

THE WALL STREET JOURNAL EUROPE.

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DOW JONES

VOL. XXI NO. 91

FRIDAY/SATURDAY/SUNDAY, JUNE 13 - 15, 2003

EDITED AND PUBLISHED IN BRUSSELS

WSJ.com B

COLUMN ONE

Sales Battle by Pfizer, Others Begins to Wane, But Few Dare to Retreat

'Arms Race' Increases Prices of Pills, Hassles Doctors With Repeated Visits

Practicing Mock 30-Second Pitches

By SCOTT HENSLEY

Marna Sternbach, a family-practice doctor in Philadelphia, wonders why five different Pfizer Inc. sales representatives keep showing up at her office to talk about the same painkillers, Bextra and Celebrex.

One of those Pfizer reps, Alisa Sonsev, recently waited 45 minutes in the office kitchen with a catered taco lunch paid for by the drug maker before the doctor came in. Ms. Sonsev told Dr. Sternbach that the local pain-specialists society endorsed a group of drugs that includes the two Pfizer products, and asked if insurers have been paying for them.

The sales pitch was over in three minutes. Dr. Sternbach signed a form to accept more free cartons of Bextra and Celebrex, already filling a refrigerator-size cabinet in a nearby storage room. "It's a little weird to see the same products so many times from so many people," she says. "There's nothing new to say."

A decade-long hiring spree has tripled the number of drug-industry sales reps to 90,000. The reason: Face-to-face sales to doctors are more effective than consumer advertising at increasing drug prescriptions—and creating top-selling drugs. The drug industry is convinced that the more often doctors talk with a sales rep about a drug, the more likely they are to prescribe it.

Some drug makers concede that there are too many salespeople—and that the glut contributes to the growing cost of medicine. Last year, the drug industry spent more than \$12 billion (€10.2 billion) on its sales forces, according to Sanford C. Bernstein & Co., compared with \$2.76 billion on consumer-drug ads. Americans spent about \$161 billion last year on



Jean-Pierre Garnier



BRAND BUILDING

Louis Vuitton's architects aim for 'commercial cathedrals.' Article on page A8



TRIPPED UP

Travelers find prices headed in all directions. Article on page P1



SHOWTIME

A walk through this year's Venice Biennale. Article on page P1

The Washington Post

■ A senior CIA analyst says the case of Niger's uranium 'is indicative of larger problems' in the handling of intelligence about Iraq's weapons programs. Page A3
■ David Ignatius on whether the French government will take advantage of its 'Maggie Moment.' Page A10

What's News—

Business and Finance

A GUIDANT UNIT PLEADED guilty to 10 U.S. federal felony counts, including fraudulent statements and failure to report medical-device flaws to the U.S. FDA. The medical company also agreed to pay \$92.4 million to the U.S. government. Various plaintiffs who allege injuries and deaths have filed civil litigation, and other such cases appear likely to follow. (Page A1)

Europe's annual air shows promise to be distinctly muted this year as most of the world's major aerospace companies have significantly reduced their participation. (Page A1)

The ECB slashed forecasts for growth and inflation due to a stronger euro, stoking speculation that further cuts in interest rates are ahead. (Page A2)

Agricultural-support reform suffered a setback in the EU from a French-German alliance that opposes subsidy cutbacks, casting worries over the fate of global trade talks. (Page A2)

U.S. shares advanced slightly in late trading as data indicating caution in inventories but higher retail sales of

World-Wide

MIDEAST PEACE HOPES faded amid rising violence.

Israel launched its third missile attack in 24 hours, killing at least seven people, including a Hamas leader. An Israeli motorist was shot dead in the West Bank. Attacks by Palestinian militants and Israeli forces have killed 37 in two days, and Hamas said it ordered all military cells into action. Sharon vowed to fight militants to the end. (Page A2)

Powell plans to visit Jordan soon for talks with U.N. Secretary-General Annan, and Russian and EU leaders.

EU nations disagreed over a draft constitution, with several countries objecting to changes in voting on major decisions and a provision to replace the bloc's rotating, six-month presidency. Valéry Giscard d'Estaing, who heads the convention, declared a consensus was reached. (Page A1)

NATO defense ministers agreed on an overhaul of the alliance's military command, shedding Cold War structures and shifting the focus to the fight against terrorism and other threats. (Page A2)

New EU Constitution Draft Advances Despite Protests

Giscard d'Estaing Declares Consensus in the Face Of Member Opposition

By BRANDON MITCHENER

BRUSSELS—The man running the European Union's constitutional convention steered it toward a conclusion on a defiant note, declaring a consensus in favor of ambitious changes in the way the EU works despite continued opposition from many of its governments.

"We've completed our work," with the exception of some "technical" tucks that will follow in July, Valéry Giscard d'Estaing, the former French president who heads the convention, told the 105 delegates late Thursday.

