

# NGP

Next Generation Pharmaceutical

**John LaMattina**  
Building The 'Next  
Generation Pfizer'

## Ensuring Water Quality

With Millipore's  
**Marilyn Romieux**  
and **Serge Ohresser**

## Off With Their Overheads...

How **Xenos**  
transformed one  
multinational  
manufacturer

## PLUS

PHARMA R&D

Wyeth's Dr **Robert Ruffolo**

GRID TECHNOLOGY

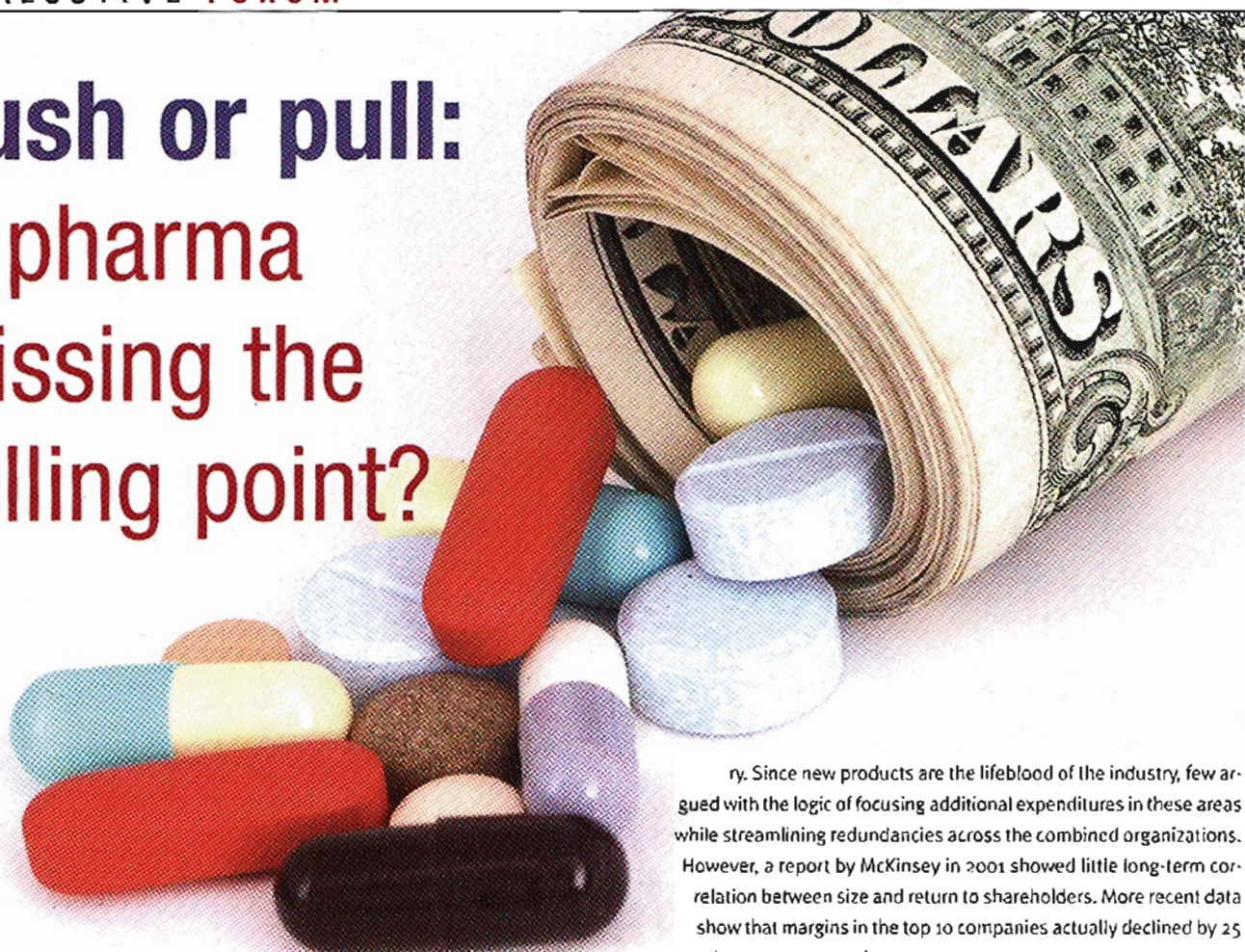
J&J's **Jeff Mathers**

# Up close and PERSONAL

GSK's **Allen Roses** on the thorny issue of pharmacogenetics



# Push or pull: is pharma missing the selling point?



ry. Since new products are the lifeblood of the industry, few argued with the logic of focusing additional expenditures in these areas while streamlining redundancies across the combined organizations. However, a report by McKinsey in 2001 showed little long-term correlation between size and return to shareholders. More recent data show that margins in the top 10 companies actually declined by 25 percent between 2002 and 2004.

