



**UNIVERSITAS INDONESIA**

**THE GLOCALIZATION OF ONGLYZA**

**THESIS**

**ERNESTH WHANARAHARDJA  
0906585843**

**FACULTY OF ECONOMICS  
MAGISTER MANAGEMENT PROGRAM  
JAKARTA  
JUNE 2011**



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**THESIS**

**PROPOSED AS ONE OF THE REQUIREMENTS TO OBTAIN  
THE TITLE OF MM-MBA**

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0906585843**

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MAGISTER MANAGEMENT PROGRAM  
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JAKARTA  
JUNE 2011**

**STATEMENT OF ORIGINALITY**

**I AM THE WRITER OF THIS THESIS.**

**I DECLARE ALL RESOURCES  
HAVE BEEN REFERRED AND QUOTED CORRECTLY.**



**ERNESTH WHANARAHARDJA**

**0906585843**

**06 JUNE 2011**

## APPROVAL PAGE

This thesis is proposed by

Name : ERNESTH WHANARAHARDJA  
NPM : 0906585843  
Program Study : MM-MBA  
Title of Thesis : THE GLOCALIZATION OF ONGLYZA

**Has been defended in front of the Board of Examiners and has been accepted as part of the requirements required to obtain the title of Master of Management and Master of Business Administration in the program study of MM-MBA, Faculty of Economics, University of Indonesia**

### BOARD OF EXAMINERS

MENTOR : Dr. Tengku Ezni Balqiah

EXAMINER : Dr. Nurdin Sobari

EXAMINER : Ahdia Amini, MBA

JAKARTA  
06 JUNE 2011

## FOREWORD

Thanks be to God, for by His grace alone, I have finished another journey in my life. Two years and a lot of discussions, a lot of zombie nights, and surely a lot of struggles have paid off.

This thesis marks the end of my (first and may be the last) journey in University of Indonesia, and I have to admit He has made everything beautiful in His time. If not for the support He has given me through everyone dear to me, I wouldn't have been able to finish my study. So my first and utmost gratitude goes to Abba, my Father.

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Class of 2009. In alphabetical order: Adhi C. "Lalu semua ini untuk apa?", Anggara P., Ary S., Echa "my mouth is my capital", Lea "the Cookie Monster", Linda "Ababil" Tan, Louis "the Mob" Primsa, Mar"Celin"us, Nur "the Master Key" Aan, Olivia "Riri" W., (Pertiwi), (Pri Desta), Rachmadi "E-1 the Monolog-is" K., Ricko "the Boss" H., Rieki "Rieke" Meidy, Ruth "Faster please" Beatrix, Tjio Siva "the Smart Girl" Sherwin, Yoga "Aa Oga" Abraham, and Zakhly "Jek" Wahyu... we're the greatest! A-plus!

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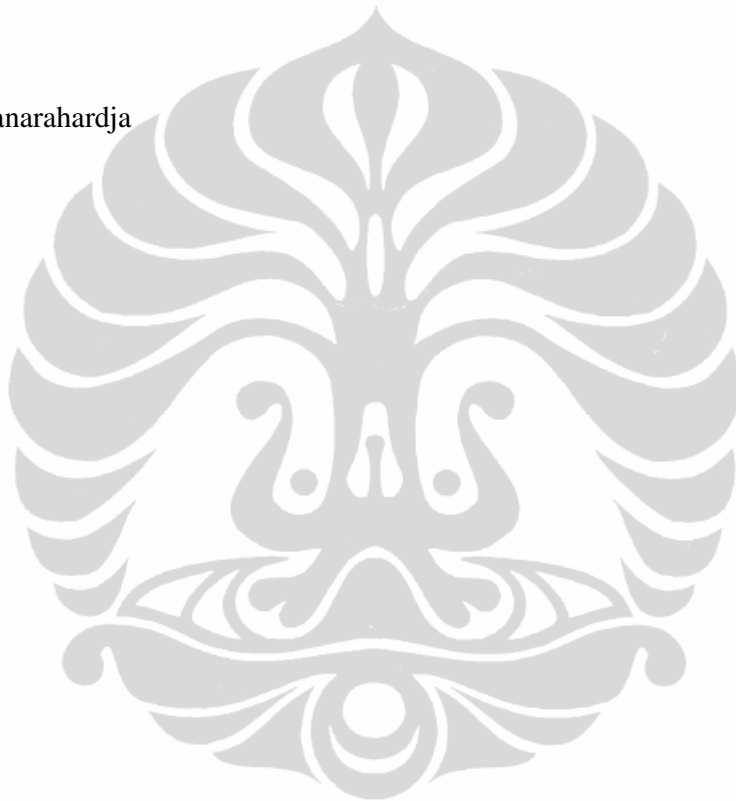
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For everyone else who are mentioned here, but have supported me even in the smallest things, my gratitude to you all.

Jakarta, June 2011

Ernesth Whanarahardja



## **APPROVAL PAGE FOR ACADEMIC PUBLICATION(S)**

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NPM : 0906585843  
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## ABSTRACT

Ernesth Whanarahardja  
MM-MBA UI 2009  
The Glocalization of Onglyza

This study is about an interpretation process of a global marketing strategy, how AstraZeneca Indonesia translated Onglyza Global Brand and Marketing Strategy into Indonesian Brand and Marketing Strategy preliminary to the launching of the product. The purpose of this study is to understand and analyze the interpretation process, understand the development of the local marketing strategy, and to analyze the factors that contribute to the success of Onglyza's pre-launch activities in Indonesia. Researches and interviews revealed that Global Brand Strategy is adapted with careful considerations of local culture. Marketing Plan is created by the local team with guidance from the Global/ Regional Marketing Team. This research is a qualitative descriptive interpretative. Data were collected through extensive involvement in the Onglyza team and interviews.

Key words: brand strategy, marketing strategy, Onglyza



## ABSTRAKSI

Ernesth Whanarahardja  
MM-MBA UI 2009  
The Glocalization of Onglyza

Tesis ini disusun dengan keingintahuan untuk memahami lebih lanjut proses interpretasi dari sebuah strategi marketing global, bagaimana AstraZeneca Indonesia menerjemahkan Strategi Marketing dan Strategi *Brand* Global Onglyza kedalam Strategi Marketing dan Strategi *Brand* Indonesia sebelum tanggal peluncuran. Tujuan dari tesis ini adalah untuk memahami dan menganalisa proses interpretasi, memahami proses pembuatan strategi marketing lokal, dan untuk menganalisa faktor-faktor yang mendukung keberhasilan aktivitas pra-peluncuran Onglyza di Indonesia. Penelitian ini merupakan penelitian kualitatif deskriptif interpretative. Penulis mendapatkan data penelitian melalui keterlibatan secara ekstensif di dalam tim Onglyza dan melalui wawancara.

Kata kunci: brand strategy, marketing strategy, Onglyza

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## CHAPTER 1

### INTRODUCTION

Diabetes kills people. Sometimes slowly, sometimes suddenly. Sometimes it's not the primary cause of death; people end up dying with their diabetes, but not necessarily from it. It's a disease that can be managed with careful monitoring and good medical care once it's been identified. The trouble is that more and more people are becoming diabetic at earlier ages, and the younger people are, the less likely they are to consider themselves at risk of serious disease. But there are few diseases more serious, and increasingly, there are few more common.

Maybe you've heard this before. Maybe you're tired of hearing it. Perhaps all the comfortable advertising with kids and musicians and athletes talking easily about their blood-testing devices has made this killer disease seem somehow familiar and less deadly. But *it is deadly*. And when a productive young man suddenly dies without ever knowing what was ailing him, it simply shows that the message is still not getting out enough. So we say it again and again. And if one needless death can be prevented, it's still worth repeating.

#### **Plenty to Go Around**

Diabetes rates have skyrocketed, right along with the rate of obesity. In 2002, it was the sixth leading cause of death in the United States, based on death certificates, but it's estimated that that data probably does not reflect the actual numbers.

That ranking was based on the 73,249 death certificates on which diabetes was listed as the actual cause of death. Diabetes is likely to be underreported as a cause of death since many people with diabetes die of complications of the disease, and yet only about 35 to 40 percent of people who die with diabetes have diabetes listed anywhere on the death certificate, and only about 10 to 15 percent had it listed as the cause of death. According to death certificate reports for 2002, diabetes contributed to a total of 224,092 deaths that year.

Overall, the risk for death among people with diabetes is about twice that of people without diabetes of similar age.

There are nearly a quarter of a million new cases of diabetes diagnosed each year now among people aged 20 to 39. Among those aged 40 to 59, it's more 800,000. That's a lot of sick people.

But worse, it's estimated that there are nearly 6 million people walking around with undiagnosed diabetes. Most of them are happy people with plenty to live for, unaware that it's all silently slipping out of their grasp.

## **1.1. Background**

### **1.1.1. What is Diabetes?**

The International Diabetes Federation (Global Guideline for Type 2 Diabetes, 2005) and World Health Organization (1999) define diabetes as a disorder characterised by high levels of glucose in the blood – hyperglycaemia.

High blood glucose levels occur when the body has too little insulin or when the body cannot use insulin properly. Insulin is a hormone, secreted by the pancreas, that is involved in the control of blood glucose levels through facilitating the uptake of glucose by cells for use as energy, or for storage for future use.

The World Health Organization (WHO) also states that diabetes is a metabolic disorder of multiple aetiology (with multiple causes), characterised by chronic hyperglycaemia, with disturbances of carbohydrate, fat and protein metabolism resulting from defects in insulin secretion, insulin action, or both.

Diabetes is basically a disease in which the body has a shortage of insulin, a decreased ability to use insulin, or both. Insulin is a hormone that allows glucose (sugar) to enter cells and be converted to energy. When diabetes is not controlled, glucose and fats remain in the blood and, over time, damage vital organs.

- **Type 1 diabetes** usually is first diagnosed in children and young adults, although the disease can occur at any age. Type 1 may be autoimmune, genetic, or environmental and accounts for 5% of diabetes cases. There is no known way to prevent this type of diabetes.
- **Type 2 diabetes**, which is linked to obesity and physical inactivity, accounts for 90–95% of diabetes cases and most often occurs in people older than 40. Type 2 is associated with older age, obesity, family history of diabetes, history

of gestational diabetes, impaired glucose metabolism, physical inactivity, race, and ethnicity. Type 2 diabetes in children and adolescents, although still rare, is being diagnosed more frequently among American Indians, African Americans, Hispanics/Latinos, and Asians/Pacific Islanders.

- **Prediabetes** is a condition in which a person has blood glucose levels higher than normal but not high enough to be classified as diabetes. An estimated 57 million American adults had prediabetes in 2007. People with this condition have an increased risk of developing type 2 diabetes, heart disease, and stroke.
- **Gestational diabetes** is a form of glucose intolerance diagnosed during pregnancy. Gestational diabetes occurs more frequently among African Americans, Hispanics/Latinos, and American Indians. It is also more common in obese women and women with a family history of diabetes. Gestational diabetes requires treatment to normalize maternal blood glucose levels to avoid complications in the infant. Women who have had gestational diabetes have a 35–60% chance of developing diabetes during the 10–20 years following their pregnancy.
- **Other types of diabetes** result from specific genetic conditions (such as maturity-onset diabetes of youth), surgery, medications, infections, pancreatic disease, and other illnesses. Other types of diabetes account for 1–5% of all diagnosed cases.

According to WHO, diabetes is considered one of the most deadliest diseases in the world in 2005. In particular, WHO separated the distribution by high-income countries, middle-income countries and low-income countries. The following picture is the quotation of the distribution.



**Table 1.1. The Ten Leading Causes of Death****THE TEN LEADING CAUSES OF DEATH BY BROAD INCOME GROUP  
2005 PROJECTIONS**

High-income countries	Deaths in millions	% of deaths
Coronary heart disease	1.38	16.9
Stroke and other cerebrovascular diseases	0.77	9.5
Trachea, bronchus, lung cancers	0.47	5.8
Lower respiratory infections	0.34	4.2
Chronic obstructive pulmonary disease	0.32	3.9
Colon and rectal cancers	0.27	3.3
Diabetes mellitus	0.24	2.9
Alzheimer and other dementias	0.23	2.8
Breast cancer	0.15	1.8
Stomach cancer	0.15	1.8

Source: WHO

**1.1.2. Diabetes in Indonesia**

The World Health Organization (WHO) has estimated that Indonesia ranks fourth in terms of diabetes sufferers in the world. "In 2000, 8.4 million Indonesians suffered from diabetes, the figure is expected to increase to 21.3 million in 2030," said Professor Sidartawan Soegondo, metabolic endocrine and diabetes consultant at University of Indonesia's medical faculty.

Indonesia, with a population of more than 230 million, had the fourth biggest number of diabetes sufferers after China, India and the United States. The number of prediabetes cases in Indonesia was also high, reaching 12.9 million in 2003, the fifth biggest in the world. The figure was expected to increase to 20.9 million in 2025, he said. Ironically, only about 50 percent of diabetes sufferers in Indonesia realized they had the disease and 30 percent of sufferers have regular checkups, Soegondo said.

Still in the same year, Minister of Health Achmad Sujudi said in his speech that approximately 2.5 percent of the Indonesian population suffered from diabetes, of which only about 1.25 million had been detected. On the other hand, the *PanduDiabetes* (Diabetes Guide) booklet, published by pharmaceutical company Merck together with the Indonesian Association of Endocrinologists (Perkeni), said the 2.5 percent included only people above the age of 15.

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In a separate statement, *PanduDiabetes* also said the figure was actually much higher, from five percent to seven percent, or about 12 million people. This figure at least, was identical to that announced by the Indonesian Diabetes Association (Persadia) in January.

In the hope of obtaining a clearer picture of diabetes in Indonesia, a foreign pharmaceutical company together with the Ministry of Health, organized a program to check the glucose level of one million people across Indonesia on March 15, 2003. The examinations were carried out at shopping malls, offices and factory sites.

The result came out that people at risk of developing type-2 diabetes are those with a family history of diabetes, people aged between 40 years and 75 years old, those of Asian or Afro-Caribbean origin, people who are very overweight and women who have given birth to a large baby.

Top metabolic endocrinologist also stated that certain medications, hormones, and steroids can also increase a person's risk of acquiring diabetes mellitus. (Waspadji, 2003)

## **1.2. Problem Statement**

IMS Prognosis, Market Estimates (2011) mentioned that pharmaceutical business in Asia Pacific is growing strongly. For the next 5 years, the business will keep growing, led by China, up to 9% p.a., incorporating about USD 5 Billion of incremental sales. Furthermore, IMS Prognosis, Commercial Executive Summary (Q1 2011) mentioned that pharmaceutical business in Indonesia is a growing market and will keep growing for the next 5 years. In Quarter 1 of 2011 alone, the total market grew 10.5% MAT (Marketing Annual Trend). Ethical drug market, in particular, grew 12.3% MAT.

AstraZeneca Indonesia saw this as an opportunity and is launching a new product for in the diabetes therapeutic area. This drug is expected to become the pioneer in the diabetic drug portfolio in Indonesia. The reason is because type 2 diabetes mellitus is a growing market. In spite of novel therapies, the attainment of more effective glucose control, associated with less weight gain, less hypoglycemia and durable HbA1c reduction is a key unmet need in T2D treatment.

Even though patients do their best to manage their type 2 diabetes, it can be tough to keep their blood sugar under control. One option their doctor has is adding DPP 4 inhibitor (Onglyza). Through a glucose-dependent mechanism, DPP-4 inhibitors physiologically address two of the key mechanistic defects of T2D: beta-cell (insulin release) and alpha-cell (hepatic glucose production) dysfunction. Physicians typically prescribe a DPP-4 as add-on therapy to MET, SU or TZD due to incremental efficacy and favorable safety profile.

Onglyza is an oral prescription medicine used along with diet and exercise to control high blood sugar in adults with type 2 diabetes. Onglyza works by enhancing the body's natural ability to control high blood sugar. It can be used alone or together with one of several common oral diabetes medicines, such as metformin, a thiazolidinedione (TZD), or a sulfonylurea.

In October 2009, Bristol-Myers Squibb and AstraZeneca launched Onglyza for an add-on to Oral Anti-Diabetes (OAD) in the European market. That same product, Onglyza, will be launched in Indonesia this 2011 by PT AstraZeneca Indonesia.

Having said that, this study will discuss the following topics:

- how Onglyza global marketing strategy is adapted into the local market
- how AstraZeneca Indonesia, together with the Global and Regional Onglyza marketing team, develop the Indonesian Onglyza marketing strategy to support the global product in the local market
- the marketing mix that support Onglyza marketing campaign in Indonesia

What makes this study interesting is the Pharma Code all pharmaceutical companies should comply to. AstraZeneca is listed in the Stock Exchange in London and New York, and it is no secret that the law in those countries is very strict. So, although the law in Indonesia is not that strict, AstraZeneca Indonesia has the obligation to abide by the rule because being a multinational company who are listed in the stock exchanges, the law in UK and USA apply in Indonesia as well in any other AstraZeneca around the globe. AstraZeneca Indonesia applied CDTI (global AstraZeneca compliance policy), stopped a load of activities that are considered as unethical, and make their business in a different way. This is

difficult for AstraZeneca because they are opposing business and medical ethics and principles. On one side AstraZeneca has to make profit, but on the other hand, the ultimate goal of AstraZeneca is to help patients get better. This is difficult because AstraZeneca is doing what others in Indonesia haven't started. Doing business and helping patients with ethical practices. There are a lot of limitations to what AstraZeneca Indonesia employees can do to win the business.

The other reason why this study is interesting is because common marketing principles do not apply entirely in pharmaceutical industry. Common marketing principles are definitely used in creating the marketing plan and strategy, but everything has to follow AstraZeneca Code of Conduct that is set based on the Pharma Code. One example is no direct advertising can be published unless it is in the official medical journal/ magazine. It is interesting to see how AstraZeneca works to translate the global strategy into the local strategy with all that comes with the culture.

### **1.3. Learning Objective**

The goal of this study is to explore AstraZeneca Indonesia's decision in bringing in Onglyza into Indonesia and challenging the perception of doctors and patients in treating type 2 diabetes.

The core of this case study will be the Onglyza marketing strategy formulation, analyzing the process of interpreting Onglyza global marketing strategy into the local one.

The objectives of this thesis are:

- understanding and analyzing the process of interpreting Global Marketing Strategy into Local Marketing Strategy
- Understanding the development of Indonesia Onglyza marketing strategy to support the global product in the local market
- To study and analyze the marketing mix that contribute to the success of Onglyza marketing campaign activities in Indonesia

#### **1.4. Scope of Study**

Onglyza is a global product of AstraZeneca. Therefore this study will include topics on Global Marketing Strategy, from which we will move on to the Local Marketing Strategy, in particular the market of Indonesia.

The study will be focused on Onglyza Global Marketing Strategy and its interpretation process into the formulation of Onglyza Indonesian Marketing Strategy.

The main subject of this study will be Onglyza (Saxagliptin 5mg), the new product of PT. AstraZeneca Indonesia (in partnership with Bristol-Myers Squibb), but not limited to that.

This study chooses to focus on the following as subjects of discussion:

- Onglyza (Saxagliptin 5mg)
- Brief introduction or description of Onglyza's competitor and complementary drugs
- Onglyza Global and Indonesian Marketing Strategy
- Brief introduction or description of diabetes, the treatments and its market in Indonesia

#### **1.5. Content Structure**

##### **Chapter 1 Introduction**

In the first chapter of this study, the author will give a brief story about diabetes and how critical diabetes is in Indonesia. The author will also briefly describe the problem statement, learning objective and the scope of study. Included in this chapter is a brief introduction of AstraZeneca and Bristol-Myers Squibb.

##### **Chapter 2 Theoretical Foundation**

This chapter is basically the theoretical foundation of this study, starting from the concept of marketing and its evolution up to globalization and the concept of global marketing. Further, the author would discuss a little bit about marketing mix, brand and distribution channels. Marketing plan and budget, and the specific

channels of promotion such as literature and website will mark the end of chapter two.

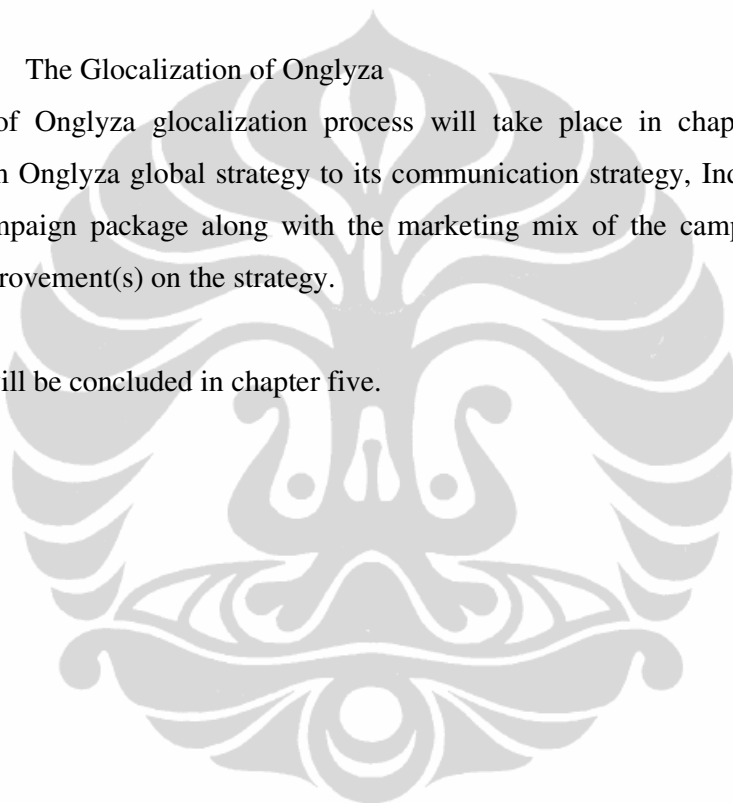
### Chapter 3 AstraZeneca and Onglyza

The following chapter would be the so called in-depth introduction of who and what AstraZeneca is, globally and also locally, followed by the profile of Onglyza as the subject of this thesis.

### Chapter 4 The Glocalization of Onglyza

Discussion of Onglyza glocalization process will take place in chapter four. Starting from Onglyza global strategy to its communication strategy, Indonesia's Onglyza campaign package along with the marketing mix of the campaign and possible improvement(s) on the strategy.

This study will be concluded in chapter five.



## CHAPTER 2

### THEORETICAL FOUNDATION

Marketing is how product is sold, as simple as that. But there are actually a list of definitions for marketing out there, from scholars way back a few centuries ago to the present ones.