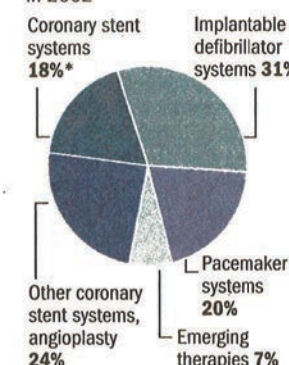
His business-like statement followed a day of heated discussions in which as many as 20 European governments said they were still unhappy with key parts of a compromise draft, which needs their unanimous approval before the constitution can become law. Several governments appeared resigned to fighting for further changes in a so-called inter-governmental conference beginning in October. The conference, or IGC, made up of representatives of EU member states, will have an opportu-



Medical Bill

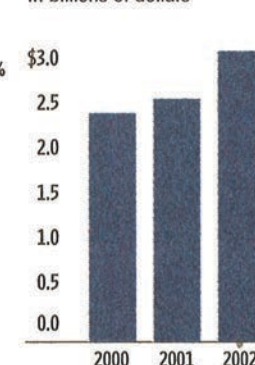
A breakdown of Guidant's sales

Sales by product in 2002



*U.S. end users

Annual sales growth in billions of dollars



World-wide net sales in 2002



Source: The company

Stent-Device Maker Pleads Guilty in U.S.

Guidant Admits Failure To Report Flaws, Agrees To Pay \$92.4 Million Fine

rupture and cause nearly instantaneous death. The devices are made by Guidant's Endovascular Technologies unit. Various plaintiffs who allege injuries and deaths have filed civil lawsuits, and other such cases appear likely to fol-

NETWORKING

Technology, Management & Marketing

Louis Vuitton Brands Its Space

Luxury-Goods Company Installs Team of Architects to Boost Image With 'Commercial Cathedrals'

By TROY McMULLEN

WHEN ITALIAN luxury-goods maker Prada opened its new \$40 million boutique in New York City last year, it wasn't the clothes, shoes or high-priced handbags inside that garnered the most press. Instead, it was the lavish design and its creator, star Dutch architect Rem Koolhaas.

The trend toward commissioning high-profile architects to design posh new stores and boutiques has gathered steam in recent years with Gucci, Jil Sander and Armani all spending handsomely on stores and showrooms. But Louis Vuitton is taking it a step farther: Rather than hiring architects project-by-project, the company has installed its own highly publicized team of architects to help extend its glossy image world-wide.

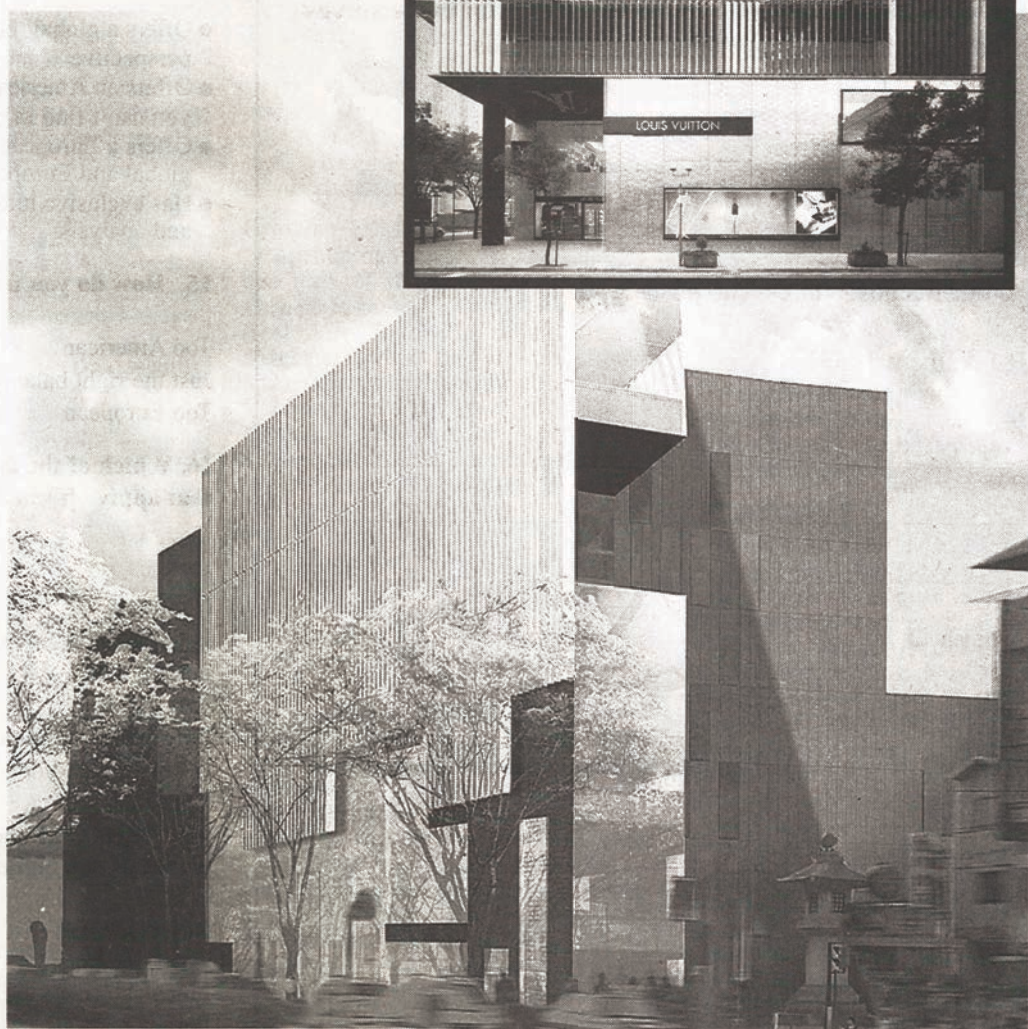
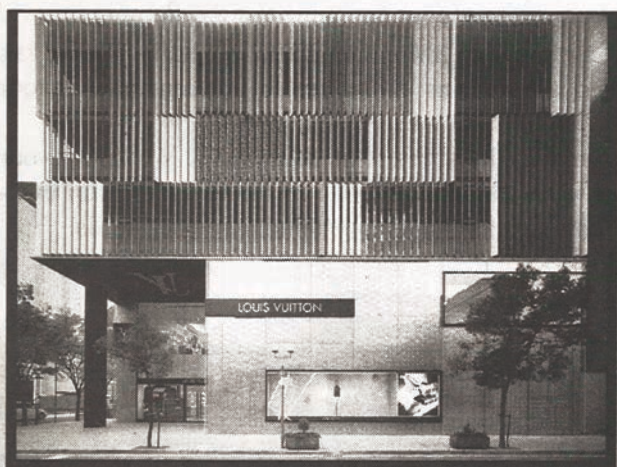
"We're one of the only major luxury-goods companies to do something like this," says Nathalie Tollu, a Louis Vuitton spokeswoman. "We feel that these architects and their designs will help enhance the Louis Vuitton brand."

