

How branded drugs adjust their marketing support around generic entry

Ernst Osinga

Singapore Management University

Peter S.H. Leeflang

University of Groningen

Jaap Wieringa

University of Groningen

Cite as:

Osinga Ernst, Leeflang Peter S.H., Wieringa Jaap (2020), How branded drugs adjust their marketing support around generic entry. *Proceedings of the European Marketing Academy*, 49th, (64064)

Paper from the 49th Annual EMAC Conference, Budapest, May 26-29, 2020.



How branded drugs adjust their marketing support around generic entry

Abstract

Generic drugs enter the market when the brand loses patent protection. While the brand losing patent protection is expected to reduce its marketing spending, little is known about the response of non-bioequivalent branded drugs, i.e., branded drugs in the same category as the generic entrant but with a different active ingredient or dosage form. In this paper, we fill this gap by exploring how non-bioequivalent brands adjust their marketing investment behavior around generic entry. We expect younger brands to increase their spending and to shift their spending to the detailing instrument. We test our expectations on data for 320 branded drugs. Our results confirm our expectations. Particularly younger brands, but also mature and older brands, are more likely to invest in marketing, spend more, and allocate a larger share of their spend to detailing in the year before and after generic entry. We discuss implications of our findings.

Keywords: *Pharmaceutical marketing; Detailing; Generic entry*

Track: Sales Management and Personal Selling