**Marketing** is the process of performing market research, selling products and/or services to customers and promoting them via advertising to further enhance sales. It generates the strategy that underlies sales techniques, business communication, and business developments. It is an integrated process through which companies build strong customer relationships and create value for their customers and for themselves (Kotler, 2008). Marketing is used to identify the customer, to satisfy the customer, and to keep the customer.

American Marketing Association (AMA) defined marketing as *the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Marketing is a product or service selling related overall activities.* The term developed from an original meaning which referred literally to going to a market to buy or sell goods or services. Seen from a systems point of view, Selden (1997) defined sales process engineering marketing as *a set of processes that are interconnected and interdependent with other functions, whose methods can be improved using a variety of relatively new approaches.*

The Chartered Institute of Marketing defines marketing as the *management process responsible for identifying, anticipating and satisfying customer requirements profitably.* A different concept is the *value-based marketing* which states the role of marketing to contribute to increasing shareholder value (Paliwoda, 2008). In this context, marketing is defined as the management process that seeks to maximise returns to shareholders by developing relationships with valued customers and creating a competitive advantage.

## **2.1. Marketing Concept**

Internet Center for Management and Business Administration (2002) stated that the *marketing concept* is the philosophy that firms should analyze the needs of their customers and then make decisions to satisfy those needs, better than the competition. Today most firms have adopted the marketing concept, but this has not always been the case.

In *The Wealth of Nations*, Adam Smith (1776) wrote that the needs of producers should be considered only with regard to meeting the needs of consumers. While this philosophy is consistent with the marketing concept, it would not be adopted widely until nearly 200 years later.

To better understand the marketing concept, it is worthwhile to put it in perspective by reviewing other philosophies that once were predominant. While these alternative concepts prevailed during different historical time frames, they are not restricted to those periods and are still practiced by some firms today.

### **2.1.1. The Production Concept**

In the first part of the breakdown, Internet Center for Management and Business Administration (2002) explained that the *production concept* prevailed from the time of the industrial revolution until the early 1920's. The production concept was the idea that a firm should focus on those products that it could produce most efficiently and that the creation of a supply of low-cost products would in and of itself create the demand for the products. The key questions that a firm would ask before producing a product were:

- Can we produce the product?
- Can we produce enough of it?

At the time, the production concept worked fairly well because the goods that were produced were largely those of basic necessity and there was a relatively high level of unfulfilled demand. Virtually everything that could be produced was sold easily by a sales team whose job it was simply to execute transactions at a price determined by the cost of production. The production concept prevailed into the late 1920's.



### 2.1.2. The Sales Concept

In the same article, Internet Center for Management and Business Administration (2002) mentioned that in the early 1930's mass production had become commonplace, competition had increased, and there was little unfulfilled demand. Around this time, firms began to practice the *sales concept* (or *selling concept*), under which companies not only would produce the products, but also would try to convince customers to buy them through advertising and personal selling. Before producing a product, the key questions were:

- Can we sell the product?
- Can we charge enough for it?

The sales concept paid little attention to whether the product actually was needed; the goal simply was to beat the competition to the sale with little regard to customer satisfaction. Marketing was a function that was performed after the product was developed and produced, and many people came to associate marketing with hard selling. Even today, many people use the word "marketing" when they really mean sales.

### 2.1.3. The Marketing Concept

Further, as stated by Internet Center for Management and Business Administration (2002), after World War II, the variety of products increased and hard selling no longer could be relied upon to generate sales. With increased discretionary income, customers could afford to be selective and buy only those products that precisely met their changing needs, and these needs were not immediately obvious. The key questions became:

- What do customers want?
- Can we develop it while they still want it?
- How can we keep our customers satisfied?

In response to these discerning customers, firms began to adopt the *marketing concept*, which involves:

- Focusing on customer needs before developing the product
- Aligning all functions of the company to focus on those needs

- Realizing a profit by successfully satisfying customer needs over the long-term

When firms first began to adopt the marketing concept, they typically set up separate marketing departments whose objective it was to satisfy customer needs. Often these departments were sales departments with expanded responsibilities. While this expanded sales department structure can be found in some companies today, many firms have structured themselves into marketing organizations having a company-wide customer focus. Since the entire organization exists to satisfy customer needs, nobody can neglect a customer issue by declaring it a "marketing problem" - everybody must be concerned with customer satisfaction. The marketing concept relies upon marketing research to define market segments, their size, and their needs. To satisfy those needs, the marketing team makes decisions about the controllable parameters of the marketing mix.

#### **2.1.4. Contemporary Approach**

Recent approaches in marketing include relationship marketing with focus on the customer, business marketing or industrial marketing with focus on an organization or institution and social marketing with focus on benefits to society (Adcock, 2001).

New forms of marketing also use the internet and are therefore called internet marketing or more generally e-marketing, online marketing, search engine marketing, desktop advertising or affiliate marketing. It attempts to perfect the segmentation strategy used in traditional marketing. It targets its audience more precisely, and is sometimes called personalized marketing or one-to-one marketing. Internet marketing is sometimes considered to be broad in scope, because it not only refers to marketing on the Internet, but also includes marketing done via e-mail and wireless media.

**Table 2.1. Contemporary Approaches to Marketing**

Orientation	Profit driver	Western European timeframe	Description
Relationship marketing/ management	Building and keeping good customer relations	1960s to present day	Emphasis is placed on the whole relationship between suppliers and customers. The aim is to provide the best possible customer service and build customer loyalty
Business/ industrial marketing	Building and keeping relationships between organizations	1980s to present day	In this context, marketing takes place between businesses or organizations. The product focus lies on industrial goods or capital goods rather than consumer products or end products. Different forms of marketing activities, such as promotion, advertising and communication to the customer are used
Social marketing	Benefit to society	1990s to present day	Similar characteristics as marketing orientation but with the added proviso that there will be a curtailment of any harmful activities to society, in either product, production or selling methods
Branding	Brand value	2000s to present day	In this context, “branding” is the main company philosophy and marketing is considered an instrument of branding philosophy

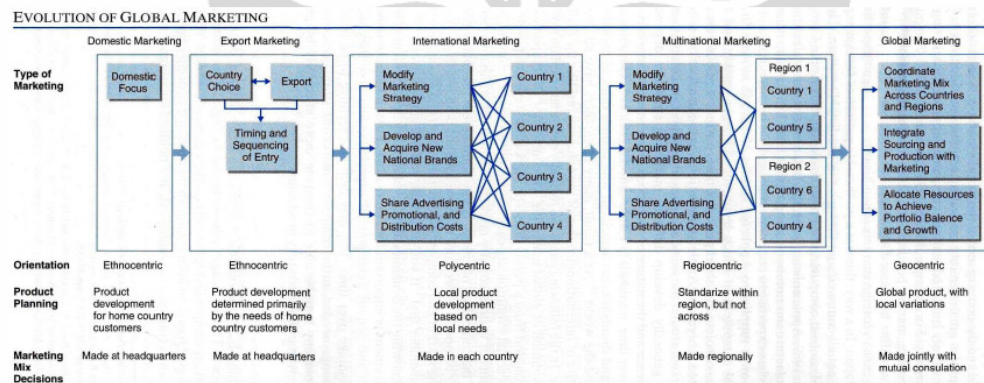
Source: Adcock, Dennis; Al Halborg, Caroline Ross (2001), "Introduction", *Marketing: Principles and Practice*, Prentice Hall, p. 16.

## 2.2. International and Global Marketing

**International marketing (IM)** or **global marketing** refers to marketing carried out by companies overseas or across national borderlines. At its simplest level, international marketing involves the firm in making one or more marketing mix decisions across national boundaries. At its most complex level, it involves the firm in establishing manufacturing facilities overseas and coordinating marketing strategies across the globe (Doole, 2008). It refers to the firm-level marketing practices across the border including market identification and targeting, entry

mode selection, marketing mix, and strategic decisions to compete in international markets (Joshi, 2005).

American Marketing Association (AMA) defines international marketing as *the multinational process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.*" In contrast to the definition of marketing only the word *multinational* has been added (Onkvisit, 2004, p.3). In simple words international marketing is the application of marketing principles to across national boundaries. However, there is a crossover between what is commonly expressed as international marketing and global marketing, which is a similar term.



**Figure 2.1. Evolution of Global Marketing**

Source: Susan P. Douglas and C. Samuel Craig, "Evolution of Global Marketing Strategy: Scale, Scope and Synergy," *Columbia Journal of World Business*, issue 24, 1985, p.50 and Balai S. Charkravarthy and Howard V. Perlmutter, "Strategic Planning for a Global Business," *Columbia Journal of World Business*, issue 20, 1984, p.6

### Domestic Marketing

This is the first stage where a company first conducts business operations. Its products are firstly offered in the domestic markets towards local consumers. A producer is just starting its business activities where it mostly concentrates its product offering for local consumption, thus its product development is mostly concentrated for home country customers.

### Export Marketing

At the second stage in marketing a product, a company seeks to expand its business towards markets other than its local national market. Most of this is due to the diminished and saturated domestic market because of competitors offering the same kind of product at different prices. The only option for a company to grow is to export its product outside its national boundaries.

The difference between export marketing and domestic marketing is simply that it takes place across national borders. This means that you are faced with barriers to trade that you will not have encountered before, such as differing languages, politics, laws, governments and cultures. Export marketing also involves preparing an offering that will entice the foreign buyer and customer. This offering comprises a product that is offered at a certain price and that is made available – distributed – to the foreign customer. At the same time, the offering is communicated – or promoted – to the buyer using certain communication or promotion channels. These elements – the product, price, distribution (also referred to as the place) and promotion – are called the marketing mix.

### International Marketing

Keegan stated that international marketing has a polycentric orientation with emphasis on product and promotional adaptation in foreign markets whenever necessary. Kotabe further defines Polycentric Orientation as a firm's predisposition to the existence of significant local cultural differences across markets, necessitating the operation in each country to be viewed independently where the strategic decisions are customized to fit the concerned country and consumers (Kotabe, M. & K. Helsen, 2008).

As stated previously, international marketing at its most complex level becomes a process of managing on a global scale. International marketing at different levels can be expressed in the following terms (Doole, Isabel & Robin Lowe, 2008):

- Domestic marketing, which involves the company manipulating a series of controllable variables such as price, advertising, distribution and the product/service attributes in a largely uncontrollable external environment that is made up of different economic structures, competitors, cultural

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values and legal infrastructure within specific political or geographic country boundaries.

- International marketing, which involves operating across a number of foreign country markets in which not only do the uncontrollable variables differ significantly between one market and another, but the controllable factors in the form of cost and price structures, opportunities for advertising and distributive infrastructure are also likely to differ significantly. It is these sorts of differences that lead to the complexities of international marketing.
- Global marketing management, which is a larger and more complex international operation. Here a company coordinates, integrates and controls a whole series of marketing programmes into a substantial global effort. Here the primary objective of the company is to achieve a degree of synergy in the overall operation so that by taking advantage of different exchange rates, tax rates, labour rates, skill levels and market opportunities, the organisation as a whole will be greater than the sum of its parts.

### **2.2.1. The International Competitive Landscape**

A major difference for managers operating on international markets is the impact all these currents and cross-currents have on the competitive landscape. Wilson and Gilligan (2003) defined marketing as ‘getting the competitive advantage and keeping it’. The task of achieving this in a competitive environment where firms are subject to local, regional and global competition can be immensely challenging. This is especially so if indigenous local competitors are supported by the government of the country.

Across international markets, advanced countries are seeing significant competition from both emerging markets and less developed countries who are exploiting modern technology and their own low labour costs to compete in markets no longer so protected by tariff walls.

The complexity of competition is also heightened by the strategic use of international sourcing of components by multinationals and global firms to achieve competitive advantage.

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Perlmutter (1995) identified nine cross-cultural management incompetencies which led to failure across a spread of country markets. He defined these core incompetencies as ‘the bundle of activities and managerial skills that are mismatched in a great variety of countries where firms do business’. The first three are interrelated and relate to the failure to be market driven.

- a. Inability to find the right market niches.
- b. Unwillingness to adapt and update products to local needs.
- c. Not having unique products that are viewed as sufficiently higher added value by customers in local markets.
- d. A vacillating commitment. It takes time to learn how to function in countries such as Japan.
- e. Assigning the wrong people. Picking the wrong people or the wrong top team in an affiliate.
- f. Picking the wrong partners. There is a list of difficulties in building alliances; a main limitation is picking partners who do not have the right bundle of capabilities to help reach the local market.
- g. Inability to manage local stakeholders. This includes incompetence in developing a satisfactory partnership relationship with unions and governments.
- h. Developing mutual distrust and lack of respect between HQ and the affiliates at different levels of management.
- i. Inability to leverage ideas developed in one country to other countries worldwide.

If such mistakes are not to be made in your marketing strategies it is essential to ensure that the company has a robust and rigorous approach to its international marketing planning processes.

### **2.2.2. Multinational Marketing**

If success is attained in international markets, a company can then expand to multinational regions in marketing their products. In multinational marketing, a company views the different countries as one market and creates their brand or service according to the business climate of these foreign countries.

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To benefit economies of scale, multinational marketing consolidates production, development and research on a regional level and then distributes the product to different countries. This type of marketing is indeed beneficial in preparing a company to go global as it establishes a business stronghold on various foreign markets.

Bartlett and Ghoshal (1989) consider two different dimensions to classify international organizations: local responsiveness and global integration importance. To them multinational companies have high local responsiveness and are not dependent on the global integration; their units are practically independent. On the other hand, global companies are completely based on global integration but tend to be unable to respond to local specific demands.

Boone and Kurtz (1998) recognize the difference between strategies of multinational marketing and global strategies but does not differentiate the company itself. Hout et al (1982) connect the modification of the shape of the company with the type of competition of its industries. They call the strategic approach of multinational companies multi-domestic.

Indeed, taking Yip's (1995) perspective, the use of the term multi-domestic is more appropriate than multinational to describe a marketing action, as opposed to global. Another point, also stressed by Yip (1995), is that multi-domestic and global approaches can coexist in a temporary situation, and companies can take both forms of action, simultaneously.

Boone and Kurtz (1998) corroborate this view. For them, global marketing applies the same marketing mix with minimum variations across all the markets that the company reaches, while the multi-domestic marketing represents a segmentation where specific national markets are identified as homogeneous parts of the world market and different marketing mixes set up.

Keegan (1995) refers to Bartlett and Ghoshal's (1989) work and focuses on the type of international marketing style. Keegan's multinational marketing, also understood by Boone and Kurtz (1998), aims to customize the knowledge and products for the diverse markets. It perceives the differences and the specific circumstances of each market, and adapts the marketing mix to them. The result is

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managerial decentralization, or, to use Bartlett and Ghoshal's (1989) typology, low level of global integration.

To Hamel and Prahalad (1985), a multinational approach occurs when a company is obliged to address each market separately. Only an international market that accepts standardized products will allow the use of global strategies.

### **2.2.3. Global Marketing**

Doole (2008) mentioned that global marketing has a broader scope than international marketing. Its marketing activities are more emphasized on:

- Standardization efforts – the marketing activities are standardized across different countries with respect to the products being offered, promotional mix, price, and distribution structure.
- Coordination across markets – communication among markets across national and regional subsidiaries to reduce cost inefficiencies and duplication of efforts.
- Global integration – subsidize operations in some countries with resources generated in another country to gain competitive advantage and effective integration of the firm's competitive campaigns across different markets.

The difference between international and global marketing is that international marketing still focuses on a country-by-country marketing activity and strategy. The product is developed and made using local resources within that country alone and based on local needs. its marketing perspective will only be limited to that country.

Global marketing on the other hand is where a product is created for a global taste. The difference here is that the product is created so that in order to adjust on a local level, only a little adaptation is needed. The marketing activities are tailored around a global perspective where a global product is created with local variations and made jointly with consultations among different subsidiaries on market behaviors.

### Global Product

A global product is a product that is marketed throughout the world with the same brand name (Kotabe, M. & K. Helsen, 2008). This product has to have the same manufacturing process wherever it is produced (standardized) and the brand name must be the same wherever it is marketed (coordinated). There may be variations or alterations within its products and marketing to suit local tastes, but essentially the product itself has key elements within it that cannot be changed no matter where it is produced and marketed globally.

### Geographic Marketing Adaptations

When a product goes global, it cannot survive without adaptations to local markets. Although the product was tailored for a global market, ultimately consumers are the ones purchasing them, and consumer behavior varies among countries albeit having some similar traits among them. In order to satisfy consumers expectations, a product must be adapted to the local market needs by using different strategies. Keegan outlines the following strategies (Keegan, 1995):

Strategy 1: Product – Communications Extension

Strategy 2: Product Extension – Communications Adaptation

Strategy 3: Product Adaptation – Communications Extension

Strategy 4: Dual Adaptation

Strategy 5: Product Invention

These strategies are used to adapt a product to suit local needs and they also serve as a strategy to optimize company profit in the defined country. Which strategy to use among countries due to their market environments, thus knowing the behavior of consumers and the market is essential to the success of a product.

### **2.3. Consumer Behavior**

There are many and various reasons as to why a consumer buys a certain product. It can be because of their needs, wants, preference, friends, or environment, etc. to really understand their purchasing habit, we need to study them and this study is called Consumer Behavior, which according to Kotler (2009) is the study of how

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individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants. A consumer buying behavior can be influenced by cultural, social, and personal factors.

### **Cultural Factor**

Cultural factor exert the deepest and broadest influence in the way a consumer behavior purchases a good or product. Culture is defined as a set of basic principle, values, and perceptions that a society or person learns through time. Every region around the world has its own unique culture specific to that society and it is embedded in the person involved or born in that society, thus also affecting the buying decision of that person. Each culture consists of smaller subcultures that provide shared values or systems more specific to the identification and socialization for their members.

### **Social Factors**

Social factors exist within the surrounding of the consumer or individual that affect the buying behavior. Included are factors like reference groups, family and social roles and statutes. Family is the most important organization in terms of buying preference. They have a strong and heavy influence on the purchasing behavior of a consumer or individual and family members constitute the most influential party in a consumer. Social roles and status tell about where a consumer belongs, thus purchasing behavior can have affects to where a consumer belongs in the society itself.

### **Personal Factors**

The personal characteristics of a consumer have adverse effects on its buying behavior: age, occupation, economic condition, personality traits, lifestyle, and values (Kotler, P. & Keller K., 2009). It is through these personal factors a consumer decide better which product to buy based on their characteristics and needs. Our age defines where we are in the life cycle and who we are, the older we get the more mature we are, thus our consumption will also be formed through our age and transformations we go through in life.

Our occupation defines our economic condition which in turn defines our consumption pattern. A consumer will purchase goods according to their economic condition and not more than what they can afford or go beyond their

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economic condition. A consumer's personality traits distinguishes one consumer with another consumer: how we behave, what kind of a person we are will constitute our purchasing behavior.

Lifestyle of an individual have dramatic influences on a consumer's buying behavior. For some, even if their economic condition does not allow them to have the lifestyle they want, they are willing to sacrifice other personal factors so as to have the lifestyle they want. A lifestyle portrays the whole person interacting with its environment and surroundings. It also means a sense of belonging whether or not an individual is able to keep up with the lifestyle.

## **2.4. Strategic Marketing**

### **2.4.1. Competitive Positioning (Marketing [M.O.], 2006-2009)**

Competitive positioning is about defining how you'll 'differentiate' your offering and create value for your market. It's about carving out a spot in the competitive landscape and focusing our company to deliver on that strategy. A good strategy includes:

- Market profile: size, competitors, stage of growth
- Customer segments: groups of prospects with similar wants & needs
- Competitive analysis: strengths, weaknesses, opportunities and threats in the landscape
- Positioning strategy: how we'll position our offering to focus on opportunities in the market
- Value proposition: the type of value we'll deliver to the market

When our market clearly sees how our offering is different than that of our competition, it's easier to generate new prospects and guide them to buy. Without differentiation, it takes more time and money to show prospects why they should choose you; as a result, we often end up competing on price – a tough position to sustain over the long term.

One of the key elements of our positioning strategy is our value proposition. There are three essential types of value: operational excellence, product leadership and customer intimacy.

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### **Key concepts & steps**

Your competitive positioning strategy is the foundation of your entire business – it's the first thing you should do if you're launching a new company or product. It's also important when you're expanding or looking for a new edge.

#### **Profile your market**

- Document the size of your market, major competitors and how they're positioned.
- Determine whether your market is in the introductory, growth, mature, or declining stage of its life.
- This "lifecycle stage" affects your entire marketing strategy.

#### **Segment your market**

- Understand the problems that your market faces. Talk with prospects and customers, or conduct research if you have the time, budget and opportunity. Uncover their true wants and needs – you'll learn a great deal about what you can deliver to solve their problems and beat your competitors.
- Group your prospects into "segments" that have similar problems and can use your product in similar ways. By grouping them into segments, you can efficiently market to each group.

#### **Evaluate your competition**

- List our competitors. Include any competitors that can solve our customers' problems, even if their solutions are much different than ours – they're still our competition.
- Rate our own company and our direct competitors on operational efficiency (price), product leadership and customer intimacy. It's easy to think we're the best, so be as impartial as we can.

#### **Stake a position**

- Identify areas where our competition is vulnerable.
- Determine whether we can focus on those vulnerable areas – they're major opportunities.
- Identify products/ services we can offer to meet the true needs of our market in a new and better way.

### **Define our value proposition**

There are three core types of value that a company can deliver: operational efficiency (the lowest price), product leadership (the best product), or customer intimacy (the best solution & service). Determine which one we're best equipped to deliver; our decision is our "value proposition."

### **2.4.2. Marketing Mix**

E. Jerome McCarthy and William D. Perreault in 2002 wrote about marketing mix. Also known as the 4Ps of Marketing, it is the marketing tools to support activities in the marketing process. They include Product, Price, Promotion, and Place (Distribution). These tools are required to aid a company in delivering its value proposition to consumers. A firm must first create an offering that satisfies the needs of a market (Product). It will then must decide how much to charge for that offering (Price) and how it will provide the offering to consumers (Place). Finally, it must communicate with consumers about its offering and benefits (Promotion).

#### **2.4.2.1. Product**

A product here is defined not only in terms of it being a tangible offering. It can be more than that, such as "anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information and ideas (Kotler, 2010, p. 63). The marketing variables within Product in terms of Marketing Mix can be in the form of product variety, quality, design, features, brand name, packaging, sizes, services, warranties, and returns.

#### **2.4.2.2. Price**

Price is the amount or quantity of one thing that is exchanged or demanded in barter or sale of another. Price is one of the classic "4 Ps" of marketing (product, **price**, place, promotion). Yet in many B2B companies, marketers aren't necessarily involved in pricing strategy.

