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ETHICAL BRANDING AND MARKETING (ROUTLEDGE ADVANCES IN MANAGEMENT AND BUSIN...

### Bayer's Brand Crisis Management

With postal workers getting sick, the public realized that letters targeting politicians and media personalities are not the only ones affecting possible victims, but that anthrax could contaminate anyone who handles the mail. With high anxiety and an uncertain atmosphere, public outcry for overriding the Cipro patent increased greatly, and some suggested Bayer did not respond adequately to the crisis. Following this, the Canadian government bought one million tablets from the Canadian generic manufacturer Apotex. A *New York Times* article questioned Bayer's ability and readiness, and an op-ed in the *Los Angeles Times* called pharmaceutical companies "war profiteers." Some even called for Bayer to distribute Cipro for free (Holmes, 2001, p. 10; The Cipro circus, 2001).

The risk for pharmaceutical companies in general and Bayer in particular was high. Cipro represented \$1.6 billion in worldwide

sales a year. Patent overrides would open the door for low-cost generic drug manufacturers. This would lower drug prices and increase competition from companies that have a superior cost structure because they do not have to spend millions of dollars on research and development. The average cost of developing a new drug can be \$500 million (The Cipro circus, 2001). Without the protection of intellectual property rights, pharmaceutical companies lack the incentive for innovation, and these moves would undermine research on new drugs.

After about two weeks of no decisive response to the crisis, Bayer's top German and US management team, working with Kekst & Company, a pre-eminent strategic communications firm, established and implemented a strategy to ensure safety of the US public, while protecting Bayer's brand image and market position. The objectives were to ensure ample supply of Cipro; work with the US government to build a stockpile of Cipro; assure the US public of its commitment; and reinforce Bayer's brand image as a caring,



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