How Pfizer Makes Money

Idea In Short

Pfizer traces its roots to 1849, when two German immigrant cousins opened a chemical business in Brooklyn, New York. Today the company ranks among the world's largest pharmaceutical manufacturers, selling prescription drugs, vaccines and consumer health products across more than 100 countries. Its business model centers on discovering new medicines through research and development, then manufacturing and marketing them at scale, a formula that produced $63.6 billion in 2024 revenue. The COVID-19 pandemic briefly made Pfizer a household name beyond pharmaceutical circles, though vaccine sales have since normalized to lower levels. Chief Executive Albert Bourla continues to steer the company through patent expirations and acquisitions meant to refill its drug pipeline. This article traces Pfizer's history, its revenue sources, and the nine components of its business model canvas.

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From a Brooklyn storefront to a global manufacturer

Charles Pfizer and his cousin Charles Erhart founded the company in 1849, initially producing santonin, an antiparasitic treatment, from a small building in Brooklyn. The business grew steadily through the following decades, expanding into citric acid production after developing a fermentation process that freed American manufacturers from dependence on imported citrus. 1

World War II proved a turning point. Pfizer pioneered deep-tank fermentation techniques that allowed mass production of penicillin, and the company became the largest supplier of the antibiotic to Allied forces during the war. That manufacturing expertise carried into the postwar decades, as Pfizer expanded into new antibiotics and eventually built a broader pharmaceutical portfolio spanning cardiology, oncology and other therapeutic areas.

The company's acquisition strategy accelerated in the 2000s. Pfizer merged with Warner-

Lambert in 2000, then acquired Pharmacia in 2003 and Wyeth in 2009, each deal expanding its drug portfolio and manufacturing scale. In 2013, Pfizer spun off its animal health division as a separate public company, Zoetis, narrowing its focus to human medicine.

The COVID-19 vaccine windfall and its aftermath

Pfizer's partnership with German biotech BioNTech produced one of the fastest vaccine development timelines in history, taking Comirnaty from initial research to emergency authorization in under a year. The vaccine generated $37 billion in revenue in 2022 alone, the largest single-product haul in pharmaceutical industry history at the time. 2

> Pfizer's mission statement describes an ambition "to become the world's most valued company to patients, customers, colleagues, investors, business partners and the communities where we work and live."

That windfall proved temporary. As government stockpiling wound down and the virus became endemic rather than a global emergency, Comirnaty sales fell sharply through 2023 and 2024, forcing Pfizer to cut costs and pursue new growth areas. Overall 2024 revenue reached $63.6 billion, up modestly from the prior year as non-COVID products picked up some of the slack. 3

Rebuilding the pipeline through acquisitions

Chief Executive Albert Bourla has leaned on acquisitions to replace revenue that COVID-19 products no longer generate. The $43 billion purchase of Seagen in 2023 gave Pfizer a stronger position in antibody-drug conjugates, a growing class of targeted cancer treatments. Pfizer ranked third worldwide in oncology sales following the deal's integration. 4

More recent moves have pushed into other high-growth categories. The company pursued a deal for Metsera, an obesity drug developer, reflecting the broader pharmaceutical industry's rush into weight-loss treatments following the commercial success of drugs like Ozempic and Wegovy at rival companies. Bourla's compensation, which reached $27.6

million in 2025 following these deals, reflects investor expectations that acquisitions can restore growth. 5

Patents, generics and legal exposure

Patent protection gives Pfizer exclusive selling rights on new drugs for a limited window, typically 20 years from filing, after which generic manufacturers can enter the market with cheaper copies. Several of Pfizer's older bestsellers have already faced this cliff, and more patents covering current revenue drivers will expire over the next several years. The company has also faced periodic lawsuits alleging improper marketing practices, adding legal costs and reputational risk to its operations.

Pfizer's response combines defensive and offensive tactics: extending patent life where possible through reformulations, while continuously acquiring or licensing new compounds to replace expiring ones. This cycle, losing exclusivity on old drugs while racing to commercialize new ones, defines much of the strategic tension in Pfizer's long-term planning.

Facing down competitors

Johnson & Johnson remains Pfizer's most direct rival, competing across consumer health, pharmaceuticals and medical devices with a similarly long operating history. Merck and Eli Lilly compete in overlapping therapeutic categories including oncology and diabetes care, while Bristol Myers Squibb rivals Pfizer in cardiovascular and immunology treatments. Pfizer's scale and diversified portfolio help it absorb setbacks in any single drug category, an advantage smaller specialty pharmaceutical companies cannot match.

Regulatory pressure and global reach

Pfizer sells products in more than 100 countries, which means navigating dozens of distinct regulatory regimes, pricing negotiations and reimbursement systems. The U.S. market remains disproportionately important to overall profitability, since American drug pricing has historically run higher than in Europe or other developed markets, though policy proposals to curb U.S. drug prices pose an ongoing risk to that dynamic. Pfizer has responded by expanding manufacturing and distribution infrastructure in emerging markets such as India, China and Brazil, where rising middle-class populations are driving demand for modern

pharmaceutical products.