Pricing is a complex subject – there are many factors to consider, both short- and long-term. For example, your prices need to

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- Reflect the value we provide versus our competitors
- Consider what the market will truly pay for our offering
- Enable us to reach our revenue and market share goals
- Maximize our profits

When we offer a truly unique product or service with little direct competition, it can be challenging to establish our price. Put together a strong strategy and competitive analysis so we can see

- What our prospects might pay for other solutions to their problems
- Where our price should fall in relation to theirs

When our price, value proposition and competitive position are aligned, we're in the best situation to maximize revenue and profits. For example, here are three scenarios that show the relationship between these elements.

#### **Match your pricing strategy to your value proposition**

- Our price sends a strong message to our market – it needs to be consistent with the value we're delivering
- If our value proposition is operational efficiency, then our price needs to be extremely competitive
- If our value proposition is product leadership or customer intimacy, a low price sends the wrong message. After all, if a luxury item isn't expensive, is it really a luxury?

#### **Analyze your competitors' prices**

Look at a wide variety of direct and indirect competitors to gauge where your price falls. If your value proposition is operational efficiency, evaluate your competitors on a regular basis to ensure that you're continually competitive.

#### **2.4.2.3. Place (Distribution)**

Distribution is an activity of transporting and selling of a good from a producer to consumers (Kotler, 2010). Distribution shows and explains how a product is received and transferred from the hands of the producer to the consumer.

Channels, coverage, assortments, locations, inventory, and transportation are just some of the marketing variables of Place within Marketing Mix.

#### **2.4.2.4. Promotion**

Promotion is a tool used to make the selling of a good more attractive to the consumer. One of the most used variables is Sales Promotion, meaning to offer the incentive to buy a good or product (Kotler, 2010). The tools used in sales promotion comes in many forms such as coupons, refunds, prizes, free trials, free products, etc. the variable of Promotion within the Marketing Mix concept includes advertising, sales force, public relations, direct marketing, and sales promotion.

#### **2.4.3. Brand Strategy (Marketing [M.O.], 2006-2009)**

Brand is the entire experience your prospects and customers have with your company. It's what you stand for, a promise you make, and the personality you convey. Branding is crucial for products and services sold in huge consumer markets. It's also important in B2B because it helps you stand out from your competition. It brings your competitive position and value proposition to life; it positions you as a certain "something" in the mind of your prospects and customers. Brand consistently and repeatedly tells your prospects and customers why they should buy from you. If we want to capture significant market share, we should start with a strong and unique brand identity or we may not get far.

Successful branding creates "brand equity" – the amount of money that customers are willing to pay just because it's your brand. In addition to generating revenue, brand equity makes your company itself more valuable over the long term. By defining brand strategy and using it in every interaction with the market, we strengthen our messages and relationships.



**Table 2.2. Best, Neutral and Worst Cases with Branding**

BEST CASE	NEUTRAL CASE	WORST CASE
<p>Prospects and customers know exactly what you deliver.</p> <p>It's easy to begin dialogue with new prospects because they quickly understand what you stand for.</p> <p>You close deals more quickly because your prospects' experience with you supports everything you say.</p> <p>You can charge a premium because your market knows why you're better and is willing to pay for it.</p>	<p>The market may not have a consistent view or impression of your product and company, but in general you think it's positive.</p> <p>You haven't thought a lot about branding because it doesn't necessarily seem relevant, but you admit that you can do a better job of communicating consistently with the market.</p> <p>You're not helping yourself but you're not hurting yourself either.</p>	<p>You don't have a brand strategy and it shows. It's more difficult to communicate with prospects and convince them to buy. They don't have an impression of your product or why it's better.</p> <p>What you do, what you say and how you say it may contradict each other and confuse your prospects.</p> <p>Competitors who communicate more strongly have a better shot at talking with and closing your prospective customers.</p>

Source: Marketing [M.O.], 2006-2009

### Key concepts & steps

Before working on brand strategy, make sure we have identified our competitive position – our brand strategy will bring it to life.

If you have a brand strategy, make sure it's as effective as possible: poll your customers, employees and vendors. Are their impressions consistent with your strategy? If not, work on the elements you can improve.

### Develop your brand strategy around emotional benefits

- List the features and benefits of our product/ service. A feature is an attribute – a color, a configuration; a benefit is what that feature does for the customer
- Determine which benefits are most important to each of our customer segments
- Identify which benefits are emotional – the most powerful brand strategies tap into emotions, even among business buyers
- Look at the emotional benefits and boil them down to one thing that our customers should think of when they think of us. That's what your brand should represent.

### Define your brand

- Think of brand as a person with a distinct personality. Describe him or her, then convey these traits in everything we do and create

- Write positioning statements and a story about our brand; use them throughout our company materials
- Choose colors, fonts and other visual elements that match our personality
- Determine how our employees will interact with prospects and customers to convey the personality and make sure our brand “lives” within our company

#### **2.4.3.1. Brand Value and Satisfaction**

Consumers choose a product based on its characteristics. They compare a brand product with another (competitor's) and choose which one has the most value according to the consumer's needs. Value reflects the sum of the perceived tangible and intangible benefits and costs to consumers. Through here consumers choose a product based on its quality, service and price of the product.

Through value, a consumer becomes satisfied with the product due to their satisfaction on the combination of the product's quality, service, price, function and usefulness. Satisfaction reflects a person's judgment of a product perceived performance (or outcome) in relationship to exceed the customer's satisfaction, it then becomes a delightment.

#### **2.4.4. Marketing Campaign (Marketing [M.O.], 2006-2009)**

A marketing campaign is a series of touches with your market to communicate a key message. The key word is “series” since it usually takes multiple touches for our audience to recognize our message and respond.

Marketing campaigns can include many different media:

- Email, search, banners and other online marketing, or simply direct mail
- Publicity
- Telemarketing
- Trade shows and events
- Print, radio and other “traditional” media

It's always best to start with our company's annual goals and develop campaigns to meet those numbers. For example, when we know how many new customers we need, we can calculate how many leads we'll need, then design campaigns to

generate those leads throughout the year. With solid planning, a jolt of creativity and focus on measurement, we'll be in a strong position for success.

### **Key concepts & steps**

Our brand and pricing strategies play a significant role in our marketing efforts, so nail down those strategies before launching any major campaigns. If we sell through multiple distribution channels, don't forget to create campaigns for each. We'll also refer to our sales process to estimate revenue and ROI for each campaign.

### **Quantify your goals**

- Plan our campaigns. For example, if we're trying to generate 100 new customers, figure out how many leads we'll need and when we'll need them.
- Think about how we'll use different media.

### **Generate campaign ideas and strategies**

- Identify all of the business goals that will need marketing support. We may need campaigns to generate and nurture prospects, sell direct or through a channel, or market to existing customers.
- Evaluate ideas and options: traditional sales activities, internet marketing, telemarketing, direct mail, email, publicity and more.

### **Target our audience**

With more specific targeting, we can speak more directly to the prospect and raise our response rates in the process.

### **Deliver one or two key messages and our call-to-action**

- If we include every detail about our product and company, it's easy for prospects to become overwhelmed. Just move a prospect one step at a time.
- Be creative - our market is bombarded with messages daily, so grab their attention and engage them.

### **Plan to measure**

When we measure our campaigns, it's easier to gain budget approval the next time around. We'll also know exactly which programs produce the highest return.

- Establish how we'll measure each campaign. If there are variables we can't measure, decide how we will account for those results.

- Identify how we'll capture the data we'll need – unique phone numbers, unique URLs, etc.

### **Plan our fulfillment**

Our fulfillment processes can help or hurt our close rate, so make sure we outline our requirements. For example, if we're running a campaign where prospects request a software demo and it doesn't arrive for a week, our prospects may lose interest.

### **Continually test and improve**

- Even on a small campaign, we can evaluate our ad, copy, list or other factors before we spend our entire budget
- Choose a subset of our list or two versions of an ad; test them in small quantities and choose the best one for rollout. Then we can test a second variable against the winner in the first test

Keep the testing cycle going and track our results over time. We'll improve our response rates and return on investment

## **2.5. Marketing Plan and Budget (Marketing [M.O.], 2006-2009)**

Most business people agree that good planning is essential for success. Even so, it's surprising how many companies don't create a thorough plan to generate and manage their customers.

A marketing plan is a detailed roadmap that outlines all our marketing strategies, tactics, activities, costs and projected results over a period of time. The plan keeps our entire team focused on specific goals – it's a critical resource for our entire company.

It takes time to develop a solid plan, but it's important because it ties all of our activities to tangible goals. It's also a great opportunity to focus on the future, generate new ideas, and inspire our team. Even a simple plan is better than none, but when we invest more effort upfront, we'll have a better roadmap toward our goals.

**Table 2.3. Best, Neutral and Worst Cases of Marketing Plan and Budget**

BEST CASE	NEUTRAL CASE	WORST CASE
<p>Your marketing plan is a detailed roadmap to meet your goals.</p> <p>You recognize that the time you invest to create a solid plan is perhaps the best time you'll invest all year – it helps you work through new strategies, issues, ideas, and numbers.</p> <p>When it's done, your team focuses on executing the plan and measuring your progress all year long.</p> <p>As a result, you've been able to hit your goals, grow your business, and enjoy the journey.</p>	<p>You're incredibly busy, so it's difficult to invest the time in a detailed marketing plan. Instead, you develop a basic plan that's based on last year's version.</p> <p>You include general revenue goals, general sales strategies, and basic campaigns; you stick with proven techniques. Budgets are based on last year's numbers.</p> <p>You could be more ambitious with your revenue goals if your company was willing to try new things, but each year you stick with the tried-and-true.</p>	<p>You don't typically create a marketing plan. You have a budget, but the numbers are haphazard. Things change so quickly – why spend the time?</p> <p>You take a similar approach with the strategies that should drive a marketing plan. You probably don't have a positioning or brand strategy; you're missing out on distribution channels or partnerships; your campaigns are ineffective and you may not invest in customer retention.</p> <p>A plan is a compass. Without one, you may be traveling in the right direction, but it's incredibly difficult to stay on course – and that can drastically limit your success.</p>

Source: Marketing [M.O.], 2006-2009

### Key concepts & steps

A marketing plan should address all of our strategies, tactics and budget, so we'll need to review our **brand strategy**, **pricing strategy** and **distribution channels** beforehand. We will also outline our major **marketing campaigns** for the year since they'll be in our budget.

### Set our annual goals

Build our entire marketing plan to achieve the goals that we define:

- Quantitative (numeric) goals such as total revenue, profit, number of customers, units sold, and breakdowns by product or channel as needed
- Strategic goals -- for example, we may want to expand into a new market with a new distribution channel, or we may need to reposition our brand to reflect a change in our business

### Highlight your competitive position, value proposition and brand strategy

- Our positioning strategy defines how you'll differentiate our offering from our competitors
- Our value proposition defines the primary value we deliver: operational efficiency, product leadership or customer intimacy

- Our brand strategy defines what we stand for and how you'll communicate with the market

### **Outline any plans for our products & services**

If we need to do anything to strengthen our product line and better deliver on our value proposition, address those issues in our plan.

### **Develop our tactical sales plan**

- The number of sales reps we'll need and the markets they'll target
- Whether we'll need to hire, train, or develop new compensation plans
- Top priority markets, industries or customer segments; if we have a list of key prospects, include them
- Our plan for managing current customers
- Plans for launching any new distribution channels and driving revenue through existing channels

### **Outline our major marketing campaigns**

Outline our major promotional plans for the year. We'll need to set our budget too, so the more planning we do now, the better. Our plans should include:

- The top three campaigns we'll run to generate leads, nurture customers, close, and/ or market to existing customers
- The media we'll use
- Tools, technologies or resources we'll need
- Our ROI and other financial goals

### **Develop a budget**

- An estimate is better than nothing, but if we've defined our major campaigns and needs, we can develop better numbers
- We can also use ROI to determine the appropriate total

### **Revisit our plan regularly**

The planning process itself is incredibly valuable, but if we don't review the plan regularly, it's easy to lose focus. Continually revisit the plan and measure our progress.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.1. Flow of Analysis

This research is driven by the curiosity about marketing in the pharmaceutical business. The author tries to fulfill his curiosity by taking a case study from AstraZeneca Indonesia's newest product in the diabetes therapeutic area, Onglyza. The following is the big picture of the flow of analysis that will further be elaborated in chapter 4.



**Figure 3.1. Flow of Analysis**

Source: team discussion

#### 3.2. Research Design

This study is carried out with the following method of research, with 'which' is done in 'which' phase elaborated in the figure as seen below.



**Figure 3.2. Research Design**

Source: team discussion

### **3.3. Unit of Analysis**

#### **3.3.1. AstraZeneca Global**

AstraZeneca is a global pharmaceutical and biologics company headquartered in London, United Kingdom. It is the world's seventh-largest pharmaceutical company measured by revenues and has operations in over 100 countries (Global 500 – Pharmaceuticals. Fortune. 20 July 2009) It has a portfolio of products for major disease areas including cancer, cardiovascular, gastrointestinal, infection, neuroscience, respiratory and inflammation.

Its primary listing is on the London Stock Exchange and it is a constituent of the FTSE 100 Index. It has secondary listings on the New York Stock Exchange and the OMX exchange.

Astra AB was founded in 1913 by 400 doctors and apothecaries in Södertälje, Sweden. In 1994 the company formed a joint venture with Merck to market Losec, an ulcer-treatment drug. In 1993 ICI demerged its pharmaceutical businesses and its agrochemicals and specialties businesses, to form Zeneca Group plc. In 1999 Astra AB and Zeneca Group PLC merged to form AstraZeneca PLC. The merger aimed to improve the combined companies' ability to deliver long term growth and enduring shareholder value through:

#### **Global power & reach in sales and marketing**

- Ability to deliver the potential of existing and future products through the power and reach of a combined global sales and marketing resource
- Widespread class coverage in key therapy areas, such as cardiovascular and respiratory disease, due to complementary nature of products
- Major primary care presence, particularly in gastrointestinal, cardiovascular and respiratory medicine
- Leading position in a number of specialist/hospital markets, including oncology and anaesthesia

#### **Stronger R&D platform for innovation-led growth**

- Substantial research and development (R&D) expenditure
- Strong combined development pipeline



- Potential for further strengthening of the pipeline by enhanced discovery and development capability through greater scale and focus on selected areas and technologies

#### **Greater financial strategic flexibility**

- Financial strength and scale to give AstraZeneca's management greater strategic flexibility to drive long-term earnings growth
- Substantial operational efficiencies resulting in cost savings

In 2005 the company announced an arrangement with Astex for the discovery, development and commercialisation of novel small molecule inhibitors of protein kinase B for use as anti-cancer agents. In the same year it announced a collaboration with Avanir for research and licensing in the area of reverse cholesterol transport (RCT) enhancing compounds for the treatment of cardiovascular disease. It also announced an alliance with Schering AG for research and licensing in the area of selective glucocorticoid receptor agonists (SEGRAs). It also announced that it had become a Diamond Member of the Pennsylvania Bio commerce organization.

In 2006, following a collaborative relationship begun in 2004, AstraZeneca acquired Cambridge Antibody Technology. Also in 2006 it formed an alliance with Abbott Laboratories in relation to Crestor and TriCor, commencing that year and extending to at least 2009.

**In 2007 it reported that it had entered into an alliance with Bristol-Myers Squibb to form a global collaboration to develop and commercialise two investigational drugs (saxagliptin and dapagliflozin) beginning from 2007.**

Also in 2007 AstraZeneca acquired American company MedImmune for about \$15.2 billion. AstraZeneca consolidated its biologics portfolio in MedImmune and Cambridge Antibody Technology which was rebranded to create a dedicated biologics division known as 'MedImmune'.

Strategy and vision, as stated by Dame Nancy Rothwell (Non-Executive Director) and Michele Hooper (Senior Independent Non-Executive Director)

“We believe that to be successful in delivering our strategic priorities, a strong focus on responsible business is essential. It’s fundamental to our reputation. Stakeholders need to be confident that we apply sustainability considerations and high ethical standards across all our activities, whether in-house or outsourced, in both established and emerging markets. Being welcomed as a trusted partner as we re-shape our geographic footprint and increase our externalisation is critical to our success.”

AstraZeneca is dedicated to the research, development and marketing of medicines that make a difference in healthcare. Today, new medicines are needed more than ever. People are living longer, populations are increasing and new markets such as China are fast emerging. And despite significant medical advances in recent decades, there are still many diseases which are not well treated or there is not yet an effective medicine. But while demand continues to grow, the coming years represent an unprecedented challenge for the pharmaceutical industry and for AstraZeneca. We face patent expiries on major medicines, ever higher hurdles for R&D productivity and increasing pressure on pricing as healthcare budgets around the world feel the strain. To succeed in this increasingly competitive environment, we need to get even better at what we do and build stronger relationships with our customers and other stakeholders.

In early 2010, AstraZeneca announced a refreshed business strategy. Our overall direction remains the same but we have accelerated our effort in some key areas to make sure we are well positioned to manage the challenges ahead. We are transforming our R&D to leverage the best of what we have and building the capabilities that we need for world-class performance. We will grow our business by further increasing our footprint in emerging markets - strengthening our sales and marketing capability alongside capital investment in new facilities. We are boosting our efforts to source innovation from outside AstraZeneca’s walls and working in partnerships throughout the value chain that broaden the base for

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success. Across all these areas, we continue to drive efficiency and effectiveness, including increased outsourcing to a diverse range of strategic suppliers.

Our work to implement these changes is underpinned by our continued commitment to the sustainable development of our business which delivers value for our stakeholders and for us. To that end, our responsible business objectives must be closely aligned to, and support delivery of, our business strategy. In the light of our accelerated strategy, the insights gained from dialogue with our stakeholders and our internal risk assessment we reviewed and re-shaped our Corporate Responsibility priority action plan during the year. Our new Responsible Business Plan combines our CR and Compliance agendas and puts at the top those areas most impacted by our business changes and which are therefore key enablers of our business strategy.

**This means a specific focus on:**

**R&D ethics**

Effectively underpinning our drive for innovation with sound ethical practice worldwide.

**Sales & marketing practices**

Driving consistently high ethical standards to promote our medicines responsibly worldwide.

**Human rights**

Making sure that we continue to develop and drive a consistent approach across all our activity.

**Access to healthcare**

Exploring ways of increasing access to healthcare for underserved patient populations.

**Suppliers**

Working only with organisations who embrace ethical standards that are consistent with our own.

Alongside effectively managing the particular responsible business challenges associated with the changes to our strategy, we will be maintaining focus on other aspects of our responsibility:

- Patient safety
- Environment
- Employee safety, health and wellbeing
- Community investment

### **3.3.2. AstraZeneca Indonesia**

PT. AstraZeneca Indonesia is one of AstraZeneca's marketing offices in the region of Asia Pacific. Led by 8 directors as their Board of Directors, PT. AZI has around 400 employees, including the employees in the Packaging Plant in Jababeka, Cikarang. Since PT. AZI is a marketing office, almost 75% of its employees are sales and marketing officers.

AstraZeneca Indonesia's main business lies within its two commercial departments: Primary Care and Specialty Care. Primary Care encompasses 3 sub-departments: Cardio Vascular and Metabolic Team, Gastro Intestinal Team, and Respiratory Team. Specialty Care, likewise, has 3 sub-departments: Central Nervous System Team, Oncology Team, and Critical Care

As a marketing office, PT. AZI's President Director -also known as Marketing Country President- reports to the Area Vice President who also reports to the Regional Vice President in the Regional Office.

#### **3.3.2.1. Vision and Strategy**

AstraZeneca Indonesia's strategy and vision is set once every 3 years. The most recent one was set in the end of 2010 for the period of 2011-2013.

#### **Vision**

**Daily trusted partner of healthcare professionals in improving patient health through innovative medicines and ethical practices.**

This vision is supported by 4 main pillars as the strategy.

1. #1 (Commercial)
2. Leaders for Tomorrow (Human Resources)
3. Efficient and Effective (Finance)
4. Shape the Future (Medical and Regulatory & Ops)

Each pillar is supported by 12 strategies.

#### *#1*

- Be #1 in the top hospitals in Indonesia
- Be the #1 sales force among MNCs
- Deliver 1 killer campaign per brand per year through cycle excellence (CEX)
- Embed PAPAN into our daily lives to create high standards of integrity

#### *Leaders for Tomorrow*

- Build the best-in-class talent pipeline in Indonesia
- Instill a culture of honest, constructive feedback

#### *Efficient & Effective*

- Identify \$0.5 million of waste every year and reallocate to higher priority activities
- Achieve greater transparency and control by building best-in-class systems and processes

#### *Shape the Future*

- Deliver proactive scientific insights to customers
- Engage Indonesia's most advanced scientists in creating powerful local data
- Achieve best-in-class labels in AP and beat approval time estimates
- Anticipate and shape regulatory requirements

These 12 Strategies are then supported by 7 Values, namely: **accountability, performance-oriented, integrity, honesty, courage, teamwork, and creative.**

### 3.3.3. Onglyza

Before we get to know further about what is Onglyza and how it works, let's understand a little bit about what Type 2 Diabetes or T2D is to get a brief picture of the subject of this study.

#### Classification of Diabetes

- **Type 1 diabetes**
  - Body produces little or no insulin
  - 5–15% of cases
- **Type 2 diabetes**
  - The body is unable to effectively use the insulin that it produces
  - 85–95% of cases
- **Impaired glucose tolerance (IGT) (Pre-diabetes)**
  - Elevated plasma glucose, but below levels indicative of diabetes
  - Often precedes type 2 diabetes
- **Gestational diabetes**
  - Arises in 2–5% of pregnancies, usually resolves at end of pregnancy
  - Risk factor for type 2 diabetes later in life
- **Other**
  - Due to genetic defects of  $\beta$ -cells, or of insulin action
  - Due to diseases of the pancreas

#### Key differences between Type 1 and Type 2 Diabetes

As noted, type 1 diabetes is an autoimmune disease, where the immune system attacks and destroys the insulin-producing  $\beta$ -cells of the pancreas. In type 2 diabetes, although the pancreas produces insulin, the body is unable to use it effectively.

The patient with type 1 diabetes often has a normal body shape and the condition is associated with a loss of weight. It typically occurs earlier in life, at birth, during childhood, or as a young adult. Although the causes of type 1 diabetes are not fully understood, they are believed to be related to:

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- genetic predisposition
- environmental triggers, such as a virus
- a combination of these factors.