Historically, a highly trained field force was shown to have the most positive impact on physician prescribing behavior. Once again, the logic seemed to be that if 1000 reps are good, 2000 reps must be twice as good. Today, over 90,000 sales reps are vying for the attention of the same US physician universe. Customers are overwhelmed. Almost half of all physicians say they are limiting the numbers of reps they will see and are reducing the average time spent on each call. Every rep's share of voice has been dramatically diluted. The oft-quoted statistic, again by McKinsey, is that for every 100 reps who call on a physician, only eight will actually deliver an effective detail.

KM. It's not a lack of dollars: it's a lack of focus. Whether it's choosing an advertising idea, a brand positioning, or a tactic, too broad a team gets to impact the decision. Imagine spending millions on building a house, then letting everyone who will visit it design it. The result is promotional materials that lack decisiveness and creativity. There's too much information crammed into the work, and too much compromise. What makes matters worse is the plethora of voices making decisions also causes the process to take more time and more money.

A recent article in *Forbes* argued that the drug industry has abandoned science for salesmanship, spending a fortune to create and sell remedies for sometimes 'trivial maladies' as 'research pipelines run dry, patents on old drugs expire and critical areas of medicine go underserved'. But has pharma really sold out to the so-called 'pill pushers' or is there just misunderstanding over sales and marketing's vital role in the drug chain? In which case, should companies rethink their strategies to develop better doctor and patient relationships and prove their worth? NGP asked **Jay Bigelow**, President of MicroMass, **Kathy Magnuson**, Managing Director of Brand Pharm, **Charlene Prounis**, President of Flashpoint and **Susan Miller** and **Rico Viray**, Partners at The CementWorks.

JB. First of all, I am not sure I agree with your basic premise. Many pharmas are generating very large revenues. Just recently Merck announced strong financial results for Q2 2006. That said, I think it is important to recognize the challenges pharmas face today. In addition to the changing marketing landscape due to advertising restrictions, we are seeing increased competition (e.g. more brands) in therapeutic categories and more channels in which to reach healthcare providers and consumers. Consumerism (that is the growing sophistication of consumers in relation to their health care) is increasing, not to mention the decrease in access to and time with physicians. Furthermore, increased scrutiny from the court of pub-

NGP. Every year, pharma companies are ploughing more millions into promotional activities but are still seeing relatively small revenues. Where do you think they are going wrong?

SM&RV. I think what we are seeing are repeated examples of "too much of a good thing." First, look at the consolidation that has taken place in the pharmaceutical industry. The various players rationalized these mergers and acquisitions as a way to increase R&D budgets and productivity in an effort to bring more products to market more quickly. The combined companies would also have increased marketing clout to more rapidly achieve a steep sales trajectory.



It will be interesting to watch the recent developments that will allow physicians to essentially block this kind of information from getting back to the pharmaceutical companies. This level of data has not been readily available outside of the United States, so many US marketers may be turning to their global counterparts for tips on how to set up an effective sales call when the rep is 'going in blind'.

**NGP:** Is there too much reliance on technology rather than 'people power'?

**CP:** In my opinion, we do not rely enough on technology. We are, in fact, still focused on 'people power' – mainly in the form of representatives detailing physicians. The world is changing and it has become obvious that we need to become more tech-savvy to enhance how we communicate with doctors and how well those efforts are received. Physicians are getting their information from various e-powered outlets, including not only websites, but also from messages being delivered directly to their PDAs and cell phones. A perfect example of this phenomenon is that the publishers of the *Medical Letter*, a well-respected 50-year old newsletter received by 120,000 physicians, have made it available online and for PDAs as well.

