

Vital Times

The changing role of brand within the
health & life sciences industry

InterbrandHealth

We believe brands have the power not only to change individual lives, but to change the world. We also believe that brands are the most underleveraged business asset within the health and life sciences industry.

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This can no longer be the case.

A brand is more than just a symbol, slogan or trade name. It transcends logos and visual identities. Brands are living business assets that come to life across all touchpoints when created and managed properly. They establish identity, provide differentiation and, most importantly, drive economic value.

Why are brands particularly important to the health & life sciences industry?

First, brands possess the unique ability to transform attitudes. Our industry sells products and services that consumers don't necessarily want to buy – products and services that tend to remind them of imperfect health or force them to confront their mortality. The role that brands play within the health & life sciences industry is not to simply identify a particular product or service, but rather to transform patients' attitudes towards the treatment or solution being offered. In effect, brands need to create a positive association, and, in some cases, a sense of hope.

Second, brands are capable of engaging consumers and healthcare professionals by providing them with a much-needed sense of clarity – highlighting both rational and irrational points of differentiation among other products and services. By leveraging brands properly, manufacturers will be able to give patients a reason to use products and services that go well beyond “my doctor said so.”

Finally, brands are able to connect emotionally with their respective audiences. A well-managed brand finds the connective tissue between the functional and emotional responses of the patient—linking the head and the heart. Purchasing products and services requires patients to make intimate and, in some cases, life-changing decisions. Brands can play an instrumental role in guiding them through what can sometimes be a difficult and emotional decision-making process.

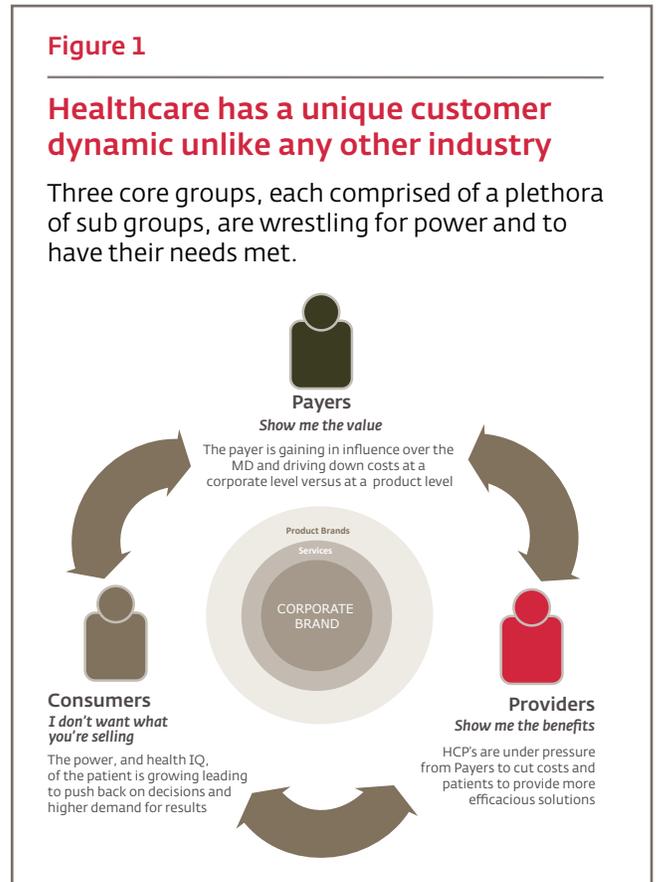
Given this understanding of the importance of brand in people's lives, it is past time for us to evolve the role of brand in the health & life sciences industry. A brand can no longer be viewed as strictly a promotional/communications tool. It must be recognized as a

core business driver – one that directly influences a manufacturer's business strategy from the very beginning. It must be seen as a way to emotionally connect with customers, drive long-term loyalty and generate revenue.

Looking at your brands with a critical eye?

Our industry, unlike others, is experiencing value-driven transformational change at an unprecedented rate.