In contrast, type 2 diabetes typically develops in adults over 40 years of age (although it is becoming more common in younger people). Obesity is an important risk factor. Other risk factors are:

- unhealthy diet and lack of exercise
- genetics – a family history of diabetes
- older age >40 years
- other health problems – high blood pressure and high cholesterol
- ethnicity
- history of gestational diabetes
- Impaired Glucose Tolerance (IGT).

### **About Type 2 Diabetes**

In people with type 2 diabetes the body does not make enough insulin, and the insulin that the body produces does not work as well as it should. The body can also make too much sugar. When this happens, sugar (glucose) builds up in the blood. The main goal of treating diabetes is to lower blood sugar to a normal level. If you have type 2 diabetes, keeping track of your daily blood sugar numbers can help you understand how your blood sugar responds to food, exercise, and medications you may be taking.

#### **3.3.3.1. Saxagliptin**

**Saxagliptin**, previously identified as BMS-477118, is a new oral hypoglycemic (anti-diabetic drug) of the new dipeptidyl peptidase-4 (DPP-4) inhibitor class of drugs. Early development was solely by Bristol-Myers Squibb; in 2007 AstraZeneca joined with Bristol-Myers Squibb to co-develop the final compound and collaborate on the marketing of the drug. A New Drug Application for saxagliptin in the treatment of type 2 diabetes was submitted to the FDA in June 2008. It was based on a drug development program with 8 randomized trials: 1 phase 2 dose-ranging (2.5–100 mg/d) study; 6 phase 3, 24-week controlled trials

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with additional controlled follow-up from 12 to 42 months, double-blinded throughout; and one 12-week mechanism-of-action trial with a 2-year follow-up period. In June 2008, it was announced that **Onglyza** would be the trade name under which saxagliptin will be marketed. **The FDA approved Onglyza on July 31, 2009.**

Dipeptidyl peptidase-4's role in blood glucose regulation is thought to be through degradation of GIP and the degradation of GLP-1. Bristol-Myers Squibb announced on 27 December 2006 that Otsuka Pharmaceutical Co. has been granted exclusive rights to develop and commercialize the compound in Japan. Under the licensing agreement, Otsuka will be responsible for all development costs, but Bristol-Myers Squibb retains rights to co-promote saxagliptin with Otsuka in Japan. Further, on 11 January 2007 it was announced that Bristol-Myers Squibb and AstraZeneca would work together to complete development of the drug and in subsequent marketing.

#### **Why is this medication prescribed?**

Saxagliptin is used along with diet and exercise to lower blood sugar levels in patients with type 2 diabetes (condition in which blood sugar is too high because the body does not produce or use insulin normally). Saxagliptin is in a class of medications called dipeptidyl peptidase-4 (DPP-4) inhibitors. It works by increasing the amount of insulin produced by the body after meals when blood sugar is high. Saxagliptin is not used to treat type 1 diabetes (condition in which the body does not produce insulin and, therefore, cannot control the amount of sugar in the blood) or diabetic ketoacidosis (a serious condition that may develop if high blood sugar is not treated).

### **EXTRA CONTROL WITH ONGLYZA™**

**Talk to your doctor about how morning blood sugar (FPG), after-meal blood sugar (PPG), or both, can affect your A1C level.**

*Active ingredient: saxagliptin*

*Inactive ingredients: lactose monohydrate, microcrystalline cellulose, croscarmellose sodium, and magnesium stearate. In addition, the film coating*

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*contains the following inactive ingredients: polyvinyl alcohol, polyethylene glycol, titanium dioxide, talc, and iron oxides.*

Your doctor may recommend that you measure your blood sugar in the morning and after meals using a meter. The reading you take in the morning before you eat is called your FPG or fasting number. This reading will help you and your doctor better understand how well your blood sugar is being controlled when you haven't eaten in a while. Another important reading to take is your PPG or after-meal number. Everyone's blood sugar spikes after they eat. But if you have type 2 diabetes, it may spike too high, a signal that you need more control.

Morning blood sugar (FPG), after-meal blood sugar (PPG), or both, can affect your A1C level. A1C reflects a 3-month average of your blood sugar. This reading is done at your doctor's office or at a lab. Your doctor will use the results from your A1C test as well as your before-meal and after-meal readings to help manage your type 2 diabetes. If your doctor thinks your after-meal or morning blood sugar or your A1C levels are too high, your doctor may need to adjust your current treatment or add another medication to your current oral diabetes medicine.

In clinical studies, Onglyza™ lowered A1C, morning blood sugar (FPG), and after-meal blood sugar (PPG) when added to one of several common oral diabetes medicines. The most common side effects with Onglyza include upper respiratory tract infection, urinary tract infection, and headache.

### **Onglyza may help you achieve better blood sugar control**

Onglyza may help lower A1C, morning blood sugar (FPG), and after-meal blood sugar (PPG) when added to one of several common oral diabetes medicines, such as metformin, a thiazolidinedione (TZD), or a sulfonylurea.

When Onglyza is used with certain other diabetes medicines to treat high blood sugar, such as a sulfonylurea, low blood sugar (hypoglycemia) may occur. Follow your healthcare provider's instructions for treating low blood sugar. Symptoms of

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low blood sugar include shaking, hunger, sweating, headache, rapid heartbeat, change in mood, and change in vision.

When Onglyza is used with a thiazolidinedione, such as pioglitazone or rosiglitazone, to treat high blood sugar, peripheral edema (fluid retention) may become worse. If you have symptoms of peripheral edema, such as swelling of hands, feet, or ankles, call your healthcare provider.

### **What are the possible side effects of Onglyza?**

Common side effects of Onglyza include:

- upper respiratory tract infection
- urinary tract infection
- headache

**Low blood sugar (hypoglycemia)** may become worse in people who already take another medication to treat diabetes, such as sulfonylureas. Tell your healthcare provider if you take other diabetes medicines. If you have symptoms of low blood sugar, you should check your blood sugar and treat if low, then call healthcare provider. Symptoms of low blood sugar include:

- shaking
- hunger
- sweating
- headache
- rapid heartbeat
- change in mood
- change in vision

**Swelling or fluid retention** in your hands, feet, or ankles (peripheral edema) may become worse in people who also take a thiazolidinedione to treat diabetes.

**Allergic (hypersensitivity) reactions**, such as rash, hives, and swelling of the face, lips, and throat.

## CHAPTER 4

### CASE ANALYSIS

#### 4.1. Global Launch Strategy

Onglyza is an important new product for the Bristol-Myers Squibb and AstraZeneca alliance, presenting an opportunity to provide a new treatment for Type 2 Diabetes Mellitus (T2D), the fastest growing segment of primary care prescribing globally. The opportunity is two-fold: the market is growing as the prevalence of T2D increases, and there is great unmet need for products that help physicians and patients manage T2D successfully. Please refer to table 4.1. for further detail on the numbers.

There are strong opportunities for the successful launch of Onglyza. It is important to build a unique proposition that resonates with physicians and patients in a competitive market, and within a complex disease management paradigm. Through a large insight program, AstraZeneca and Bristol-Myers Squibb have been able to define a competitive and clearly differentiated positioning for Onglyza that addresses clear customer needs, and a strategy for establishing Onglyza as the add-on of choice for treatment of T2D.

Onglyza global launch strategy is based upon three key insights:

1. Patient Segmentation: Two patient segments who can be differentiated based upon how they deal with their disease.

*Optimistic Acceptors:* Patients who consider that their diabetes is not very severe but it is accepted and proactively managed.

*Struggling but Engaged:* Patients who find diabetes disruptive and who are struggling to find ways to live with their diabetes and its consequences every day. Every patient's struggle is unique. Some struggle daily because numbers they measure, such as FPG and PPG are not where they want them to be or their A1c measures are creeping up, and/ or have tolerability concerns.

2. Physician Treatment Objective - There are two physician segments that are both meaningful and actionable. All physicians recognize the need to treat T2D for the long-term, however their primary treatment objective is different

*Disease-Centric:* Physicians whose primary treatment objectives is to fight type 2 diabetes and are driven to prevent micro- or macro-vascular events at some point in the distant future. They expect patients to do what they say and provide treatments they feel will prevent future events.

*Patient-Centric:* Physicians whose primary treatment objectives are to help patients with their daily struggles with diabetes. These physicians are more responsive to the current needs of their patients and tailor treatments for them to help get them under better control without adding to their tolerability/ safety burden.

Both physician segments perceive little significant clinical difference between any DPP-4s. They are willing to try new DPP-4s, but will over time gravitate preferentially to one DPP-4, which will be their default choice across all usage situations. Although the competition is targeting all prescribers of oral antidiabetic drugs (OADs) and DPP-4 inhibitors, they have focused their strategy and messaging towards the treatment objective of the “Disease-Centric” and the “Optimistic Acceptor” patient.

The foundation of the Onglyza strategy is to focus on the treatment objective of the “Patient Centric” segment. Onglyza has the opportunity to differentiate itself from other DPP-4s and appeal preferentially to this key segment. However both segments will respond to Onglyza communication, so it will be important to target all high prescribers of OADs/ DPP-4s.

### 3. Physician Treatment Situation – Where Physicians’ use DPP-4s

Two of the most important and meaningful treatment situations for prescribers’ uncontrolled patients are to gain incremental efficacy in combination, firstly with metformin, as it is considered the most common first-line choice, and secondly with sulphonyurea (SU), as adding agents onto SUs is a concern due to potential for hypoglycemia. It is important to understand that demonstrating data in add-on to MET provides confidence to the physician and thus is an advantage for gaining usage in this large opportunity.

The strategic insight for Onglyza is grounded on our strong phase 3 data as add-on in combination with metformin, and other common first line OAD combination such as SU and TZDs, which will be included in product labels. Communicating key messages from just these data provides the strongest support to prescribers of DPP-4s to adopt Onglyza across all usage situations. Januvia's (a trademark of Merck and Co. Ltd.) promotion is spread across many usage situations (naïve, add-on, triple combo etc.). Expectation is that alogliptin's primary promotional focus will be in combination with TZD and with Insulin.

Strategy: For "patient-centric" Endos/GPs, Onglyza is the Ideal Partner for Everyday Patient Success because Onglyza provides incremental efficacy across all key measures of glucose control without additional tolerability tradeoffs, helping struggling patients stay engaged in managing their diabetes every day.

"Ideal Partner for Everyday Patient Success" strategy is compelling. Ideal Partner speaks to a common treatment situation that's important to physicians and is where our data is strongest. Every Day Patient Success is a treatment objective that "Patient-Centric" physicians are trying to achieve in "struggling but engaged" patients - incremental efficacy without additional tolerability tradeoffs.

Global Reasons to believe:

- Many patients struggle everyday to manage their Type 2 diabetes. The struggling patient type needs additional glycemic control without the risk of additional tolerability consequences
- Onglyza can help in the struggle as it improves the 3 key measures of glucose control. Proven to have positive effects on FPG (the number a patient monitors in the morning) and PPG (the measure your patients take post-meal) to deliver significant A1c reduction (gold standard for physicians)

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- Onglyza can help in the struggle as it is the Ideal Partner to commonly used OADs. Onglyza provides incremental glucose lowering; Onglyza delivers a favorable tolerability profile; Onglyza offers simplicity.

Share will be gained within the DPP-4 inhibitor class by establishing Onglyza as the add-on of choice to help the uncontrolled patients with their constant struggle with their diabetes. Targeting: All high prescribers of DPP-4s, independent of whether they are patient centric or disease centric given the Onglyza strategy resonates with both. We expect that Onglyza preference share will be disproportionately driven among patient-centric GPs and Endos. Communicating the benefit of Onglyza as the add-on of choice to commonly used OADs (MET, SU, TZD). To establish add-on of choice, insight has shown that demonstrating the data from all three provides a complete approach to why Onglyza is the partner of choice. This focus will communicate the everyday patient success through incremental efficacy without the tolerability tradeoffs. Differentiating from other DPP-4 inhibitors by speaking to patient-centric physicians, about their struggling and engaged patients, emphasizing the patient insights and key messages in all communications.

#### **4.1.1. Key Market Background**

Type 2 diabetes mellitus is a growing market. In spite of novel therapies, the attainment of more effective glucose control, associated with less weight gain, less hypoglycemia and durable HbA1c reduction is a key unmet need in T2D treatment. Through a glucose-dependent mechanism, DPP-4 inhibitors physiologically address two of the key mechanistic defects of T2D: beta-cell (insulin release) and alpha-cell (hepatic glucose production) dysfunction. Physicians typically prescribe a DPP-4 as add-on therapy to MET, SU or TZD due to incremental efficacy and favorable safety profile.

#### 4.1.2. Unmet need in T2D

Type 2 diabetes mellitus is a growing market with continued unmet needs.

**Table 4.1. Unmet Needs of Type 2 Diabetes**

No.	Unmet needs
1	The prevalence of diabetes is growing worldwide, with a projected increase of 54% from 286 million patients in 2007, to 380 million in 2025. It is estimated only 50% of people with T2D are diagnosed
2	T2D treatment is the fastest growing area of primary care, with the global market for OADs totaling ~\$12 billion in 2008
3	With only 50% of treated patients attaining target levels of glycemic control, the treatment paradigm is increasingly characterized by add-on and poly-therapy. Typically, for a T2D patient, several OADs are combined over a span of 20+ years in an attempt to better control the disease (70-80% of patients are on combination therapy with MET, plus SU or TZD, or sometimes all three)
4	Currently poly-therapy with MET + SU or MET + TZD is not always effective and often results in increased side-effects, increased treatment costs and reduced patient compliance
5	Better glycemic control of daily FPG and PPG measures that directly impact the overall physician/ patient goals of controlling HbA1c are key to glucose management
6	Therapy needs include a novel OAD with consistent and incremental efficacy impact as add-on therapy to current OAD regimens without safety and tolerability tradeoffs

Source: Onglyza Global Brand Strategy, 2010

#### 4.1.3. Key competitors

The role of the DPP-4 inhibitor class in the treatment of T2D is emerging. Physicians typically prescribe a DPP-4 as add-on therapy to metformin, SU or TZD due to incremental efficacy and favorable safety profile. Through a glucose-dependent mechanism, DPP-4 inhibitors physiologically address two of the key mechanistic defects of T2D: beta-cell (insulin release) and alpha-cell (hepatic glucose production) dysfunction.

Other DPP-4 inhibitors are:

- Sitagliptin, Januvia (Merck/MSD, 2006), also marketed under name Xelevia; Janumet FDC with metformin; Vildagliptin, Galvus (Novartis, 2007), Eucreas FDC with metformin
- Alogliptin (Takeda); FDC with metformin (date TBC); FDC with pioglitazone (date TBC). At the time of writing, we expect Alogliptin's launch in the US to be delayed until 2011. Updates will be provided to the regions accordingly

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#### 4.1.4. Why choose DPP-4s

The overall proposition of DPP-4s is to provide incremental efficacy without tradeoffs in tolerability. Physicians perceive little clinical difference between the DPP-4 inhibitors. They are willing to try new DPP-4 inhibitors, but over time will gravitate preferentially to one agent–brand loyalty.

- Physician choice of class appears not to be driven by patient characteristics
  - No difference in age, sex, A1c, comorbidities or health status for patients on Januvia vs other classes
  - DPP-4s are used across the disease spectrum, from first-line to with insulin, from near control to far from control
- Physician choice of class appears to be driven by two factors:
  - a. Previous brand choice – As disease progresses, physician cannot select the same mechanism twice. First-line is typically metformin. Thus, if a patient fails on MET, physicians will look to a different class to obtain further glycemic control.
  - b. DPP-4s are most often used when physicians need incremental efficacy without the risk of increased tolerability consequences.

#### 4.2. Indonesia Market Characteristics

According to WHO (2005), Indonesia currently has the 4th highest diabetic patients population, after India, China and USA. The prevalence of diabetes in urban Indonesia was 5.7%, consisting of diagnosed diabetes mellitus (DDM) 1.5%, undiagnosed diabetes mellitus (UDDM) 4.2% and IGT 10.2%. The prevalence of DM was 6.4% in women and 4.9% in men. In the youngest group (15-24 years) 5.3% had IGT. Prevalence increases with age with a sharp rise from middle age (35-54 years). Determinant factors for IGT and diabetes were age, smoking, obesity, central obesity and hypertension (Survey Ministry of Health, Acta Med Indonesia. 2009 Oct; 41(4): 169-74).



#### 4.2.1. Key Characteristics of Diabetic Patients

Diabetes is caused by unhealthy lifestyle that includes unrestricted and unhealthy diet, overweight, lack of exercise, smoking, stress and tension. On some cases, diabetes is also caused genetically (not always). Diabetes is a life-long disease.

There are 4 main profiles of patients coping & managing diabetes:

##### **Unsuccessful at managing diabetes:**

- a. Feel guilty and blame self
- b. Enjoy attention and care from family
- c. Cheat on diabetes

##### **Successful at managing diabetes**

- d. self determined, persistent and fight back the disease
- Majority of the patents were unsuccessful at managing diabetes.
  - Coping with the lifestyle changes of diabetes, had a bigger impact on their emotional state of mind than the physical condition.

Indonesian diabetic patients lack complete info on what causes diabetes. This leads to: myths that diabetes is a punishment from God. Most patients rely on peers, family, internet, books for more info. These patients are more keen to understand how to deal with diabetes in their daily life. Everyone is aware that diabetes is a life long disease.

Main gaps in current diabetes treatment

- Lack of information:
  - Give general info – (eat healthy, have active life, visit them regularly)
  - Doctor do not volunteer & give relevant info to patient
- Lack of customized treatment that suits the patients lifestyle
- Lack of compliance by patient:
  - Restricted treatment (diet & exercise) make them cheat on diabetes
- Lack of moral support from family:
- Lack of proper counseling to family member on how to treat and adapt to the patients life style

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### 4.3. Onglyza

ONGLYZA™ (saxagliptin), a highly potent, selective, reversible inhibitor of the dipeptidyl peptidase-4 (DPP-4) enzyme, for the treatment of type 2 diabetes. Onglyza is indicated as an adjunct to diet and exercise to help improve glycemic control. In clinical trials, Onglyza improved glycemic control across all key glucose parameters and was generally well tolerated with an overall incidence of adverse events similar to placebo. In adults with type 2 diabetes, Onglyza can be prescribed with three types of commonly prescribed oral anti-diabetic medications – metformin, sulfonylureas (SUs) or thiazolidinediones (TZDs) and as a monotherapy. The recommended dose of Onglyza is 5 mg, once daily. Onglyza complements the action of other commonly used oral diabetes medications to effectively lower A1c by enhancing the body's natural response to food. Onglyza enhances insulin secretion from the pancreas before and after meals, and also lowers glucagon production by the liver after meals. These actions result in better glucose control by helping the muscles to utilize more glucose and the liver to produce less glucose.

The clinical benefits of Onglyza were demonstrated in 6 Phase III trials, as add-on with traditional OADs and as monotherapy.

- Significant reductions in HbA1c in add-on therapy and monotherapy
- Significant reductions in both FPG and PPG in all phase 3 studies
- Significant percentage of patients achieve HbA1c goal of <7%
- Generally safe and well tolerated
- Low risk of hypoglycemia
- Mild side effects
- Weight neutral

The strategic insight for Onglyza is grounded on the strong phase 3 data in combination with MET, and other common first line OAD agents such as SU and TZDs. Communicating key messages from just these data (studies

013/014//039/040), which are included within the label, provides the strongest support to prescribers of DPP-4s to adopt Onglyza across all usage situations. Januvia is focused on many usage situations (naïve, add-on, triple combo, etc.). The expectation is that alogliptin's primary promotional focus will be in combination with TZD and with insulin.

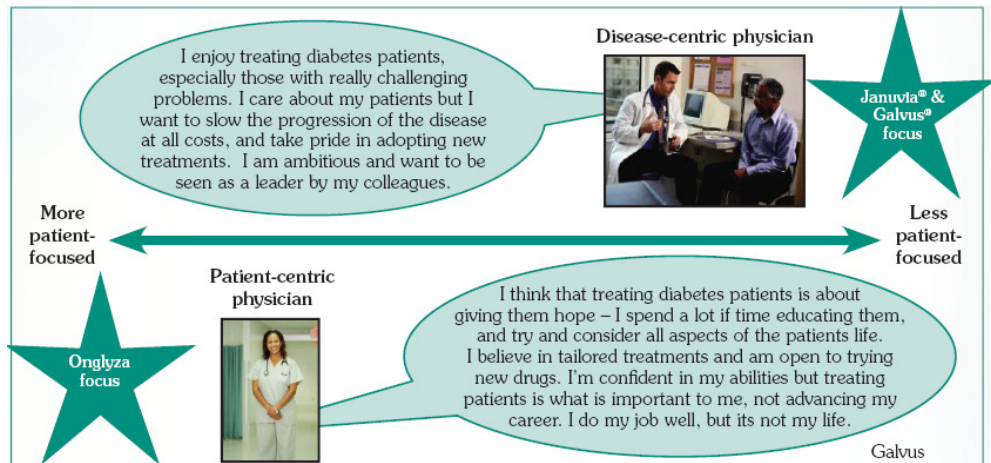
AstraZeneca knows that physicians treating cardiovascular risk factors and T2D are loyal to individual brands rather than to a class of drug. Their challenge is to build a brand for Onglyza that will create physician loyalty.

In-depth market insight work has delivered a unique positioning that clearly differentiates Onglyza in the market place.

- AstraZeneca has held 4900 detailed physician interviews, spoken with more than 750 patients, and 100 payers in market research
- AstraZeneca knows the market inside out, with a detailed understanding of customers, market access issues, the T2D treatment landscape, competitor propositions
- AstraZeneca knows how positively customers perceive Onglyza's profile and positioning
- AstraZeneca are really excited that we have a persuasive and unique positioning for Onglyza based on attitudinal segmentation of key customer groups, a positioning that allow them to build loyalty with these customers

Physicians:

T2D physicians can be segmented into 2 groups: "Disease-centric" and "Patient-centric" physicians.