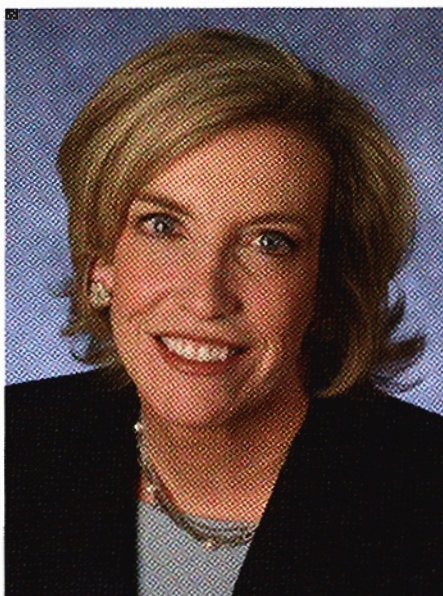
There is one dimension of 'people power' that we need to explore more intensively and that is understanding how people really behave. We gain those insights through ethnographic market research, which allows us to observe people's behavior in their home, and ultimately helps us fine tune our communications strategies.

**SM&RV:** The goal of most sales and marketing organizations is to deliver the right message to the right physician the right number of times. Doing this successfully actually requires both advanced technology and people power.

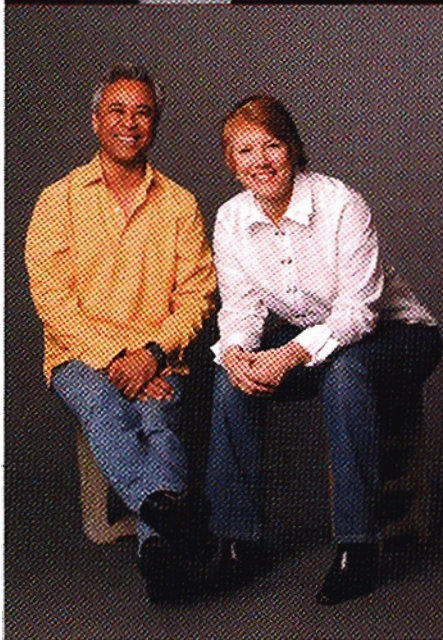
Most representatives on major brands complain that they are overwhelmed by the materials they receive from the home office already. Customized or customizable materials would only increase the volume of materials produced. Today's sales forces are so large that the level of training required to effectively customize each detail may be unattainable. We can't continue to throw more reps (or resources) at the problem, rather 'people power' can be deployed more effectively. We know, for example, that while Schering and Wyeth reps were successful in seeing physicians only 65-70 percent of the time, Lilly and Forest reps 'got through the front desk' approximately 80 percent of the time, according to Rx Insights.

"Many companies think assessment means making sure that their customers nod their heads and recognize the strategies as familiar and non-controversial. As a result, qualitative research is frequently designed to keep strategies imprisoned in the comfort zone of their target audience"

— Kathy Magnuson



**Charlene Prounis** is Flashpoint Medica's President and Managing Partner, co-founding the healthcare advertising agency on a differentiating platform of identifying the brand's 'flashpoint' – the critical moment for a brand. She already had a successful track record launching Accel Healthcare in 1999 with other partners. The agency climbed from zero to US\$135 million in billings and ranked in the top 20 of healthcare agencies before being merged into Corbett Accel in 2004.



**Susan Miller** is a partner at The CementWorks. Previously, she spent 12 years at Cline, Davis and Mann (CDM) helping to grow the agency from a 20-person, single-client (Pfizer) boutique to a 200+ person, multidivisional, US\$40+ million agency. Over the years, Miller has supervised the launch or relaunch of seven of today's top 50 brands, each achieving sales in excess of US\$1 billion.

**Rico Viray** is also a partner at The CementWorks. Previously the Associate Director of AIDS Clinical Research and Information, he moved to the agency side joining FCB HealthCare to head up the Glaxo Wellcome HIV portfolio and the launch of Combivir. At Lowe McAdams, he strategically coordinated all Glaxo partner efforts, a key endeavor in developing The CementWorks business model.

**JB:** Pharma is still an industry that is primarily geared towards face-to-face selling. This is evident when you look at the spend for sales visits, detailing, etc. versus DTC, the Internet, etc. I think the industry continues to make the age-old mistake of mixing up media and message. Rather than focusing strategies around channels, such as interactive versus sales force, pharma brands should aim for a more integrated approach to communicating with consumers and healthcare professionals. The approach should include strategies that carry a consistent message via a variety of channels with technology as a seamless element. The approach should understand and speak directly to the attitudes and needs of these groups and the individuals within. When a message like this is provided, a relationship is formed and the door is opened for continued dialog about the condition and the brand.

Regarding specific strategies, pharma brands should consider strategies that are proven to have an impact within the current market. These include strategies that take into account how customers approach the condition and what it takes for these individuals to change their behavior; and strategies that create compelling value exchanges with consumers and healthcare providers; strategies that use appropriate channels to maximize impact and ROI. One strat-