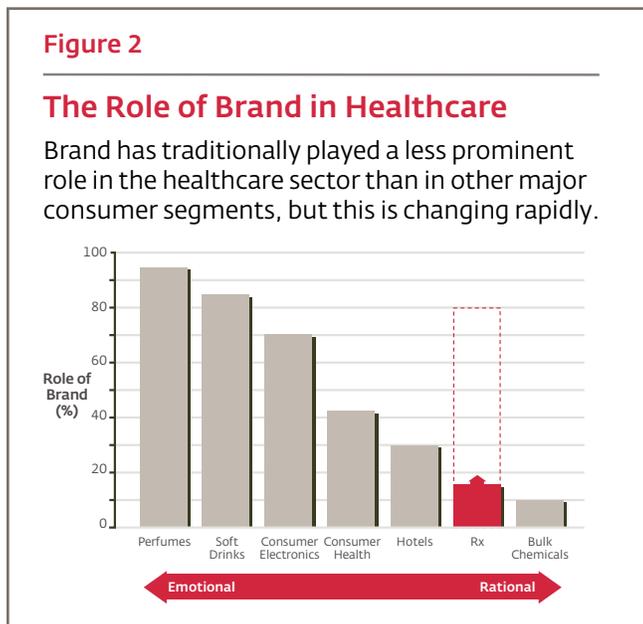
Our complex, disparate and demanding customer groups (payers, providers, consumers) are at the core of this change. Payers are working to drive down costs, while providers are being required to address the needs of consumers more directly via superior clinical results. To add to the challenge, consumers typically shy away from what most healthcare companies are offering, yet with an increasing level of discernment and savvy when they do. (See Figure 1)



Source: InterbrandHealth

Furthermore the industry has recently experienced considerable M&A activity, downsizing, integration and diversification of portfolios. In the coming years, pharmaceutical companies will face patent expiry and loss of exclusivity on a number of the blockbuster brands that drove revenue streams in previous decades. End users will demand more targeted therapies and pharmaceutical companies will experience less demand to deliver potential blockbuster products that once dominated their portfolios.

We believe this has led to a significant change in the role that brand can and does play within our space, whether it be strengthening the product brand proposition or bringing the corporate brand into play for the first time. The role that brand plays at both a product and corporate level is rapidly changing to meet the needs of the newer commercial models. (See Figure 2)



Source: Interbrand Analysis

Many manufacturers are recognizing and responding to this transformational change by shifting their focus from a product-oriented value offering to a more solutions-oriented value offering. Additionally, solutions-based offerings are increasingly aligning to the brand proposition of the corporation or enterprise. While this shift has been apparent throughout other sectors, it is just now beginning to have an impact on the health & life sciences sector. This current trend is forcing many manufacturers to bolster the strength of the corporate brand in order to create differentiation from competitors.

The role of brand within the health & life sciences industry is to transform attitudes towards the products and services being offered.

Is your brand model aligning with the changes in your commercial model?

It is up to those leading the health & life sciences sector to challenge the current brand model. The focus can no longer be solely on promoting

product brands through a “house of brands” approach. Rather, industry leaders should use brands – all brands (corporate, product, category) – in a smarter way. And, in some cases, this may involve industry leaders changing their respective brand models altogether.

Some industry leaders will be inclined to shy away from exploring alternative brand models due to the risk associated with linking the corporate name to the products. But the proliferation and acceleration of traditional media, combined with the instantaneous consumer dialogue of digital/social media outlets, are making our world and our industry increasingly transparent. As such, the separation between product and manufacturer can no longer be maintained. It is important for industry leaders to recognize this and understand that they can benefit from a more aggressive approach – one that elevates the role of the corporate brand and capitalizes on the upside gains and loyalty that such an approach can create.

Does your corporate brand promise match your long-term business strategy?

For those health & life sciences leaders who fully dedicate themselves to leveraging their respective corporate brands, the rewards will be numerous. In recognizing brand value as a strategic business and financial asset, they will be able to drive demand, loyalty, retention and purchasing power for their respective organizations – all of which will subsequently translate into an analytical measurement of downstream economic earnings and shareholder value.

The core value of a brand is derived from its ability to drive demand, loyalty, retention and purchasing power.

Here are some core questions you should ask yourself as you assess the value of your current brands:

1. How can brands create value for your organization and its shareholders?
2. Does your corporate brand promise match your long-term business strategy?
3. Has your commercial model changed significantly in the last three to five years? Does your brand model properly align to any change in your commercial model?
4. Are you maximizing the revenue potential of your product, portfolio, and corporate brands?
5. Are your people (employees) fully engaged with your corporate brand? Do they live the brand?

How we answer these questions—not in words but, in our actions—will go a long way in determining whether we lead the inevitable evolution of our industry, or lag behind. Put simply: The future of health & life sciences branding is here. Let’s embrace it together.

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