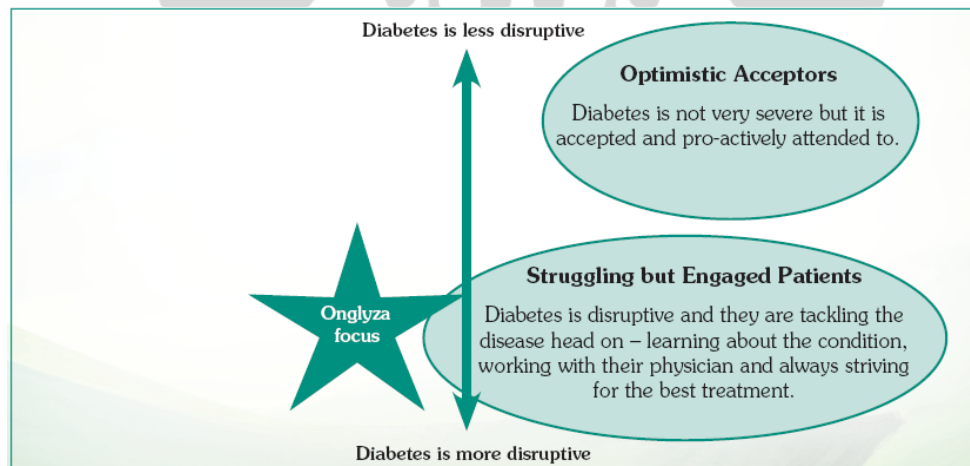


**Figure 4.1. Type of T2D Physicians**

Source: Onglyza Global Brand Strategy, 2010

Patients:

T2D patients can be segmented into 2 groups: “Optimistic Acceptors” and “Struggling but Engaged Patients”.



**Figure 4.2. Type of T2D Patients**

Source: Onglyza Global Brand Strategy, 2010

#### 4.3.1. Onglyza Positioning Summary

##### *What is the Insight Driving the Positioning?*

“Patient-Centric” Physicians, whose primary treatment objectives are to help patients with their daily struggles with diabetes. These physicians are more

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responsive to the current needs of their patients and tailor treatments for them to help get them under better control without adding to their tolerability burden.

Insight: Many patients struggle everyday to manage their Type 2 diabetes.

***Who are the Key Customers?***

- Patient-Centric PCPs and Endocrinologists
- Struggling but engaged: Patients who find diabetes disruptive and who are struggling to find ways to live with their diabetes and its consequences every day.

***What is the Competitive Environment***

Saxagliptin will compete when a DPP-4 is considered to be chosen over a competitor DDP-4.

***What is our Core Differentiating Benefit?***

Ideal Partner for Everyday Patient Success.

***Global Reasons to believe:***

- Many patients struggle everyday to manage their type 2 diabetes. The struggling patient type needs additional glycemic control without the risk of additional tolerability consequences
- Onglyza can help in the struggle as it improves the 3 key measures of glucose control. Proven to have positive effects on FPG (the number a patient monitors in the am) and PPG (the measure your patients obtain post-meal) to deliver significant A1c reduction (gold standard for physicians)
- Onglyza can help in the struggle as it is the Ideal Partner to commonly used OADs. Onglyza provides incremental glucose lowering; Onglyza delivers a favorable tolerability profile. Onglyza offers simplicity.

**4.3.2. Core Positioning Statement**

For “patient-centric” physicians, Onglyza is the DPP-4 of choice that is the Ideal Partner for Everyday Patient Success because Onglyza, when added to commonly used OADs, provides incremental efficacy across the three key measures of

glucose control without tolerability tradeoffs, helping struggling patients stay engaged in managing their diabetes every day.

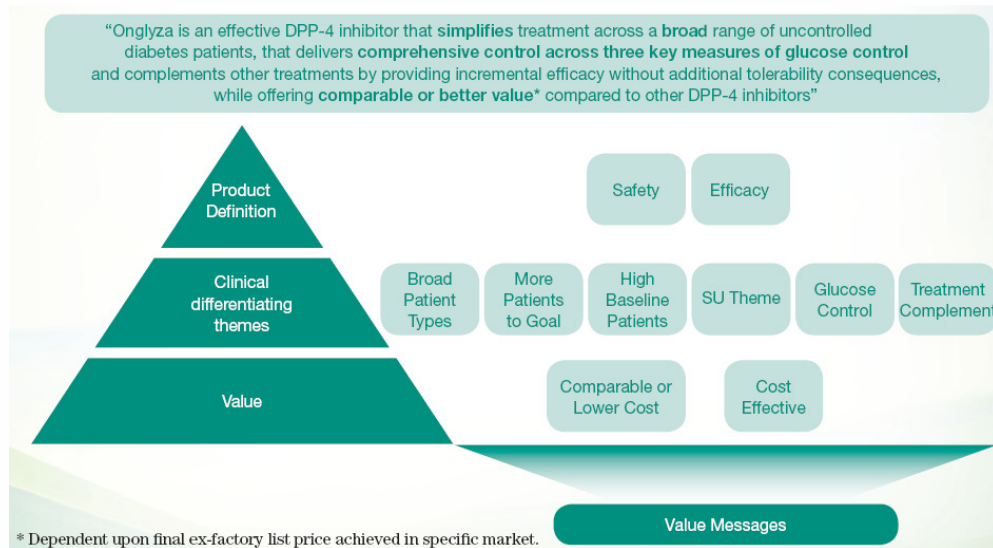
Strategy: For “patient-centric” Endos/ GPs, Onglyza is the Ideal Partner for Everyday Patient Success because Onglyza provides incremental efficacy across the three key measures of glucose control without additional tolerability tradeoffs, helping struggling patients stay engaged in managing their diabetes every day.

“Ideal Partner for Everyday Patient Success” strategy is compelling. Ideal Partner speaks to a common treatment situation that’s important to physicians and is where AstraZeneca’s data is strongest.

Everyday Patient Success is a treatment objective that “Patient-Centric” physicians are trying to achieve in “struggling but engaged” patients - incremental efficacy without additional tolerability tradeoffs.

#### **4.3.3. Market Access**

In addition to addressing needs of physicians and patients, gaining market access is a key strategic objective for Onglyza. The market access goal is to ensure rapid and equal market to Januvia to deliver the brand strategy. To achieve the goal, the Market Access Team developed a robust payer Value Story and Pricing Strategy working closely with the key strategic markets in US, EU, Canada and Latin America as well as external payers. The Value Pack, which will deliver the clinical and economic evidence to deliver the strategy, provides markets the flexibility to adapt the Value Story ensuring successful implementation. The Onglyza Value Story is built around the ability to demonstrate equivalent safety and efficacy versus Januvia. While no one single clinical theme resonated on its own, the compilation of clinical themes is compelling to payers and does offer the opportunity to offer comparable or better value to payers. By delivering the core value proposition below:



**Figure 4.3. Onglyza Value Proposition**

Source: Onglyza Global Brand Strategy, 2010

The pricing strategy to achieve market access follows:

In all markets where possible, target parity to Januvia ex-manufacturer list price should be the primary objective. In markets where parity list price may trigger market access and/ or uptake hurdles, flexibility needs to be discussed, assessed and approved on a country-by-country basis as described in the Implementation Process section of the Value Strategy document.

The pricing strategy for Onglyza is founded on robust customer insights gained in payer and physician interviews in the US, EU5, Mexico and Brazil and through close collaboration between BMS and AZ global and regional teams. The strategy is fully supported by the Global Value Pack, which provides the tools and evidence for all the markets to successfully prepare for pricing negotiations at launch.

#### **4.3.4. Onglyza Brand Masterfile**

What is the Brand Masterfile? This is where we'll find the complete story of the Onglyza brand, from strategy through to activation. These are the fundamentals on which every effective brand communication around the world is built.

It is the cornerstone of ambition across AstraZeneca to launch global brands with a single global brand positioning, but with the flexibility for each country to adapt the fundamentals to reflect the characteristics and conditions of their market. Using the Brand Masterfile, every country will be telling the same compelling story about the brand, but in a way that is most effective to their particular audiences. Throughout the Brand Masterfile AstraZeneca has made it clear what is fundamental to the brand globally, and as such unchangeable, and what is flexible to suit local conditions.

What the Brand Masterfile is not – This is not a prescriptive guide to final communications. AstraZeneca doesn't want to dictate every detail of how things will look, feel, and sound in your particular market.

#### **4.3.4.1. Brand Idea**

The core creative concept illustrates the patient's constant daily struggle against type 2 diabetes and the help the physician can offer his or her patients with Onglyza. Recognizing the struggle patients experience every day sets Onglyza apart from competitors who have historically taken a scientific disease-centric approach to branding. Three rounds of global market research in multiple countries with nearly 775 primary care physicians, internists, and endocrinologists confirmed its power.

The striving patient walks uphill, symbolizing the constant daily effort he has to make to address his diabetes. As the patient reaches out in search of help, the patient-oriented physician extends his hand.

The two words – “Extra” and “Help” – above the figures in dialogue bubbles capture the relationship clearly. The patient is thinking “Help”, i.e. “I need help.” The physician speaks the word “Extra” so that the two words together convey “extra help.” This is the branding idea of this campaign.

#### **4.3.4.2. Onglyza Brand Strategy**

Type 2 Diabetes (T2D) is a worldwide epidemic. It is complex and difficult to control, but the treatment landscape is changing. The progressive nature of T2D

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often requires poly-therapy to achieve and maintain glycemic control. This creates a huge unmet need for new treatments that will offer incremental efficacy with better side effect profiles.

The incretin mimetic therapies, including DPP-4 inhibitors, are leading the change. Their combination of efficacy and favorable safety and side effect profiles has been extremely well-received by the marketplace.

This offers an opportunity for Onglyza. Onglyza's clinical data is compelling, but insights uncovered an opportunity for building a competitive brand. Onglyza provides incremental efficacy across the three key measures of glucose control without tolerability and safety tradeoffs, helping patients to stay engaged in managing their disease.

Existing therapies have limitations and there is tremendous need for incremental efficacy without side effect tradeoffs like hypoglycemia and weight gain.

**Table 4.2. Current OAD Therapies**

<b>Metformin (biguanide)</b>	<b>Sulfonylurea</b>	<b>Thiazolidinedione (glitazone or TZD)</b>
Metformin, a mainstay of therapy in diabetes, has been around a long time. The most commonly prescribed OAD, metformin was first marketed in France in 1979. It was approved for use in the US in 1994. It is taken orally twice a day.	For many years, SUs were the first drugs to be used in new cases of diabetes. They provide glycemic control by increasing insulin secretion. SUs are taken orally once, twice, or even three times daily depending on the agent.	TZDs provide glycemic control by increasing insulin sensitivity and decreasing glucagon production. TZDs are taken orally once daily.
Issues: <ul style="list-style-type: none"> <li>• GI upset</li> <li>• Loses efficacy over time</li> </ul>	Issues: <ul style="list-style-type: none"> <li>• Hypoglycemia</li> <li>• Tend to lose efficacy over time</li> </ul>	Issues: <ul style="list-style-type: none"> <li>• Weight gain</li> <li>• Edema</li> <li>• CV safety still an underlying concern</li> </ul>

Source: Onglyza Global Brand Strategy, 2010

Currently marketed DPP-4 inhibitors are capitalizing on the existing opportunity in the treatment landscape with a science-based approach, offering efficacy coupled with favorable safety and tolerability profiles.

**Table 4.3. Competitor Communication Strategy**

Merck		Novartis	
Januvia	Janumet	Galvus	Eucreas
Communication focus is on establishing the DPP-4 inhibitor class, the “application of science”, and the long-term consequences of T2D. Targeted all prescribers and patients at first, then changed to target first-line therapy in markets where allowed. Science and disease are the focus rather than the effect the disease has on physicians’ and patients’ lives.		Novartis has chosen to focus its promotional efforts on Eucreas, the fixed-dose combination of Galvus and metformin, because of the dosing disadvantage with Galvus. Communication is science- and disease-oriented.	

Source: Onglyza Global Brand Strategy, 2010

Given the epidemic levels of T2D worldwide, the significant unmet need for efficacious, safe, and tolerable new treatments, and the opportunity for a “patient-centric” brand, AstraZeneca set themselves a bold and ambitious vision: Onglyza will offer a more comprehensive approach that alters the course of type 2 diabetes every day of every life.

This is how AstraZeneca would like their customers to think about Onglyza:

Physician – Add Onglyza for incremental efficacy to the OAD treatment regimen of patients who are uncontrolled.

Payers – provide access to Onglyza because it has efficacy and safety comparable to other DPP-4 inhibitors at a comparable or better value.

And where AstraZeneca see their source of prescriptions – patients with type 2 diabetes who are struggling to achieve glycemic control with current OADs and who will benefit from an add-on therapy.

The core brand strategy for Onglyza:

Gain share within the DPP-4 inhibitor class by establishing Onglyza as the add-on therapy of choice for uncontrolled patients on metformin or sulfonylurea (or TZD) because Onglyza provides incremental efficacy across all key measures of glucose control (HbA<sub>1c</sub>, FPG, PPG) without safety/ tolerability tradeoffs.

Four strategic drivers will help AstraZeneca gain share within DPP-4 inhibitor class

- Optimize global launch of Onglyza by ensuring consistent execution of the global brand strategy
- Establish and maintain equal access to market-leading DPP-4 inhibitor in each country for Onglyza and FDC brands
- Optimize global launch of Onglyza + metformin FDC brands (XR and IR) by ensuring consistent execution of the global brand strategy
- Evolve Onglyza through targeted life cycle opportunities focusing on phase 3b results (*Phase 3b studies: Trials conducted after submission of a new drug application (NDA), but before the product's approval and market launch. Phase 3b trials, sometimes called peri-approval studies, may supplement or complete earlier trials, or they may seek different kinds of information (for example, quality of life or marketing). Phase 3b is the period between submission for approval and receipt of marketing authorization*), outcome study, and future LCM opportunities.

#### 4.3.4.3. Brand Positioning

In developing brand positioning, AstraZeneca reached out to 1800 customers in 7 countries around the globe to gain the insights that would guide the development of the brand. AstraZeneca asked for feedbacks from the physicians, the payers and the patients and distilled them down into these key insights that would guide everything from there on:

*There's interest in "comprehensive control"*

Although physicians recognize that there's a relationship between HbA<sub>1c</sub>, FPG, and PPG, HbA<sub>1c</sub> is the measure that's top of mind with them. But when

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physicians are reminded that FPG, PPG, (or both) are key contributors to an elevated HbA<sub>1</sub>C, they're interested and receptive to the idea of "comprehensive control".

*Patients feel overwhelmed*

Patients with type 2 diabetes frequently feel overwhelmed by the complexity and chronic nature of their disease. When they feel their disease is insurmountable, rather than manageable on a daily basis, they can lose hope, become detached, and stop trying. Seeing this happen over and over, physicians will then do the same.

*Incremental efficacy without tradeoffs*

Sixty-five percent of patients do not currently achieve HbA<sub>1</sub>C goals and doctors are reluctant to use higher doses of metformin or combine it with TZDs or SUs because of side effect concerns.

*Lack of control leads to frustration*

Both physicians and patients are frustrated that the current treatment response to diabetes is reactive. It's more about managing the "inevitable" than proactively changing things. This creates the sense of lack of control and means that motivation ends up being based on negativity and fear, rather than positive, proactive emotions.

In the process of gaining these insights, AstraZeneca identified clear attitudinal segments in their physician audience. While all physicians' primary objective is long-term control of the disease, two distinct segments were identified, "patient-centric" (typically the largest segment) and "disease-centric" physicians.

"Patient-centric" physicians recognize the impact of type 2 diabetes on their patients' lives, are more responsive to their current needs, and understand that in order to achieve long-term goals they have to help patients with their day-to-day struggle with diabetes. "Disease-centric" physicians are more scientifically oriented and directive when dealing with their patients.

In practice, medical representatives will talk to all kinds of physicians, no matter what segment they fall into, but AstraZeneca has chosen to focus the tone of their

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messaging on the “patient-centric” segment, and they also found clear patient segments. The four patient segments that were identified fall into two main groups – those who avoid dealing with their diabetes because they are wither unaffected or overwhelmed by it, and those who are actively engaged in managing their disease. Even though they are engaged, many of these patients still struggle to find ways to live with diabetes and its impact on their daily lives.

AstraZeneca has chosen this “struggling but engaged” patient segment (and the physicians who are most responsive to its needs) to be the focus of the tone and style of their messages and communications.

Finally, AstraZeneca identified the most important shared needs among its target physicians and patients. One of the most important needs identified in the insight research is *the need to provide motivation to patients*, to help keep them engaged in their daily struggle.

Four key learning emerged to drive AstraZeneca to its marketing proposition...

1. For patient-centric physicians, the key goals are to gain glycemic control and to motivate patients to take responsibility for their treatment.
2. Recognizing the use of a DPP-4 inhibitor as an add-on is realistic and consistent with physicians’ current views.
3. For struggling but engaged patients, the key need is to feel in greater control of their disease without suffering the day-to-day regimentation, hassles, and side effects that come with their medication.
4. Differentiating DPP-4 inhibitors is difficult because physicians perceive little clinical difference among them. They are willing to try new DPP-4 inhibitors, but over time will gravitate preferentially to one agent out of brand loyalty.

AstraZeneca’s positioning builds on the functional strengths of Onglyza, our customer insights about the struggle patients’ face in living with diabetes, and the opportunity to occupy a unique space in the marketplace.

... and a winning Onglyza positioning

Onglyza is the ideal partner for everyday patient success

- Focuses on the daily struggle and the importance of keeping patients motivated
- Acknowledges that diabetes is progressive and multiple agents will be needed
- Addresses a real-world need: adding incremental efficacy in combination therapy
- Efficacy without tolerability tradeoffs is key

**What are the reasons to believe that support this positioning for Onglyza?**

- Helps patients stay engaged in the struggle to manage their diabetes every day
- Comprehensive control
  - Works across 3 key glucose measures (FPG, PPG, and HbA<sub>1C</sub>)
  - Incremental efficacy when added to the most commonly used OADs
- Simplicity
  - Tolerability similar to placebo
  - Convenient once-daily dosing

**What does AstraZeneca want its customers to think about Onglyza?**

*Physicians: Why should I prescribe Onglyza?*

“Onglyza provides incremental efficacy across the 3 key measures of glucose control without tolerability/ safety tradeoffs, encouraging my patients to stay engaged in managing their disease.”

*Payers: Why should I pay for Onglyza?*

“Onglyza is an effective DPP-4 inhibitor with a safety profile comparable to placebo that simplifies treatment across a broad range of diabetes patients, delivers comprehensive control across 3 key glucose measures, and complements other treatments while offering comparable or better (depending upon market-specific launch price) value compared to other DPP-4 inhibitors.”

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*Patients: Why should I take Onglyza?*

“Working with my physician and Onglyza, I’m confident I’m getting the extra help needed to get my glucose under control with few side effects. I feel better about living with diabetes.”

#### 4.3.4.4. Brand Expression

Through a process of exploration, AstraZeneca distilled its brand positioning into a simple and powerful brand idea.

The brand positioning – Onglyza is the ideal partner for everyday patient success

The brand idea – Extra Help

This brand idea has the power and relevance to inspire and shape the brand expression

#### Extra Help

- A clear expression of the clinical benefit Onglyza offers when added on to another OAD
- And a strong reminder to the patient-centric physician of the patient’s daily struggle with type 2 diabetes
- The strategic core of the campaign and the foundation upon which the creative is built

The Onglyza campaign is differentiating from the competition, both visually and in its tone and focus.

**Table 4.4. Campaign Differences between Onglyza and Competitors**

Januvia and Galvus	Onglyza
Campaign tone is science and disease-centric focused – highlights MOA and scientific parameters	Campaign tone is encouraging, realistic, optimistic, and patient-centric
Powerful HbA <sub>1c</sub> lowering as main communication platform	Comprehensive control of 3 key glucose measures
Emphasis on first-line use	Add-on of choice for uncontrolled patients on Metformin, SU, or TZD
Developing a focus on long-term CV outcomes	Greater everyday control without additional side effects

Source: Onglyza Global Brand Strategy, 2010

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Supporting the creative expression of the brand idea is the brand's logo



**Figure 4.4. Onglyza Brand Logo**

Source: Onglyza Global Brand Strategy, 2010

- Its teal color is unique in an environment where bright, flat colors and multicolor prevail
- Many other logos incorporate iconography to symbolize the generic class benefit of downward glycemetic movement
- Our logo's starburst symbolizes encouragement, optimism, and the potential for patients to experience another good day

#### **How will AstraZeneca win with Onglyza?**

With the Onglyza story...

*Set up "struggling but engaged patients" who are uncontrolled on their current therapy so physicians can identify them.*

Help your patients with type 2 diabetes in their daily struggle for glycemetic control

- Managing type 2 diabetes can be challenging and frustrating for your patients and you
- Patients often need additional medications to keep their glucose numbers under control, but adding a new medication can sometimes raise additional tolerability concerns
- Patients struggle when they see their HbA<sub>1</sub>C increasing
- Control of the measures that contribute to high HbA<sub>1</sub>C – FPG and/ or PPG – is important

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*Establish the clinical efficacy of Onglyza by introducing the concept of “comprehensive control”.*

Comprehensive control of the 3 key glucose measures: the unique downward-pointing chevron symbolizes the connection between the 3 blood glucose parameters, and reinforces that FPG and PPG are both key contributors to HbA<sub>1c</sub>.  
*Onglyza offers incremental efficacy when added to most commonly used OADs.*

Onglyza is effective when partnered with the most commonly used OADs: metformin, SU, TZD.

*Onglyza is convenient for the physician and patient.*

Onglyza offers convenient, once-daily dosing

- Any time of day
- With or without food
- No dose adjustment necessary regardless of age, gender, race, or BMI

Onglyza has a tolerability profile similar to placebo

- Incidence of hypoglycemia similar to placebo
- Weight neutral
- Adverse reaction profile similar to placebo

### **Summarizing the core appeal of Onglyza**

Onglyza offers the extra help in the daily struggle to manage type 2 diabetes.

A comprehensive approach:

- Significantly reduces 3 key measures of glucose control: HbA<sub>1c</sub>, FPG, PPG
- Effective when partnered with the most commonly used OADs: metformin, sulfonylurea, TZD

Simple to use:

- Tolerability similar to placebo
- Convenient, once-daily dosing

#### **4.4. Communicating Brand Strategy**

The brand strategy for Onglyza is achieved through the implementation of a global communication strategy for Onglyza, reflecting stakeholder needs across all communication channels, and audiences.

##### **From Brand Strategy to Communications Strategy**

The core positioning for Onglyza is as the Ideal Partner for Everyday Patient Success: *For “patient-centric” physicians, Onglyza is the DPP-4 of choice that is the Ideal Partner for Everyday Patient Success because Onglyza, when added to commonly used OADs, provides incremental efficacy across all key measures of glucose control without tolerability tradeoffs, helping struggling patients stay engaged in managing their diabetes every day.* The launch strategy for the brand is to establish Onglyza as the add-on of choice.

Onglyza’s strong data set is competitive with the class-leading DPP-4, and to support the positioning AstraZeneca differentiates Onglyza through a unique communications strategy that, based on extensive customer insight, delivers product messaging that will resonate with patient-centric physicians and struggling patients. This gives Onglyza a unique and competitive proposition in the market, and one that will deliver a successful launch.