Key Partners

Pfizer works with contract manufacturers and raw material suppliers to sustain global production of both branded and generic-facing drug lines. Healthcare providers, including hospital networks and pharmacy chains, serve as both customers and distribution partners who administer Pfizer's products to patients. Government health agencies purchase vaccines and treatments directly, particularly during public health emergencies, while biotech partners like BioNTech contribute specialized research capabilities that Pfizer's larger organization can then scale into mass production.

Key Activities

Drug discovery and clinical trial research form the foundation of Pfizer's activities, requiring years of testing before any product reaches regulatory approval. Manufacturing at industrial scale follows, spanning dozens of facilities worldwide that produce everything from small-molecule pills to complex biologic vaccines. Regulatory affairs teams manage submissions to agencies like the U.S. Food and Drug Administration, while sales and marketing organizations promote approved products to healthcare providers and, in some markets, directly to consumers.

Key Resources

Pfizer's manufacturing facilities and supply chain infrastructure allow it to produce medicines at a scale few competitors can match. Its research and development laboratories, staffed by scientists across multiple therapeutic disciplines, generate the pipeline of experimental compounds that eventually become marketed drugs. The company's patent portfolio protects revenue on approved products, and its brand reputation, built over 170 years, gives it credibility with regulators, physicians and patients that newer entrants lack.

Value Propositions

For patients, Pfizer offers access to treatments and vaccines that address serious and chronic health conditions, often after Pfizer's investment in research that individual providers could not replicate. For healthcare providers, the company supplies a broad

product catalog backed by clinical data and ongoing medical education support. For governments and public health organizations, Pfizer provides manufacturing capacity capable of producing vaccines at the scale needed to respond to pandemics and other health emergencies. Consumers purchasing over-the-counter products get familiar, trusted brands for everyday health needs.

Customer Relationships

Pfizer maintains relationships with healthcare providers through dedicated sales representatives who present clinical data and answer product questions. The company offers educational resources and training programs that help physicians and pharmacists use its products correctly. Consumers interact with Pfizer indirectly through pharmacies and retail stores, supplemented by customer service channels for product inquiries and safety reporting. Government and institutional customers typically negotiate supply agreements through dedicated account teams handling large-volume contracts.

Channels

Pfizer's official website provides product information, investor updates and safety data to the public. A large field sales force calls on physicians and hospital systems directly, remaining one of the pharmaceutical industry's oldest distribution methods. Wholesalers and distributors move products from Pfizer's manufacturing facilities into pharmacies and hospitals, while retail pharmacy chains serve as the final point of sale for consumer-facing products.

Customer Segments

Hospitals, clinics and pharmacies represent Pfizer's core commercial customer base, purchasing prescription products for patient treatment. Governments and public health organizations form a distinct segment, particularly for vaccines and treatments tied to national health programs or emergency response. Individual consumers buy Pfizer's over-the-counter products like Advil and Centrum directly from retail outlets. Research and academic institutions occasionally partner with Pfizer on clinical trials and collaborative studies.

Cost Structure

Research and development spending represents one of Pfizer's largest recurring costs, reflecting the years-long, high-failure-rate process of bringing new drugs to market. Manufacturing and production costs cover raw materials, facility operations and quality control across Pfizer's global plant network. Marketing and sales expenses fund the field force and advertising needed to reach both providers and consumers, while legal and regulatory compliance costs have grown alongside increased scrutiny of pharmaceutical marketing practices.

Revenue Streams

Direct sales of prescription drugs and vaccines generate the majority of Pfizer's revenue, spanning therapeutic areas from oncology to cardiology. Licensing agreements and royalty payments let Pfizer earn income from intellectual property used by other companies without bearing full commercialization costs itself. Government contracts, particularly for vaccine supply during health emergencies, have periodically provided large revenue spikes. Collaborations and co-marketing arrangements with other pharmaceutical and biotech companies round out Pfizer's revenue base.

- 1Pfizer's Founding And Early History
- 2Pfizer's COVID-19 Vaccine Revenue Figures
- 3Pfizer's 2024 Annual Revenue Results
- 4Pfizer's Seagen Acquisition And Oncology Strategy
- 5Details Of Bourla's 2025 Compensation Tied To Deal Activity

Summary

Pfizer's scale gives it advantages few competitors can match: a global manufacturing footprint, deep relationships with regulators and health systems, and enough capital to acquire promising biotech companies outright rather than wait for internal research to bear fruit. That scale also creates exposure. Patent expirations on blockbuster drugs open the door to generic competitors, and the company's COVID-19 vaccine windfall has faded as demand normalized. Bourla has responded by acquiring companies such as Seagen and Metsera to diversify Pfizer's pipeline into oncology and obesity treatments. Whether those bets replace lost COVID-era revenue at a comparable scale will shape Pfizer's next decade.

The company's underlying model, research funded by sales of previous discoveries, remains unchanged even as the specific therapeutic areas driving growth continue to shift.