.1 Epipen auto injector model](image-url)
Marketing methods

Sarah Jessica Parker became a paid spokesperson for Mylan in May of this year and spoke about her son’s life-threatening allergy on behalf of Mylan’s Anaphylaxis for Reel campaign. But she has cut left ties with Mylan after it was criticized for raising the price of the life-saving allergy product by 400 percent.\(^2\)

Since the start of the Epipen for schools initiative in 2013, more than 700,000 free epiPen auto-injectors have been distributed and more than 65,000 schools, approximately half of all U.S. schools, have participated in the program. Most recently, they’ve run a Face Your Risk campaign, including an ultra-realistic commercial about someone having an extreme allergic reaction to peanut butter brownies.

Price hike from 2007 to 2017 in USA

Epipen was first approved by the FDA in 1987. By then, it was owned by a company called Meridian Medical Technologies. Epipen passed hands a few times on the commercial side of things before ending up with Merck KGaA, a German company who sold their generics business to Mylan Pharmaceuticals in 2007. Mylan acquired the decades-old product in 2007, when pharmacies paid less than $100 for a two-pen set, and has since been steadily raising the wholesale price. In 2011, the list price for the Epipen was $165. At that time, there were no competitors in the market and the product was off patent, meaning the patent protection had expired. Further, there was consistent demand due to the product’s shelf life of one year. Customers had to replace their Epipens annually. In 2012, the list price increased 32% with no new competitors entering the market. However, this increase could have resulted from more R&D spending or an increase in raw materials costs. Regardless, the price was elastic and consumers continued to purchase the drug. In 2013, Sanofi announced its entry into the
market. Their price hovered near that of Mylan’s, so it would appear the price was justified by cost. Had Sanofi entered with a lower or higher price, this justification would have been tougher to sell. Mylan responded by increasing their price a little more, which likely came from a desire to differentiate themselves as the premier brand with superior products. By July 2013 the price was up to $264.50. At this point Mylan obeyed all the ethical points. This changed when Sanofi, Mylan’s sole competitor, was forced into a product recall and left the market. Mylan once again had a monopoly. In this situation, the price would remain the same or increase nominally with inflation and other standard considerations. Instead, Mylan increased the price from $300 to $600 over two years. In 2015, Mylan reported a net profit margin of 8.9%, but some speculate the margin for the Epipen was closer to 55%, thus breaking the ethical constraints.\(^1\) In May 2016, the price spiked again to $608.61, according to data provided by Elsevier Clinical Solutions’ Gold Standard Drug Database. In 2017 the price hiked again to $615.61.

\[\text{Fig: 3. Overall epipen price from 2007-2016}\]

\[\text{Fig. 4. Epipen Price hike from 2014-2017}\]
The product was sold under license by Meda AB until Mylan bought the Swedish drug maker this year. Even as Mylan boosted its gross profit margin on Epipen in the U.S. to an estimated 75 percent last year from 57 percent in 2008 by raising prices, it had to cut them in the UK. Prescriptions are free for children and students under 18 and most adults are charged 8.40 pounds in UK. [10] Australians are able to buy an Epipen twin-pack for $38, under the Pharmaceutical Benefits Scheme if they pass the test, if they fail can buy the product at OTC for $100. [11] Mylan Seiyaku’s Epipen Injection 0.3/0.15 mg which costs around 8,112JPY-10,950JPY receives National Health Insurance Price Listing by the Ministry of Health, Labour and Welfare. [12] The cost of a single Epipen in Canada is about $100, according to a spokesperson for Pfizer Canada. A recent analysis by the consumer watchdog Public Citizen found that an Epipen two-pack costs $69 in the United Kingdom, $181.81 in Canada and $210.21 in Germany. [13,15]

**DISCUSSION**

The price of Epipen has skyrocketed more than 500% since 2007, with that increase price also patients are ready to purchase the product because of quality in product, easy in usage and there is no generic competition and also following factors may contribute to the epipen price hike.

- New federal guidelines for epipen usage that every patient suffering severe allergy should be prescribed two doses of epipen in 2010.
- Handing free epipens to more than 59,000 schools and a signed deal with Walt Disney to stock epipen in Disney’s theme pack in 2011 and 2012.
- FDA approval and President Obama signed every school access to emergency epinephrine act in 2013.
- Mylan has spent $35.2 million on TV advertisements in 2014.
- Increase in prescription of about 85% of Mylan’s epipen in 2015.

CONCLUSION
Since Mylan has acquired epipen in 2007 there is gradual increase in price of epipen till today in case of USA due to its marketing methods and the strategies which they adopted for promotion of product. Government of other territories of Mylan Company has not agreed for price increase of epipen and hence there is no change in price. Patent protection, market pulse, difference in advertising methods (TV ads, Model ads) are different factors for improving the quality and market value price of Mylan for single product epipen auto-injector.

ACKNOWLEDGMENT
The authors would like to express deepest gratitude towards Dr. Vasudha Bhakshi, Principal, Dr. Palla Rajeshwar Reddy Chairmen and management of Anurag group of institutions for their support in providing research facilities.

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