##### **4.4.1. Communications Strategy**

The communications strategy is a key tool to successfully actualize the strategy for Onglyza, communicating key messages that support how AstraZeneca communicate differently from their competitors in the market at all stages of the lifecycle. The communications strategy to establish Onglyza as the add-on of choice has three pillars:

Prepare the Market during the pre-launch phase to define unmet needs and establish a competitive profile:

- Raise awareness of the needs of patient-centric physicians and struggling patients
- Build awareness of the uncontrolled patients and the need for incremental efficacy without tolerability tradeoffs

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- Explain the importance of the 3 key parameters of glucose control therapy
- Create awareness of current treatment options
- Raise awareness of the AZ/ BMS alliance and commitment to the improvement of T2D

Create Awareness at launch to establish Onglyza as the add-on of choice

- For “patient-centric” physicians, Onglyza is the DPP-4 of choice that is the Ideal Partner for Everyday Patient Success because Onglyza, when added to commonly used OADs, provides incremental efficacy across all key measures of glucose control without tolerability tradeoffs, helping struggling patients stay engaged in managing their diabetes every day
- Presentation of Phase 3 data as add-on therapy to MET, SU and TZD, and initial therapy with MET, as included in the Onglyza label. Communicate DPP-4’s role as an overall add on to common OADs (MET, SU, TZDs)
- Build awareness of the role of DPP-4s in appropriate markets
- Create and begin to communicate the appropriate usage situation for a DPP-4 as first choice add on to MET, displacing SU [the biggest opportunity]

Establish and maintain brand loyalty post-launch through brand message evolution to embed the Onglyza positioning as the Ideal Partner

- Positively differentiate by consolidating messaging around Onglyza’s status as an ideal partner based on additional studies and long-term data
- With regulatory approval
- 1 only, presentation of long-term extension data and new studies with H2H data (vs SU + MET; vs Januvia + MET, add-on to insulin, FDC)
- With regulatory approval only, continue to expand the add on of choice with the expanded data

#### **4.4.2. Audiences**

Many stakeholders need to understand Onglyza’s positioning and role in the management of T2D. These include KOLs, physicians and endocrinologists, payers, patients and patient advocacy.

The communications strategy is to communicate with all members of these audiences, and by presenting messages that resonate with AstraZeneca's target segments, they will create brand preference for Onglyza. Objectives and messages for each audience are included in this document at each launch-phase.

#### 4.4.3. Competitor Communications

In the DPP-4 segment AstraZeneca has 3 key competitors.

*Sitagliptin: Januvia and Janumet:*

Communication focus is on establishing DPP-4 class, the "application of science" and the long-term consequences of T2D. Messages target all prescribers and patients, but focus on science and disease rather than physician/patient-centric messages.

*Vildagliptin: Galvus and Eucreas (FDC)*

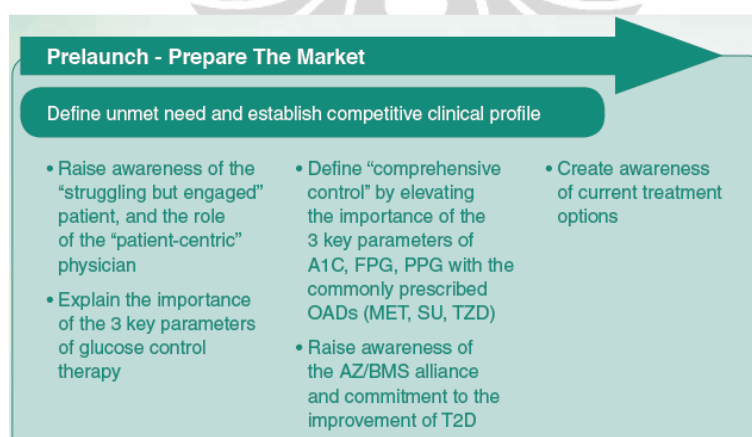
Communications focus on promotion of Eucreas FDC (vildagliptin with MET).

*Alogliptin*

All communications to date focus on alogliptin being a highly selective DPP-4, which will drive their scientific approach.

#### 4.4.4. Communications Strategy Concept

At this stage, AstraZeneca is preparing the market to embrace Onglyza as the new player in DPP-4 inhibitor class.

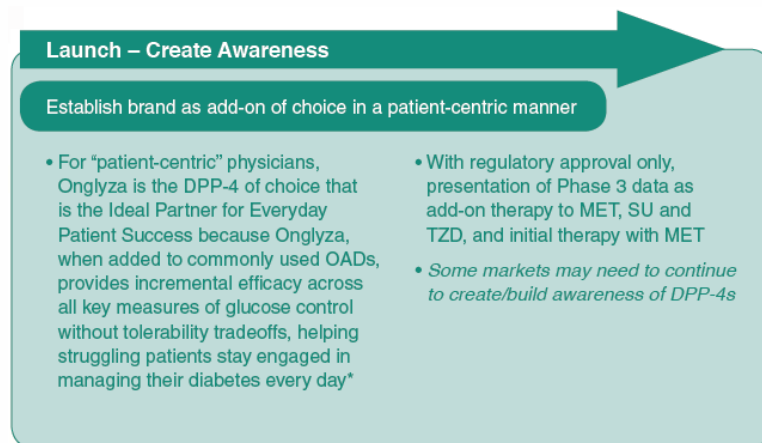


**Figure 4.5. Onglyza Pre-Launch Phase Activities**

Source: Onglyza Global Brand Strategy, 2010

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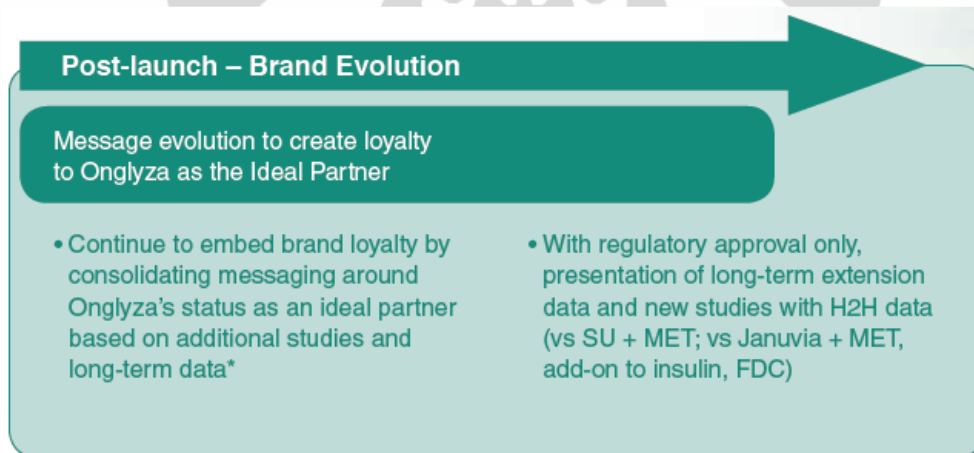
At the launch stage, AstraZeneca begins to build product and brand awareness with the key message. This stage is conducted after getting approval from BPOM.



**Figure 4.6. Onglyza Launch Phase Activities**

Source: Onglyza Global Brand Strategy, 2010

Post-launch is the stage where AstraZeneca evaluates the activities they have done in pre-launch and in launching phase, and try to grow the brand by re-strengthening the key message of Onglyza.



**Figure 4.7. Onglyza Post-Launch Phase Activities**

Source: Onglyza Global Brand Strategy, 2010

#### 4.5. Indonesia Marketing Strategy

Indonesia Onglyza team further formulated the Indonesia Onglyza Marketing Strategy.

##### 4.5.1. Market Overview

The Indonesia Onglyza team engaged a third party to conduct a survey in Indonesia regarding the market of diabetes and the opportunity for Onglyza. This survey was then transformed into a table of trends and implications.

**Table 4.5. Onglyza Market Overview in Indonesia**

No.	Trends	Implications
1	Type 2 Diabetes will become increasingly prevalent with <u>66% proportion of uncontrolled patients</u> despite the current available drugs	There is a large, growing market for Onglyza franchise, to become add-on of choice for uncontrolled patients
2	Fast growing market in volume ( <u>23% MAT 3Q10</u> ) and value ( <u>15% MAT 3Q10</u> ), with DPP4 Inh as one of the growth driver (90% MAT 3Q10). Future growth estimated continue double digit growth	Gap between prevalence and treatment will continue, requiring innovations to address physician attitudes, economic pressures, and safety concerns. DPP4 Inhibitor estimated to be accepted well in the market
3	<u>Market dominated by SU</u> in terms of volume (total SU 61%, while original + branded account for 20% MS) due to better access (ASKES/PUSKESMAS) than Metformin. While in value, original + branded SU account for 41% MS	Huge opportunity for Onglyza to become add-on of choice with Metformin replacing SU
4	Estimated no significant change of health care spending due to <u>low affordability</u> (out of pocket market), drugs will need to demonstrate clear value and differentiation to secure and maintain pricing, access, and affordability	<u>Price parity to existing DPP4 Inhibitor</u> to patients and & better engagement with potential reimbursement segment (ASKES & Insurance) through dialogue and partnerships to meet their needs for cost effectiveness

Source: Onglyza Marketing Strategy, 2011

Indonesia positioned Onglyza as the **ideal partner for patient-centric doctors to be used as the additional therapy for uncontrolled patients with metformin, SU and TZD monotherapy**, with 3 key messages to be conveyed:

- Onglyza has a comprehensive control of 3 glucose parameters (A<sub>1</sub>C, PPG and FPG) when added into OAD monotherapy (metformin, SU, TZD)
- Onglyza has a great tolerability profile (low hypoglycemia risk and no weight-gain risk), safe and well-tolerated by patients
- Onglyza is comfortable to be taken once daily and flexible without titration

With that positioning, Indonesia is aiming to achieve some objectives in 2011:

#### Qualitative

- To have successful launch and good uptake in 2011
- To have 100 doctors prescribed in the the first 3 months with penetration in 350 outlets
- To establish Onglyza as the ideal partner for add-on to metformin over SU as early as possible
- To strengthen AZI position in Cardiovascular and Metabolic market

#### Quantitative

- To achieve the target revenue of IDR 2,400,000,000.00 in 2011
- To achieve the target revenue of IDR 630,000,000.00 in June 2011 (pipefilling period)

AstraZeneca targets their market on the patient-centric doctors whose patients are treated with metformin, SU or TZD monotherapy. In the segmentation, AstraZeneca focus their activities among class A and B doctors (Endocrinologists, Internal Medicines, Cardiologists, and General Practitioners), and following that is the class C doctors.

AstraZeneca Indonesia's strategic imperative consists of five steps:

SI 1 – Campaign: Extra Help → “Ideal SOS” (Ideal Partner to gain Successful Comprehensive Glycemic Control over SU)

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SI 2 – Ensure excellent execution of launch activity to drive maximum awareness and uptake at launch

SI 3 – Early engagement with KOLs/ OLs and optimizing KOL development program through FORWARD program

SI 4 – Customer profiling to achieve the right Segmentation and Targeting (S&T)

SI 5 – Comprehensive training program (disease, product, selling skills and handling objections) including internal and external audit for ESS/ RSS.

#### **Extra Help – Ideal SOS Campaign (as part of SI 1)**

*For your patients on Metformin monotherapy, as soon as HbA1C begins to rise above 7%, add Onglyza as an ideal partner over Sulphonylureas (SU) to gain Successful Comprehensive Glycemic Control with less hypoglycemia*

Target physician: endocrinologists, Internal Medicinists, Cardiologists, and General Practitioners.

Target Patients: Uncontrolled on Metformin monotherapy

Competitive Frame: Prefer/ Ideal Add-on to Metformin rather than SU.

Core differentiating benefit: ideal partner over SU to gain successful CGC without gaining weight and hypoglycemic.

Key message:

- Unmet needs: high proportion of uncontrolled patients on monotherapy (mets) and SU limitation – B cell deteriorates, hypoglycemia and weight gain
- Onglyza + Metformin improves the 3 key measures of glucose control (A1C, PPG and FPG) as efficacious as SU
- Onglyza delivers a favorable tolerability profile: less hypoglycemia and no weight gain, compared to SU

#### **4.5.2. Pre-launch activity (as part of SI 2)**

AstraZeneca has prepared 4 different categories that has been and will be run simultaneously since January 2011. This includes a series of events organized to build the initial awareness of Onglyza, with preliminary events excluded the brand

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Onglyza because by then the brand was still in the process of approval from BPOM.

**Table 4.6. Pre-launch Activities**

Strategy	Event	Time	Venue	Remarks
Regulatory	Registration approval from BPOM	March 15	Jakarta	
Internal Readiness	Validation of target doctors by Met team	Jan-May	Jakarta, Surabaya	20 doctors/ FF/ month
	Hospital & institution listing by Met team	Jan-May	Jakarta, Surabaya	Submission of quotation letter and brochure
	Newsletter	Feb-Mar		Internal AZI
	Training for Teaser Brochure	March 9	Jakarta (HO)	Metabolic team & FLSM
	Promo material development	Mar-Apr	Jakarta (HO)	Master brochure & leave behind
	Pre-launch training	May	Jakarta, Surabaya	Metabolic & CVM team
KOL development	Forward Module meeting	Mar 12-13	Grand Hyatt, Jakarta	Finalization of module with PERKENI
	Send delegates to International event (AACE/ ADA)	April, June	San Diego	5 KOLs
Prepare the market	Symposium of Oral Hyperglycemic Drug	Mar 19-20	Semarang	Booth, 1 <sup>st</sup> event after BPOM approval
	Propose Onglyza to be included in KOSENSUS PERKENI	Mar 23	PERKENI pusat	Will be included in the new KOSENSUS
	Update Malang Endocrinologists	April 16-17	Malang	Symposium & booth

Source: Onglyza Marketing Strategy, 2011

#### **4.5.2.1. Sales Force Training Plan**

AstraZeneca preliminary research revealed that more than half of the diabetes potential market in Indonesia is driven by the two biggest cities: Jakarta and Surabaya. Further calculation suggested that sales force should be divided into two focus: dedicated medical representatives for metabolic therapeutic area and combo reps for cardiovascular and metabolic therapeutic area.

There are currently only 8 dedicated MRs in AstraZeneca Indonesia that is responsible for the metabolic therapeutic area. The reason is simple: most endocrinologists are located in both Jakarta and Surabaya. Therefore the focus of the Metabolic team should be in Jakarta and Surabaya. The other areas can be covered by the CardioVascular and Metabolic (CVM) team. The second reason is based on the market share. More than 50% of the sales in the diabetes (metabolic) market comes from Jakarta and Surabaya. Therefore, again, AstraZeneca Indonesia focuses on these two cities: Jakarta and Surabaya.

Onglyza Training Module was first introduced by the Regional Onglyza Team to the cross-functional Onglyza team in Indonesia. They organized a Regional Train the Trainer (TTT) session participated by Training and Development, Medical department, Marketing team, National Sales Manager, Second Line Sales Manager, and Key Account Manager. The session was followed by a nation-wide tele conference home study a few days later.

Further meetings resulted in a more comprehensive training plan (please refer to the following table)

**Table 4.7. Onglyza Training Plan**

No.	Activity	Duration	Remarks
1	Training Design Completeness	16 days (30 Mar-16 Apr 2011)	<b>Key Elements</b> <ul style="list-style-type: none"> <li>• Participants</li> <li>• Training plan run down</li> <li>• Budgeting</li> <li>• PIC consolidation</li> <li>• Venue &amp; accommodation</li> </ul>
2	Material Readiness Timeline	30 days (30 Mar-30 Apr 2011)	<b>Key Elements</b> <ul style="list-style-type: none"> <li>• Disease knowledge module</li> <li>• Product knowledge module</li> <li>• RSS module</li> <li>• Onglyza brochure</li> <li>• Onglyza DGS slide deck</li> <li>• Pre-work material</li> <li>• Exam material</li> <li>• Short call message for CV team</li> </ul>
3	Training Material Dry Run	10 days (11-20 April 2011)	<b>Dry Run Timeline</b> <ul style="list-style-type: none"> <li>• Apr 11<sup>th</sup>: module 1-3</li> <li>• Apr 13<sup>th</sup>: module 4-5</li> <li>• Apr 15<sup>th</sup>: module 6-8</li> <li>• Apr 20<sup>th</sup>: module 9-10</li> </ul>
4	Sales Readiness (Metabolic Team)	4 days (3-6 May 2011)	<b>Execution Excellence</b> An intensive training on selling skills using launch detail materials 20 days before product launch <ul style="list-style-type: none"> <li>• 1 day DK &amp; PK refresher</li> <li>• 2 days detail Onglyza brochure &amp; DGS slides</li> <li>• 2 days Onglyza RSS</li> <li>• ½ day ESS-RSS audit</li> <li>• ½ day marketing strategy – post launch campaign</li> </ul>
5	Sales Readiness (CV Team)	2 days/ area (12-13, 23-24 May 2011)	<b>Execution Excellence</b> Divided into 2 groups: west & east area. An intensive training on selling skills using launch detail materials before product launch <ul style="list-style-type: none"> <li>• ½ day DK &amp; PK refresher</li> <li>• ½ day detail Onglyza brochure &amp; role play</li> <li>• ½ day ESS audit</li> <li>• ½ day marketing strategy – post launch campaign</li> </ul>

Source: Onglyza Marketing Strategy, 2011

#### 4.5.3. Launch activity (as part of SI 2)

Launch activity will be divided into 2 big categories: Launching Day & Meeting and Media Activity.

**Table 4.8. Launching Day and Meeting**

Activity	When	Remarks
FDN Bandung Launch – Symposium & booth	19 June 2011	Total 900 doctors
Launch Symposium Jakarta	11 June 2011 (TBD)	Total 150 doctors
Launch Symposium Surabaya	25 June 2011 (TBD)	Total 150 doctors
DOCLINK Jakarta	9 July 2011	Total 300 doctors
Launch Symposium Semarang	2/ 16 July 2011 (TBD)	Total 100 doctors

Source: Onglyza Marketing Strategy, 2011

**Table 4.9. Media Activities**

June	July
Advertorial Medical Update with IDI accreditation & advertising	DOCLINK highlight syposium

Source: Onglyza Marketing Strategy, 2011

#### 4.5.4. Post-launch activity (as part of SI 2)

Following the launching event, AstraZeneca has planned another series of events in both small and big scale to support the sales of Onglyza. One is considered small if the activity relates only to one area, whereas big scale events are for instance a national diabetes forum.

**Table 4.10. National Exposure – Q2/ 2011**

Event	Time	Venue	Remarks
Endocrinology Update	April 15 -17	Malang	Symposium & booth Onglyza-Crestor
PIT Endocrine	May 7 - 8	Yogyakarta	Symposium & booth Onglyza-Crestor
MADAM	May 27 - 29	Makassar	Symposium
National Diabetes Forum (FDN)	June 17 - 19	Bandung	Launch Symposium June 19 & Booth for Onglyza-Crestor

Source: Onglyza Marketing Strategy, 2011

**Table 4.11. National Exposure – Semester 2/ 2011**

Event	Time	Venue	Remarks
DOCLINK	July 9 – 10	Jakarta	Pre-launch Symposium, July 9
Disease & Diabetes Symposium	September	Semarang	Pre-launch Symposium
Endocrine Update	October	Semarang	Pre-launch Symposium
Diabetes Update	October 8 - 9	Surabaya	Symposium
PIN PAPDI	October 15 - 16	Makassar	Onglyza-Crestor Symposium & booth (tentative)

Source: Onglyza Marketing Strategy, 2011

The following are small scale activities that can be done by AstraZeneca medical representatives in the field when they engage the customers.

**Table 4.12. Round Table Discussion (RTD)**

<b>Description</b>	<ul style="list-style-type: none"> <li>Comprehensive scientific meeting in front of numbers of physician in hospitals or regular</li> <li>Speaker: doctor</li> </ul>
<b>Objective</b>	<ul style="list-style-type: none"> <li>To increase awareness of physician on the needs of Onglyza as Extra Help for T2DM patients</li> <li>To list Onglyza in hospital formulary</li> </ul>
<b>Target Audience</b>	<ul style="list-style-type: none"> <li>Decision makers in hospital</li> <li>Potential doctors in MLD</li> <li>10-30 doctors/ meeting</li> </ul>
<b>KPI &amp; Cost</b>	<ul style="list-style-type: none"> <li>Metabolic team: 1 RTD/ FF/ quarter</li> <li>CVM team: no target (proposal can be made based on need)</li> <li>Cost: IDR 5 mio/ RTD</li> </ul>

Source: Onglyza Marketing Strategy, 2011

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**Table 4.13. Doctors Group Selling (DGS)**

<b>Description</b>	<ul style="list-style-type: none"> <li>• Deliver product presentation in front of small numbers of physician in hospitals or regular</li> <li>• Speaker: FF/ FLSM</li> </ul>
<b>Objective</b>	<ul style="list-style-type: none"> <li>• To increase physician awareness on the needs of Onglyza as Extra Help for T2DM patients</li> <li>• To introduce and remind them on the efficacy and safety of Onglyza</li> </ul>
<b>Target Audience</b>	<ul style="list-style-type: none"> <li>• Potential doctors in MLD</li> <li>• 5-10 doctors/ meeting</li> </ul>
<b>KPI &amp; Cost</b>	<ul style="list-style-type: none"> <li>• Metabolic team: 1 DGS/ FF/ month</li> <li>• CVM team: 1 DGS/ FF/ quarter</li> <li>• Cost: IDR 1 mio/ DGS</li> </ul>

Source: Onglyza Marketing Strategy, 2011

The following table shows us another kind of activity that can be done in a larger area such as Sumatera, Java, and Kalimantan.