The international group of architects, led by American Eric Carlson, has been asked to create what Louis Vuitton calls "commercial cathedrals" in locations that include Tokyo, Seoul and New York. Eleven projects are under way or near completion, the majority in Asia, where the luxury giant hopes to lure top-end shoppers who have cut back on travel. The group, based at the company's headquarters in Paris, is currently showing off its designs at an exhibition in Berlin. Many of the new projects display a modern, minimalist esthetic dripping with corporate branding. Clear glass walls and large column-free spaces are hallmarks of most of the designs. The architects also admit to using Louis Vuitton items as primary sources of inspiration for some of the boutiques' facades.

"Communicating a strong brand identity is very important," says Mr. Carlson, a Michigan native who worked on projects in San Francisco, Barcelona and Rotterdam before joining Louis Vuitton. "But these designs ensure that each building will have a distinctive look and feel."

The glitzy production and fancy promotions are a gamble in the face of some harsh economic realities. The French company is reluctant to reveal exact costs, but estimates for each project run into the tens of millions of euros—a major outlay at a time when a stagnating economy and a drop in travel and tourism have hit the luxury-goods market hard. The industry's troubles have been deepened this year by war and the outbreak of severe acute respiratory syndrome; the epidemic has grounded many of

The Louis Vuitton team of architects has 11 projects in the works or near completion, most of them in Asia. These two stores are in Japan: Tokyo, below, and Kobe



the Asian shoppers it covets. Add to that the strengthening of the euro against the dollar and the yen and the argument for spending lavishly on architecture and design grows ever more challenging.

"It's without a doubt a very tough market right now, particularly for the luxury brands," says Simon Raggett, a luxury-goods and retail analyst at the brokerage firm of Williams de Broe in London. "But promoting the Louis Vuitton brand is extremely important for LVMH." Louis Vuitton, like Christian Dior perfume, Dom Perignon champagne and a long list of other luxury brands, belongs to LVMH Moët Hennessy Louis Vuitton SA.

And some analysts say that as the industry leader, LVMH is better situated financially to back high-priced ventures than its rivals are. In this difficult market for luxury goods, the company is performing relatively well. Its share

price, though less than half what it was at the peak three years ago, is up 16% in 2003. Sales in 2002 were up 4%, to €12.7 billion, and operating income shot up 29% to €2 billion. Fashion and leather goods—particularly Louis Vuitton luggage—drove the improved performance, a company spokeswoman says.

"Louis Vuitton is without question among the most profitable divisions of LVMH and anything the company can do to promote that brand will benefit the bottom line," adds Mr. Raggett.

The architects themselves sound confident that Louis Vuitton is making a wise investment. In a world saturated with cookie-cutter boutiques and shopping malls, they argue these new stores will separate the company from the rest of the luxury-goods pack.

"Retail architecture has a direct impact on image," says Mr. Carlson. "These designs create image concepts that, in the end, will serve Louis Vuitton and its luxury customers well."