



The secret of successful drug launches

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About two-thirds of drug launches don't meet expectations. Improving that record requires pharmaceutical companies to recognize the world has changed and adjust their marketing accordingly.

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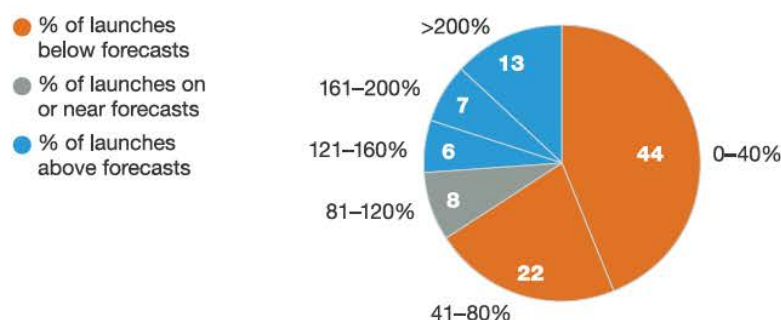
Pharmaceutical companies have long relied on successfully launching new drugs to drive growth. This pressure is only likely to increase. Patents are expiring and product pipelines are shrinking. Austerity measures in many countries are increasing local and national hurdles for market access. And, at the same time, launches are becoming more numerous, smaller, and more competitive. We estimate that pharmaceutical companies will launch some 400 new products in the next three years, up 146 percent from 2005. Given this changing external landscape, awash with more products of ever greater diversity, it's never been more important for pharmaceutical companies to crack the new-product launch code.

Yet their recent track record is sobering at best. About two-thirds of new drugs fail to meet prelaunch consensus sales expectations for their first year on the market,^[1] and those that fall short typically continue to underdeliver for the next two years (exhibit). There's no question that every launch has its own set of success factors. Yet by analyzing a sample of 60 launches in late-stage development along the dimensions of clinical differentiation and the perceived burden of the disease area in which the drug is to be launched, we identified four drug archetypes:

Exhibit

Two-thirds of a sample group of drug launches failed to meet prelaunch sales expectations for their first year on the market.

Actual sales during first year of launch as % of forecast sales 1 year prior to launch¹



Of launches that **exceeded** forecasts in year 1, **65%** continued to do so in year 2, and **53%** of those exceeded forecasts in year 3.

Of launches that **lagged** forecasts in year 1, **78%** continued to do so in year 2, and **70%** of those lagged forecasts in year 3.

¹Sample comprises 210 new molecular entities launched between 2003 and 2009 for which consensus forecasts were available from Evaluate 1 year prior to launch.

Source: EvaluatePharma; McKinsey analysis

- **Go for gold.** Roughly one in four launches involves drugs that are strongly differentiated from competing products and treat diseases with a high perceived burden. Examples include Zytiga, Johnson & Johnson's prostate-cancer treatment, and Januvia, Merck's drug to lower blood-sugar levels in people with type 2 diabetes. Such launches run a substantial risk of companies believing that the product's high quality guarantees high sales volume. Capturing their full potential still requires shifting substantial resources from in-line brands to finance the launch. Companies must avoid the "good data trap" by seeking out possible barriers to prescription and focus on capturing the potential as quickly as possible by creating maximum early exposure to the product, closely monitoring launch uptake, and correcting course if necessary.
- **Stand out from the crowd.** At the other extreme, more than half of upcoming launches are of moderately differentiated products in well-established disease areas, and the priority is to find a way to stand out from the crowd. These launches must find or create an edge that will allow the drug to be positioned effectively for particular patient segments and create clear differentiation from existing competitors. This requires innovative approaches to unveil insights into stakeholder needs and behaviors that competitors do not have. Finally, product pricing is another means for creating differentiation.
- **Category creator.** For roughly 15 percent of launches, the priority will be to establish unmet needs effectively to ensure access to a well-differentiated treatment for a targeted population. We call these launches "category creators." Gardasil, launched in the unestablished human papillomavirus market, is an example. Companies must ensure they quickly understand the market's unmet needs, make sure they don't underinvest, and be prepared to react and course correct.

- **Market shaper.** The remaining 8 percent of launches will face the substantial challenge of launching an undifferentiated product in an unestablished disease area. Once the decision to market such a product has been made, the priority for these market-shaping launches will lie in securing access for the product and effectively establishing unmet needs.

While companies must take the fundamental step of identifying what decisions should be made for a specific launch—ensuring a road map, quality standards, resource benchmarks, and a readiness process is in place—they must also shape and execute those decisions effectively. Each launch has its own set of success factors, and we believe companies should ensure they are exceptional at a handful of them—at a minimum—rather than merely good at everything. We also advocate selecting, training, and motivating the extended launch team and fostering a culture and management style that delivers great launches. Today's environment requires such a systematic approach: pharma companies must establish unmet needs in a disease area, develop deep customer insight as a basis for a truly differentiated positioning, land the products safely in the market, maximize launch uptake, and use early experiences in the market to fine-tune ongoing launch activities. It's not easy, but the reward is worth the effort.

This article is drawn from [Beyond the storm: Launch excellence in the new normal](#) (PDF—2.8 MB), a compendium from McKinsey's pharmaceuticals and medical products practice that provides details on how to tackle each of these tasks and further insight on how to approach them effectively.

1. We examined 210 new molecular entities launched between 2003 and 2009 for which Evaluate consensus forecasts were available one year prior to launch. Forecasts get increasingly accurate the closer they are to the actual launch date, and they become even more accurate once the drug is launched.

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