**Table 4.14. Extra Help Mini Symposium**

<b>Description</b>	<ul style="list-style-type: none"> <li>• Stand alone (AZI-initiated meeting) in collaboration with local PERKENI</li> <li>• IDI accreditation from local association</li> </ul>
<b>Objective</b>	<ul style="list-style-type: none"> <li>• To increase physician awareness on the needs of Onglyza as Extra Help for T2DM patients</li> <li>• To introduce and hammer efficacy and safety message on Onglyza</li> </ul>
<b>Target Audience</b>	<ul style="list-style-type: none"> <li>• Potential doctors in MLD</li> <li>• 75-100 doctors/ meeting</li> </ul>
<b>KPI &amp; Cost</b>	<ul style="list-style-type: none"> <li>• Focus on 4 cities with no launch symposium: Medan, Palembang/ Pekanbaru, Bali and Solo/ Kalimantan/ Manado</li> </ul>

Source: Onglyza Marketing Strategy, 2011

**Table 4.15. FORWARD Workshop (as part of SI 3)**

<b>Description</b>	<ul style="list-style-type: none"> <li>• Comprehensive workshop on diabetes management in collaboration with PERKENI</li> <li>• Speaker: ToT members from each PERKENI branch (will be trained in June/ July)</li> <li>• 1 day full workshop (need commitment from audience to join full day)</li> </ul>
<b>Objective</b>	<ul style="list-style-type: none"> <li>• To increase physician awareness on T2DM management</li> <li>• To position AZI as PERKENI partner on managing T2DM</li> </ul>
<b>Target Audience</b>	<ul style="list-style-type: none"> <li>• Potential doctors in MLD</li> <li>• 30 doctors/ workshop</li> </ul>
<b>KPI &amp; Cost</b>	<ul style="list-style-type: none"> <li>• 5 cities: Jakarta, Bandung, Surabaya, Medan, Makassar</li> <li>• Cost: IDR 30 mio/ workshop</li> </ul>

Source: Onglyza Marketing Strategy, 2011

The following is similar to the Round Table Discussion (RTD) that was shown in Table 4.15., except this one includes a more formal reward in the form of IDI (*Ikatan Dokter Indonesia*) accreditation. AstraZeneca is committed to support doctors from continuing their medical education, in any form possible.

**Table 4.16. Continuing Medical Education with Accreditation (incl. iRTD)**

<b>Description</b>	<ul style="list-style-type: none"> <li>• Continuing Medical Education consists of: <ul style="list-style-type: none"> <li>– Delivering module and invitation for iRTD (1<sup>st</sup> visit/ meeting)</li> <li>– iRTD (2<sup>nd</sup> meeting) with IDI accreditation</li> </ul> </li> <li>• Speaker: doctor</li> </ul>
<b>Objective</b>	<ul style="list-style-type: none"> <li>• To increase physician awareness on T2DM management</li> <li>• To highlight Onglyza benefit as Extra Help for T2DM patients</li> <li>• To create valuable relationship with doctors</li> </ul>
<b>Target Audience</b>	<ul style="list-style-type: none"> <li>• Potential doctors in MLD</li> <li>• 20-30 doctors/ meeting</li> </ul>
<b>KPI &amp; Cost</b>	<ul style="list-style-type: none"> <li>• Metabolic team: 1 RTD/ FF/ quarter</li> <li>• CVM team: no target (proposal can be made based on need)</li> <li>• Cost: IDR 5 mio/ RTD</li> </ul>

Source: Onglyza Marketing Strategy, 2011

#### 4.6. Analysis

As the author started to write down all the details of Onglyza in this chapter, he began to ask himself, “Why this? Why not that?” the answer to some are pretty obvious, but some needed deeper thinking and a more intensive interaction with the Onglyza team members. Later on the author went to meet some people, people who could quench the thirst of information and surely who are credible to give those information. Among them are the Primary Care Business Unit Director, Cardiovascular and Metabolic Group Product Manager, Medical Affairs Manager and the Training and Development Manager. All discussions led the author back to the term that is already widely known. **Marketing mix.**

The term marketing mix was introduced in 1953 by Neil Borden in his American Marketing Association presidential address. However, this was actually a reformulation of an earlier idea by his associate, James Culliton, who in 1948 described the role of the marketing manager as a “*mixer* of ingredients”, who sometimes follows recipes prepared by others, sometimes prepares his own recipe as he goes along, sometimes adapts a recipe from immediately available ingredients, and at other times invents new ingredients no one else has tried. A prominent marketer, E. Jerome McCarthy, proposed a **Four P** classification in 1960, which has seen wide use. These Ps are Product, Price, Place and Promotion. These four P's are the parameters that the marketing manager can control, subject to the internal and external constraints of the marketing environment. The goal is to make decisions that center the four P's on the customers in the target market in order to create perceived value and generate a positive response.

Of the four Ps that were mentioned earlier, the author would like to focus the discussion on only two Ps. Product and Promotion, the two Ps the Indonesian Onglyza team most welcomed to glocalize from the Global Brand and Marketing Strategy. To make it easier in reading the rest of the chapter, the author took the liberty of creating a table of questions that will help everyone in answering and analyzing Onglyza.

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**Table 4.17. Questions on Onglyza Marketing Mix**

Product	Price	Place	Promotion
<ul style="list-style-type: none"> <li>• What is the brand we're going to use?</li> <li>• Why not different?</li> <li>• What is the brand strategy?</li> </ul>	<ul style="list-style-type: none"> <li>• What is the pricing strategy?</li> </ul>	<ul style="list-style-type: none"> <li>• Where in Indonesia does AstraZeneca want to market Onglyza?</li> <li>• Who will distribute Onglyza in Indonesia?</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness, Conviction and Likeness <ul style="list-style-type: none"> <li>– What is the ideal condition on how to build brand awareness?</li> <li>– What are the constraints to the condition, given the current strategy?</li> <li>– What about building conviction and getting customers to like Onglyza?</li> </ul> </li> </ul>

#### 4.6.1. Product

As the AstraZeneca team is building Indonesia's Onglyza brand strategy, they came to realize that there was really nothing they would customize. Interview with AstraZeneca's Onglyza cross-functional team members revealed the reason why they decided to use the same Brand Strategy and Communication Strategy.

The main reason behind this branding strategy is the brand itself. Onglyza is the brand the world has known since 2009, and to strengthen its brand/ position, Indonesia is also using the same brand. The name Onglyza opposes none of the local Indonesian culture or customs. Following the brand is the strategy. With the same brand, comes the same brand strategy. Indonesia is adopting the brand strategy as is the Global Brand Strategy. AstraZeneca believes in the effectiveness of one brand and one message, and having a look at the global brand strategy thoroughly, they found nothing that is incompatible with the local market. Consistency is how the author likes to call it.

**Susan P. Douglas (1999)** wrote about international branding and its perspectives. For her, most discussion and research on branding, whether domestic or international, focuses on the equity or value associated with a brand name and the

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factors which create or are the underlying source of value (Aaker 1996, Kapferer 1997, Keller 1998). Considerable attention has, for example, been devoted to examining how the value embodied in a brand and its equity can be extended to other products without resulting in dilution of value (Aaker and Keller 1990). This interest has been stimulated in part by the increasing market power and value associated with a strong brand and in part by the prohibitive costs of launching a successful new brand.

While this focus is appropriate for a relatively few high profile brands such as Nike or Coca-Cola, it ignores the issues faced by the vast majority of multinational firms who own a variety of local and international brands that differ in their strength, target market and their association. Such firms have to determine how to develop a cohesive and effective brand structure, which brands to emphasize and build, whether to use the same brands across product groups and across countries, and how different brands at different levels of the organization should be interrelated so as to maximize their market impact and efficiency.

As markets become more interlinked and integrated, companies operating in international markets need to identify opportunities for strengthening brand architecture by improved coordination and harmonization of brands across countries. Relatively little attention has been paid to the question of brand structure or brand architecture. Some authors have developed frameworks of branding structure or brand architecture, typically focused on identifying different levels related to the brand name and/or visual associations of the brand. Olins (1989) has, for example, identified three branding structures: monolithic, i.e. a corporation uses one name and identity worldwide, for example, Kellogg or Shell; endorsed, where the corporate name is used in association with a subsidiary or product brand, for example, Cadbury's Dairy Milk, and branded which emphasizes multiple product-level brands, for example, P&G with brands such as Tide, Camay, etc.

Laforet and Saunders (1994) identified three principal categories similar to those identified by Olins: corporate brands, mixed brands, and brand dominant. Each of these categories included sub-categories. The corporate dominant group was divided into corporate brands, where the corporate name was used, and house brands where the subsidiary or product division names were used, as for example, the Walls, Good Humor and Ola ice-cream brands of Unilever. Mixed brands include endorsed brands (a product-level brand is endorsed by a corporate name), as for example, Nestlé's KitKat, and mixed brands, where two or more brands were given equal prominence, e.g. Colgate-Palmolive. The third category brand-dominant consisted of single product level brands and furtive brands, where the corporate identity is omitted e.g. Darkie toothpaste owned by Colgate Palmolive, or 'I Can't believe its Butter' of van den Bergh (Unilever). Not only was the structure considerably more complex than commonly assumed, but in addition, all the companies studied used more than one approach, often adopting different options for different product lines or businesses.

**Robert Berner, David Kiley, Mara Der Hovanesian in New York, Ian Rowley in Tokyo, and Michael Arndt in Chicago also supported the idea as was published in Business Week in 2005.** Their reports mentioned that the names that gained the most in value focus ruthlessly on every detail of their brands, honing simple, cohesive identities that are consistent in every product, in every market around the world, and in every contact with consumers.

The best brand builders are also intensely creative in getting their message out. They discovered new ways to captivate and intrigue consumers. Now the more mature brands are going to school on the achievements of the upstarts and adapting the new techniques for themselves.

It's no accident that most of the companies with the biggest increases in brand value in the 2005 ranking operate as single brands everywhere in the world. Global marketing used to mean crafting a new name and identity for each local market. The goal today for many, though, is to create consistency and impact,

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both of which are a lot easier to manage with a single worldwide identity. It's also a more efficient approach, since the same strategy can be used everywhere. "Given how hard the consumer is to reach today, a strong and unified brand message is increasingly becoming the only way to break through," according to Jan Lindemann, Interbrand's managing director, who directed the Top 100 Brands ranking.

#### **4.6.2. Price**

Pricing in international marketing is complex because of many factors. Pricing is the only variable in international marketing mix that can be changed at short notice without cost implications, but in the Onglyza case, this is not something that the team can manage on their own.

Onglyza is a global product that is marketed internationally. Its pricing strategy and decision is set by the global team, which will then be cascaded down to the regional team. Thus, AstraZeneca Indonesia as a marketing company has no dominant power in deciding how much they should sell Onglyza. The regional team will naturally listen to what the local team has to say about the condition in Indonesia, but the guidance is clear, and the team can't decide it on their own.

To give a brief foundation on how price is set, there is one theory from Raymond Riek (2011) who mentioned, "Set them too high and lose valuable market opportunities. Set them too low and leave money at the table." Setting prices for new products doesn't need to be a guessing game. Sound market information combined with a strong pricing strategy will hit the mark every time. And, while setting prices for new products is critical, every new product must have a pricing strategy that considers pricing over the life cycle of the product.

#### **Three Key New Product Considerations**

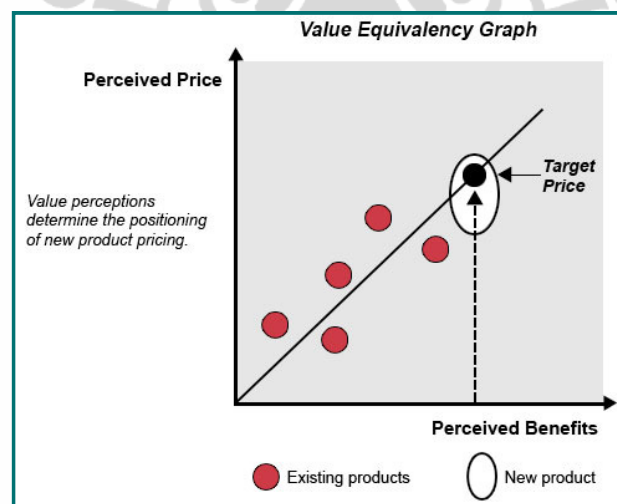
PricePoint Partners (2011) consider all of these factors when addressing new product pricing.

- Cost: What does it cost to produce this product? How will costs be used to set pricing floors?
- Perceived Value: what does the market really think of our product? How do they value it?
- Competitive Positioning: How are our competitors positioned in the marketplace and how are their product lines valued by consumers?

Understanding true costs is a key factor in setting price floors, floors that prevent any firm from selling products and services at a loss or at minimum margins. While costs are often easier for companies to measure, a challenge lies in the ability to measure perceived value with accuracy. When companies know precisely how customers value their products and services, they are able to set appropriate prices.

Competitive positioning is always a factor. Knowing how customers perceive the competitors' products and services enable companies to accurately position their product in the marketplace.

Value mapping techniques facilitate the integrated evaluation of costs and perceived value in the identification of pricing targets.



**Figure 4.5. Value Mapping Technique**

Source: <http://pricepointpartners.com/pricing-strategies/>

In the end, a company will know precisely where to set new product prices, have a pricing strategy over the product life cycle and be prepared to respond to competitive moves.

#### **4.6.3. Place**

AstraZeneca Indonesia as a marketing company and its medical representatives have no control over the drugs. Drug factory is not under the management of a marketing office and therefore neither the Marketing Country President (CEO), nor the Medical Representatives, not even the factory employees have ever taken hold of the drug. AstraZeneca Indonesia's drugs are imported from a manufacturing factory in the Asia Pacific region. What AstraZeneca Indonesia does is to sell the drugs to the customers. In terms of distribution, AstraZeneca partners with two major distributors in the pharmaceutical business: APL and Parit Padang. They are the ones making the orders based on the purchasing order made by the customers, and they are also the ones receiving the drugs from the factory, and distributing them to the outlets (pharmacists, hospital, etc.).

Richard Luecke (2006) mentioned in his Harvard Business Essentials book that this is the simplest approach in Place (Distribution), that is to sell one's goods to a trading company (or more, in AstraZeneca's case), which assumes the responsibility for pushing them onward to customers abroad. The author will not discuss this any further because distribution is something beyond the control of the Onglyza team, but in regards to giving theoretical foundation, the author would like to give some views on distribution through one or more distributors.

Ted Finch (1996) mentioned that distributors serve several purposes. Vendors use distributors to warehouse and balance inventory between resellers. Vendors also don't have to extend credit to as many resellers if they use distribution. They send inventory to the distributor and bill just a few distributors instead of hundreds of resellers who often require credit terms.

The disadvantage for vendors is that distributors increase costs 3-10 points (not the same as margin, but similar) and vendors do not always know which resellers

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are purchasing their product (the national resellers will tell them, but they don't know about all the independents and regional resellers). They sometimes setup terms that are not always advantageous to the vendor.

Kroon in his article -“Why should you use a distributor of promotional products?” (2006)- mentioned a few reasons why we should use a distributor.

Reason #1: Good distributors go beyond just selling promotional products. Successful promotion campaigns don't happen by chance. To realize goals, promotional products programs must be carefully planned, taking into consideration the audience, budget and, of course, the ultimate result to be gained. While it's true that people can buy a product anywhere, an experienced distributor can help solve problems, plan a program and get results.

Reason #2: Professional distributors have access to vast resources, including an extensive database which contains more than 500,000 products.

Reason #3: distributor is more than just a salesperson. Chances are people will buy promotional products more than once in their life. Once a company uses a distributor, that relationship often continues for years - and even decades. Promotional products distributor is someone with whom companies has worked with, someone they know and someone they trust. In many cases, companies use the distributor as part of the creative team, even in marketing meetings.

Reason #4: Personalized service is the role of a distributor. When going online, the company's selection is what the internet company determines to make available. When working with a distributor, the company's selection is determined by needs and goals, enhanced by the experience, creativity and recommendations of that distributor who has the company's best interests at heart. Online, everyone's faceless, nameless buyer. With a distributor, one is a client with own personal shopper, receiving service along with ideas and prices. When ordering online, who monitors the order and deadline? Distributor has the interests in mind. Seldom do companies receive that kind of personalized, “hand-holding” customer service from an unknown online company.

Reason #5: Trained distributors can save money in the long run. Many times, a price seen in a generic catalog or on the internet does not cover many “hidden” costs involved—set up, imprint duplication, shipping, etc. A distributor can help to avoid unexpected and unbudgeted costs by quoting the total price up-front.

Reason #6: Professional promotional products distributors can assist companies in developing a workable distribution plan for their products. Distribution of a promotional product is as important as the item itself. Research shows that a carefully executed distribution plan significantly increases the effectiveness of promotional products. But what if the cost of distributing product is more than the product and more than the expected ROI (return on investment)? A distributor can help companies avoid unexpected problems like this.

#### **4.6.4. Promotion**

Ultimately the objective of promoting something is for people to buy one product(s), sales is achieved and profit is made. In the case of Onglyza, there are some stages to go through. Firstly they need to create awareness among the customers (doctors) and eventually users (patients). Not only product awareness, but also brand awareness, and make them remember about Onglyza. Furthermore, they need to be able to change the mindset/ paradigm of the customers. They also need to make them believe that Onglyza is a great product and thus start prescribing Onglyza. Last but not least, once they have seen the efficacy of Onglyza, they will believe in it and keep prescribing it for their patients.

In other words, as Richard Fletcher and Linden Brown stated in their book *International Marketing: An Asia Pacific Perspective* (2008), there are five stages in the decision process:

- a. Recognition
- b. Information search
- c. Evaluation and comparison
- d. Vendor and product purchase decision
- e. Post-purchase evaluation



#### 4.6.4.1. Awareness

##### **Branding and Awareness: Conditioning for the Sale**

*Question: what is a product without any promotion?*

People buy drugs, but very few of them know the difference between aspirin and paracetamol - nor do they really care. Pharmaceutical companies know that they buy drugs for many, many reasons, and those companies spend millions each year to make sure people know what their brand name stands for. They have been conditioned to know through brand communications that Symbicort is for asthma, Crestor is for cholesterol, and Nexium is for GERD (Gastroesophageal Reflux Disease). So when they finally do visit the hospital/ clinic, they don't need selling on those brands. They trust them to deliver. It is this trust and this belief that helps them to buy.

Fletcher and Brown's recognition mentioned that the stage involves the recipient being made aware that they have a need for the product or service. The communication should reinforce or draw attention to the basic need that the product/ service fulfill. So ideally, AstraZeneca Indonesia communicate Onglyza to the customers as early as possible to build the brand awareness in the minds of the customers. What does AstraZeneca Indonesia need to achieve that?

First thing to have is naturally the product and the strategy. Once they are developed, detail plans are needed to support the big picture. Good brand awareness can be achieved with two big parts: internal awareness and external awareness.

Internal awareness is how to communicate to the employees that a new product is coming and that proper preparation is needed in order for the plan to work. Assuming that the cross-functional team has been established and the marketing communication plan has been created, that leaves them with one more thing: AstraZeneca leadership endorsement. Leadership endorsement can be a big encouragement to the employees in their daily efforts. This endorsement should also be cascaded down from the directorial level to the sales and marketing

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leaders level to the medical representative level. The next step is to make sure that the training plan is solid. This will bring solid product knowledge for the medical representatives and the supporting team.

Internal awareness can be built while trying to get BPOM approval for the new product. Once product is approved, the real promotion can start. Now this is the external awareness, one among the customers. By then, promotional materials and gimmicks (if any) should be ready. This is not to waste the time to wait for the production.

There are a few things that can be done to create good external brand awareness:

- Engage KOLs as early as possible. KOLs are crucial because they are looked up by the more junior healthcare professionals. Their words are like the bible that will be heard and done.
- Engage diabetic organizations as early as possible. By doing this, network is expanded and getting sales will be easier.

These two activities, if executed properly, can bring a huge impact to the sales of our product.

There are some constraints, though, that disallowed AstraZeneca from creating a good, if not great, brand awareness. Some points from the internal side are

- The author didn't find Onglyza cross-functional team working as effectively as expected. Discussions with AstraZeneca Indonesia Brand Managers revealed that cross-functional work has always been a 'one man show' for the Brand Managers. It has only begun to work out in the past one year as AstraZeneca leadership changed.
- Up to this day, Onglyza doesn't have any Brand Manager. The previous BM resigned from her position when we were starting to build the marketing plan. This had a huge impact in the pre-launching preparation phase. Onglyza team had no leader and eventually the responsibility was transferred to the CVM Group Brand Manager (CardioVascular and Metabolic). This is not the best option as the GBM has to think about other products as well.

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- The implementation of Onglyza product knowledge training is, again, not as good as expected. One week in January, the management team had a meeting with the Sales Leaders. A Sales Leader was asked what was studied in the Onglyza training in December, and he couldn't answer. He couldn't answer the question not because he forgets, but more because he didn't know the answer.

There is no doubt that Onglyza team has built a solid training plan. One fine morning the author had the opportunity to discuss about Onglyza training plan with former AstraZeneca SFE University Director who is now working in Indonesia as our Commercial Excellence Director. SFE is the Sales Force Excellence, in which AstraZeneca Indonesia has Learning and Development, Key Account Management, Commercial Excellence and Sales Force Excellence department. Indonesia Onglyza Sales Force Training Plan was laid on the table (refer to section 4.11.) and discussion further led to the possibilities of improvement. He shared his experience on the best practices he's seen on the other part of the world and we came to an understanding that the plan Indonesia's Training Plan is actually pretty solid.

Another occasion came for the author to interview the SFE Manager of AstraZeneca Indonesia, trying to understand how the team came up with the segmentation and targeting for Onglyza and what the process is like. Again, it is agreed that AstraZeneca Indonesia's S&T (Segmentation & Targeting) is solid. A third party, with AstraZeneca Indonesia's guidance, helped them with the survey and analysis. Thus, in terms of positioning Onglyza, target doctors or the doctor's segment, they are on the right track.

If the plan is solid and the S&T likewise, where, then, is the room for improvement? Take a closer look at the points the author has mentioned above. The answer is there on the table. Credible manpower and its effectiveness in making Onglyza launch program successful is the key to success. Some more points to make on this.

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- One thing to make sure is that the leadership in AstraZeneca is endorsing Onglyza, not only to boost the morale of the team but also to encourage ownership of the program and Onglyza in particular.
- The other thing to ensure is the sales leaders endorsement of the product, that they take ownership of the product and are able to role model what their sales reps are going to do in the field → drill the sales leaders first (NSM, SLSM, FLSM).
- Cross-functional team has to work effectively. This marketing plan is not only the work of the marketing people, but also the work of other department such as Sales, S&T, Medical and Regulatory.
- Consistency of the key message/ focus is also very important throughout the campaign, from the pre-launch, launch event, and post-launch program.
- It would be a great addition if internal launch activity could be conducted aswell, activities such as:
  - Refresher training for the medical representatives
  - Role play for the Sales Leaders and for the Medical Representatives
  - Onglyza launch ceremony, to let employees know that a new product is coming up and to get them in gear for the real launching event

From the external side, some points to make are:

- Regarding KOLs and any organization, AstraZeneca code of conduct doesn't allow them to make any move until approval from BPOM comes out. Approval is the permit to market a specific product in Indonesia. Different company has different policy. AstraZeneca's happened not to allow any off-label products promotion. Off-label is the products that hasn't been approved by BPOM. This is related to the policy that is called CDTI or Competitive Distinction Through Integrity.
- KOLs are not as easy to be approached. They have their own perspective, and we're not the only pharmaceutical company that is approaching them. Here, relationship holds the most important part.

- Diabetes organization. It would be more effective to approach the organizations/ foundations/ institutions if it is done after BPOM approval, otherwise it would increase people's awareness, but also risk of enlarging other company's market (product) share.

On this, the author has three words to point out. Product, Relationship and Service. This engagement with the KOLs takes two of the three words mentioned earlier. Product and Relationship. Service will take its part in the next point of discussion. Why is that so?

Take an example from a local Durian outlet in Medan called Duren Ucok. It is so well known -not only in Medan, but also nationally- that people go there to buy durian and take a box or two home. I'm telling you, those boxes don't come cheap! A small box of durian will cost you around IDR 150,000.00 (opening price) and add another hundred thousand for a larger size up to the large size. People know that it's not cheap, but they still go there and buy the durians. Why? They know that Ucok only sells good quality durians and that his service is better than the other sellers. Ucok builds relationship with his customers and maintain a good one with everyone who comes to his outlet. What proof do I have on that statement? Ucok tries to remember his good customers and give them good price, different than his regular customers. Extraordinary? No, everyone does that! So what then? Ucok lets his customers eat their durian for free on the spot if they are to take even one box of durian home with them. The number varies between one to two or three durians, depending on the number of people available. Does every durian seller do that? No! and that is what I call foundation of a good relationship!

What are the key takeaways from the story?

Know the product well, and build good relationship with the customers, and one will reap the fruit of his/ her efforts! In relation to Onglyza, the first thing to do is strengthen product knowledge on Onglyza. Once it is solid, move outside and make use that solid knowledge as a good foundation to build a good relationship with the KOLs. It's not easy, but once AstraZeneca Indonesia has the KOLs

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behind their back, life will only get easier. KOLs will endorse the product and they will be AstraZeneca Indonesia's 'spokesperson' for the other healthcare professionals. This takes time, it is a process, but AstraZeneca is not a new player in the Indonesian pharmaceutical industry. The author has faith that this can be done.

On diabetes organizations, the reason it would be better for AstraZeneca Indonesia to engage them after BPOM approval is because the code of conduct prohibits anyone from mentioning any brand in the off-label period. Thus if they promote their class of product to them in the off-label period, it will only give the advantage to the competitors. Once approval is out, approaching the organizations with the brand (Onglyza) will be much more effective and definitely easier. To add to this organization is ASKES. ASKES will also be very effective in increasing sales, if managed properly.

The three words: product – relationship – service is also supported by the theory of relationship marketing. According to the greatest marketing guru of the modern times, Mr. Philip Kotler (1999), the aim of Relationship Marketing is for building mutually satisfying long-term relations with key-parties like the customers, suppliers, distributors in order to earn and retain their business. Relationship marketing involves the organization undertaking a number of important activities. First of all, the company must put into place tactics to attract customers. Methods used to attract customers may include promoting the product and brand, offering good quality products/services and competitive prices. Secondly customers that are attracted to the organisation have to be retained. On Promotion, these are relationship marketing's view:

- RM favors more individual communication and dialogue with customers.
- RM favors more integrated marketing communications to deliver the same promise and image to the customer.
- RM sets up extranets with large customers to facilitate information exchange, joint planning, ordering, and payments.

Therefore, in relation to AstraZeneca, to build good relationship with the customers, the medical representatives must know their product(s) very well before they could even come to them and build good relationship with them. And to add to the great product knowledge is the great service that should be offered to the customers to retain them.

There are a few more things on the author's mind that he thinks would help in the promotion of Onglyza. The first one would be the Onglyza website in Bahasa Indonesia. The author understands that healthcare professionals are pretty fluent in English and they might not need this, but website is one of the most effective media to build brand awareness. AstraZeneca Indonesia has made a commitment to continue supporting education for healthcare professionals and to help them educate the patients better. So what better way to promote Onglyza than through website? It will not only help the healthcare professionals, but also the patients who might just want to get more information or update on the drug they're taking. For this effort to work out, AstraZeneca Indonesia will definitely have to invest time, manpower (to maintain the website), and in financial terms. Note that this can only be done post BPOM approval.

Another thing that the author thinks would be helpful is symposiums with top global KOLs, both for local KOLs and the endocrine residents who are about to graduate. KOLs are targeted because they are as the name tells you, Key Opinion Leaders and therefore the 'trend setter'. Residents are also targeted because they will be the next KOLs and it is never bad to invest in long-term investment such as them. The only problem with this is whether AstraZeneca is ready to wait until they are ready to become the next KOLs. Along with this is the promotional booth. Booths are always nice to have for increasing brand awareness.

#### **4.6.4.2. Conviction and Likeness**

If we talk about conviction and likeness, we talk about disease perception management. You may be asking, "What in the world is disease perception

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management?” Disease Perception Management (DPM) is how we manage healthcare professionals’ perception on a specific disease. In general, there are four key elements in a good DPM (source: AstraZeneca LEX Framework, 2011):

- Identify key stakeholders
  - Map all stakeholders whose disease perception may need to be managed
  - Think broad beyond physicians
- Identify current perceptions
  - Specify current perception (“from”) along 4 dimensions – disease attributes, patient profile, treatment approach, and societal context
- Define desired future state and KPIs to monitor
  - Formulate a desirable target-disease perception (“to”)
  - Develop measurable KPIs to measure future state
- Specify messages/ activities to achieve shift
  - Identify key barriers between “from” and “to”
  - Think innovatively about messages and activities to address barriers

Take the example from daily activities. Let’s go back to the early 90s when people didn’t have to wear helmets riding motorcycle. Then the government released a campaign about safety riding, about wearing a helmet everytime they go out and ride our motorcycle. Was it easy? No! Was helmet helpful to prevent further unwanted accident? Yes! The way the government managed people’s perception of the usage of helmets is exactly like DPM on diabetes.

Some Indonesian diabetes patients, if not all patients, have a bad mentality that could be influenced by lack of knowledge on what and how dangerous diabetes is. Patients tend to look for a drug that can give them instant effect. They go to a doctor, they take a medicine, and the glucose level drops instantly. A bad mentality, although the expectation is well-understood.

Onglyza is an add-on drug, to be added to other OADs like metformin, SU and TZD. It may not bring an instant effect on the blood sugar level drop, but in longer term Onglyza will help patients in controlling their diabetes. This is the perception that AstraZeneca Indonesia would like healthcare professionals start to

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have. Not easy, but do-able! One principle to remember is that even the most well-known disease/ drug can be rebranded! (e.g. Cialis vs. Viagra).

And that leads the discussion back to the first point about internal awareness. AstraZeneca Indonesia's representatives need to have a great, if not perfect, product knowledge, added with great competitor knowledge, marketing knowledge and last but not least disease knowledge. Then they should move to build a good relationship with the customers. Further comes the services. Just like Ucok giving free samples of durian, AstraZeneca Indonesia should treat their customers with respect. AstraZeneca is a big supporter of education. By education the author meant the continuing education of its employees and its customers. With its long legendary history in clinical trials of phenomenal drugs, AstraZeneca has a pile of scientific data to help healthcare professionals improve themselves with updated data on drugs and disease. While everyone else is offering healthcare professionals with sponsorship to international congresses, they should try to provide them with something else that is crucial but is not offered by anyone else. They should try to give the solution to their unmet needs.

Promotion has four distinct elements: advertising, public relations, personal selling and sales promotion. The efforts the author mentioned in the above passage only tells one of the four elements in marketing communication mix, which is personal selling. Advertising is a non-personal form of mass communication, paid for by an identified sponsor. Personal selling involves a seller attempting to persuade a potential buyer to make a purchase. Sales promotion encompasses short-term activities such as giving coupons, free samples, etc. that encourage quick action by buyers. The company has control over these three variables, but has little control over the fourth variable, publicity/public relations. This is another non-personal communication method that reaches a large number of people, but it is not paid for by the company and is usually in the form of news or editorial comment regarding a company's product

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or service. Companies can gain some control over the publicity it receives by the release of news items (DA Group, 2011).

On marketing communication mix, aside from the direct selling, AstraZeneca Indonesia is not so aggressive. The reason is because they are nice-to-have, instead of must-have activities. On advertising, AstraZeneca has planned to put 2 pages of advertorial and advertising on a medical magazine. This one is also interesting. While common advertisement attracts buyers with curiosity or with something glamorous, medical advertisement is the opposite. Healthcare professionals tend to overlook an advertisement. They will think it's just another advertisement. The way to attract their attention is by putting an advertorial first. They need to be convinced about the product first, and then ease their curiosity by showing them the brand of the product. So instead of brand then explanation, it is explanation then the brand.

On sales promotion, AstraZeneca Indonesia is no longer using this method. The reason is because creativity has no limit. Common gimmicks hold no monetary value, but if people are given the freedom to think creatively, it can be as dangerous as letting a child play with fire. In some countries, gimmicks have become too irrelevant for the company. They are no longer related to the work the healthcare professionals do, and they also hold monetary value. To give an example of a common gimmick is a pen with Onglyza brand on it, or a notebook with Onglyza brand and AstraZeneca logo on it. The ones that have become too creative are things such as sun screen lotion with product brand on it, or a shirt with the doctor's name on it without any logo or mention of the product.

There is only a limit to the number of Public Relations activities AstraZeneca Indonesia can do for Onglyza. The reason is not because they are not effective, but because the limited number of resources AstraZeneca possess in the communications area. As a marketing company, AstraZeneca is missing one thing, which is a marketing/ corporate communication manager. By not having

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anyone in this position, AstraZeneca is missing chances of conducting promotional activities for their products, including Onglyza. The question then surfaced on whether having someone to fill in that position will be impactful as the position has been vacant for quite a while... or whether Public Relations activities can be impactful should there be someone in that position.

Discussion with the CVM Brand Manager, again, revealed that these activities are only nice-to-have as they are not as effective as expected. As a company that only sells ethical drugs, AstraZeneca doesn't reach out to the end users (patients) directly. Having said that, Public Relations is not the ideal means of communications or a nice-to-have activities as they reach out to public instead of reaching out only to healthcare professionals.

All in all, promotion can be concluded with the three words stated in the above passage. PRODUCT, RELATIONSHIP, and SERVICE. The first thing to have is the confidence that AstraZeneca has Onglyza, a great medicine to sell, the drug that will help a lot of people and that it will change their and their family's lives. Know that product well (product knowledge), create a fantastic marketing campaign, build relationship with the customers, and give them great services. Give them the solution to their questions. It is after all what is done in pharmaceutical industry.

## **CHAPTER 5**

### **CONCLUSION**

This study began with the curiosity of the author regarding Onglyza and the making of its marketing strategy in Indonesia. Onglyza is a global diabetes drug that is marketed by AstraZeneca Global, containing Saxagliptin as the core substance.

The first few discussions with Onglyza team members led the author to a preliminary conclusion that Onglyza marketing strategy was developed by the Global Team, which was then cascaded down to the Regional Team and eventually the Indonesian Team. The conclusion was not entirely wrong because there are some parts of the marketing strategy that are adopted from the Global Brand Strategy. Further discussions and interviews with members of the Onglyza team revealed that there are some things the team actually created on their own to fit the local market in Indonesia.

The first objective of the study wishes to answer how the Global Marketing Strategy is translated into the Local Marketing Strategy. Here, the Local Marketing Team is very much supported by the Global Team. When AstraZeneca Global launched Onglyza in 2009, they already had the Marketing Plan and Strategy. 2 years is not a short time for AstraZeneca to build a list of best practices and key learnings from other markets that have launched Onglyza, and then created the guide book for the new marketing companies who are going to launch Onglyza. Thus, when Indonesia expressed the interest to launch Onglyza, the global team supported the idea with the guide book on Brand, Brand Strategy, Brand Communication Strategy and the Guide to Marketing Strategy, taken from the best practices around the world. By then, it was pretty easy for the local team to adopt the Brand Strategy. Most of the Brand Strategies are not to be customized by any market. These include the key messages, the logo (if not in opposition to any of the local culture/ law), and the campaign itself. The Indonesian team does have authority to customize the marketing plan, to fit the local market condition.

The second objective wishes to learn about the development of Onglyza Indonesian marketing strategy to support the global product in the local market. When the regional team came to guide the local team, they brought with them ideas from other markets and helped the local team in building the customized marketing plan. In AstraZeneca, the marketing plan is called BBF or Brand Building Forum, and that's how the Indonesian Marketing Strategy was created. The Brand Manager established a cross-functional team who will then create the BBF with the support/ guidance from the Regional Team. Included in the BBF are doctors and patients segmentation and targeting, strategic imperatives, the training & development plan, and also the pre-/ peri and post launch activities plan.

The third objective was the most interesting for the author. He wishes to learn the marketing mix that contribute to the success of Onglyza marketing campaign activities in Indonesia. Out of the four marketing mix, the author decided to focus on only one, i.e. Promotion.

Promotion is conducted for three objectives: to build brand and product awareness, to convince the customers about Onglyza and to make them like it. To build brand and product awareness, AstraZeneca first developed a plan for its employees to learn about Onglyza. They need to know the product inside out before they could go out and build customers' awareness on Onglyza. This is what AstraZeneca called as the internal awareness. For the external awareness, AstraZeneca makes the move by approaching the top Indonesian KOLs first (Key Opinion Leaders), and then move down to the more general doctors.

The author did, find some constraints in building good awareness and conviction/ likeness towards Onglyza.

- Cross-functional team is not effective
- Onglyza has no Brand Manager
- Training implementation/ result is not as good as expected

Those constraints brought the author to recommend some things:

- Strengthen leadership endorsement on Onglyza
- Strengthen sales leaders' knowledge on Onglyza and ensure their endorsement as well
- Make cross-functional work more effective
- Maintain/ improve the consistency of the key message/ focus delivery
- Quickly approach KOLs and diabetes organization once approval is out
- Maintain/ improve relationship with KOLs and endocrinologists

All in all, Onglyza will be successful with three words: PRODUCT, RELATIONSHIP, and SERVICE. The first thing to have is the confidence that AstraZeneca has Onglyza, a great medicine to sell, the drug that will help a lot of people and that it will change their and their family's lives. Know that product well (product knowledge), create a fantastic marketing campaign, build relationship with the customers, and give them great services.

This study gives an interesting contribution for the school of marketing. Marketers will now look at pharmaceutical industry as something different. Common marketing principles still apply for pharmaceutical, but limited only within the Pharma Code that is set globally. AstraZeneca Global took the risk of losing sales by applying CDTI (compliance policy), followed later by AstraZeneca marketing companies all across the globe, including Indonesia. This will, in the future, change the way pharmaceutical companies run their business. Pharma companies will no longer be able to market their products through common sponsorship (sponsoring healthcare professionals to international congresses/ symposiums). They will be forced to find other ways to satisfy/ fulfill the needs of healthcare professionals, for example with updates on medical/ disease knowledge. Of all the marketing mix available, multinational pharmaceutical companies running their business in Indonesia will most like be able to customize only the Promotion part. All others are guided by the Global/ Regional Strategy. Of the marketing communication mix, pharma companies will only able to work on several of them. This is not because they are not applicable in Indonesia, but merely because they

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are only nice-to-have, instead of must have activities. Take advertising as an example. Common advertising principle will attract the attention of their customers first before giving explanation to what the product is, but in pharmaceutical industry it is the opposite. Mindset of healthcare professionals play the big part here. Every product has its own specialist association, and each association has its own culture or habit that needs to be addressed if one wants to win the competition in the market. Even then, there will never be a monopoly in the industry because the association has to split the pie with other companies. They need to be seen neutral in the eyes of the public, or else they lose their credibility.

Aside from the theoretical contribution to the school of marketing, this study about AstraZeneca gives a great contribution to the pharmaceutical industry in general, and companies in particular. Recent cases in the world has caused governments to be more alert on the way pharma companies run their business. There are currently 9 companies in the world being investigated for their unethical practices, and that encouraged AstraZeneca Global to launch CDTI (Competitive Distinction through Integrity = compliance policy). AstraZeneca pioneered the movement of running business ethically, and this is viewed as a great thing by most government. In the future, all pharma companies will apply the same rule, including local companies who are currently 'free' to do whatever they want in any way possible to win the business. The way AstraZeneca Indonesia conduct their activities in an ethical way will be role modeled by all pharma companies, and there is a hope that pharma companies will no longer think only about the money (profit), but also how to satisfy the interest/ needs of the healthcare professionals and the patients. Healthcare industry will no longer be the same. The author truly hopes that health system in Indonesia will be better with the new culture that is applied by the pharma companies.

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## GLOSSARY

**add-on:** a drug that is added to the existing treatment as part of the combination therapy (for example: Metformin+Onglyza)

**alpha cell** (AL-fuh) (sel): a type of cell in the *pancreas*. Alpha cells make and release a *hormone* called *glucagon*. The body sends a signal to the alpha cells to make glucagon when *blood glucose* falls too low. Then glucagon reaches the *liver*, where it tells the liver to release *glucose* into the blood for energy.

**A1c** (AY-WUHN-SEE): a test that measures a person's average *blood glucose level* over the past 2 to 3 months. Hemoglobin is the part of a red blood cell that carries oxygen to the cells and sometimes joins with the *glucose* in the bloodstream. Also called *hemoglobin A1C (HbA1c)* or *glycosylated hemoglobin*, the test shows the amount of glucose that sticks to the red blood cell, which is proportional to the amount of glucose in the blood. Results are given as a percentage or as an average glucose value, called an *estimated average glucose*.

**AZ** – AstraZeneca

**AZI** – AstraZeneca Indonesia

**beta cell** (BAY-tuh) (sel): a cell that makes *insulin*. Beta cells are located in the *islets* of the *pancreas*.

**BMS** – Bristol Myers Squibb

**diabetes** (DY-uh-BEE-teez): a condition characterized by *hyperglycemia* (*high blood glucose*) resulting from the body's inability to use *blood glucose* for energy. In *type 1 diabetes*, the *pancreas* no longer makes *insulin*; therefore,

blood glucose cannot enter the cells to be used for energy. In *type 2 diabetes*, either the pancreas does not make enough insulin or the body is unable to use insulin correctly. Also called *diabetes mellitus*.

**DPP-4 inhibitor** (DEE-PEE-PEEFOR) (in-HIB-ih-tur): a class of oral medicine used to treat *type 2 diabetes* that lowers *blood glucose* by helping the body make more *insulin* when it's needed. This type of medicine also helps keep the *liver* from putting stored blood glucose into the blood.

**endocrinologist**: a doctor who specializes in treating disorders of the endocrine system, such as diabetes, hyperthyroidism, and many others.

**FDA - Food and Drug Administration (FDA or USFDA)**: an agency of the United States Department of Health and Human Services, one of the United States federal executive departments.

**FDC - fixed dose combination**, two or more pharmaceuticals formulated together into a single delivery mechanism (tablet, capsule, etc.)

**FPG - preprandial blood glucose** (preePRAN-dee-uhl) (bluhd) (GLOO-kohss): the *blood glucose level* before eating.

**GI** - Gastrointestinal, a division of the human anatomy in medicine

**GP** – General Practitioner, in medicine, a term for a family physician

**hyperglycemia** (HY-pur-glySEE-mee-uh): higher than normal *blood glucose*. Fasting hyperglycemia is blood glucose above a desirable level after a person has fasted for at least 8 hours. Postprandial hyperglycemia is blood glucose above a desirable level 1 to 2 hours after a person has eaten.

**hypoglycemia** (HY-poh-glySEE-mee-uh): also called *low blood glucose*, a condition that occurs when one's *blood glucose* is lower than normal, usually below 70 *mg/dL*. Signs include hunger, nervousness, shakiness, perspiration, dizziness or light-headedness, sleepiness, and confusion. If left untreated, hypoglycemia may lead to unconsciousness. Hypoglycemia is treated by consuming a *carbohydrate*-rich food such as *glucose tablets* or juice. Hypoglycemia may also be treated with an *injection* of *glucagon* if the person is unconscious or unable to swallow. Also called an *insulin reaction*.

## H2H – Hospital to Home

**impaired glucose tolerance (IGT)** (im-PAIRD) (GLOO-kohss) (TOL-ur-uhns): a condition in which *blood glucose levels* are higher than normal but are not high enough for a diagnosis of *diabetes*. IGT, also called *pre-diabetes*, is a level of 140 to 199 *mg/dL* 2 hours after the start of an *oral glucose tolerance test*. People with pre-diabetes are at increased risk for developing *type 2 diabetes*, heart disease, and *stroke*. Other names for IGT that are no longer used are “borderline,” “subclinical,” “chemical,” or “latent” diabetes.

**insulin** (IN-suh-lin): a *hormone* that helps the body use *glucose* for energy. The *beta cells* of the *pancreas* make insulin. When the body cannot make enough insulin, insulin must be taken by *injection* or other means.

## KOL – Key Opinion Leader

**metformin** (met-FOR-min): an oral medicine used to treat *type 2 diabetes*. Metformin lowers *blood glucose* by reducing the amount of *glucose* produced by the *liver* and helping the body respond better to the *insulin* made in the *pancreas*. Metformin belongs to the class of medicines called *biguanides*. (Brand names: *Glucophage*, *Glucophage XR*, *Riomet*.)

**monotherapy**: is any therapy which is taken by itself

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**OAD – Oral Anti Diabetes: Anti-diabetic medications** treat diabetes mellitus by lowering glucose levels in the blood. With the exceptions of insulin, exenatide, and pramlintide, all are administered orally and are thus also called **oral hypoglycemic agents** or **oral antihyperglycemic agents**.

**PPG - postprandial blood glucose** (pohst-PRAN-dee-uhl) (bluhd) (GLOO-kohss): the *blood glucose level* 1 to 2 hours after eating.

**SFE – Sales Force Excellence.**

**SU - sulfonylurea** (SUHL-foh-nilyoo-REE-uh): a class of oral medicine for *type 2 diabetes* that lowers *blood glucose* by helping the *pancreas* make more *insulin* and by helping the body better use the insulin it makes.

**TZD - thiazolidinedione** (THY-uhZOHL-ih-deen-DY-ohn): a class of oral medicine for *type 2 diabetes* that helps *insulin* take *glucose* from the blood into the cells for energy by making cells more sensitive to insulin.

**T2D - type 2 diabetes** (typ) (too) (DY-uhBEE-teez): a condition characterized by high *blood glucose levels* caused by either a lack of *insulin* or the body's inability to use insulin efficiently. Type 2 diabetes develops most often in middle-aged and older adults but can appear in children, teens, and young people.