Meeting the Challenges of Brand Relevancy In An Increasingly Resistant Environment

Perceptions on Industry Trends and Their Effect on Agencies & Publishers

Prepared For: Association of Medical Media
Contributing Factors To The Increase Of Physician Isolation From The Industry
Physicians Need To Do More To Earn The Same Money

- Managed Care Fee Structure
- Increased Throughput
  - 111 patients/week
  - 135 Rx’s/week
- Reimbursement Paperwork
- No Time For Non $$$
  - Rep Access little or none
  - Less Time
  - MD’s begin to seek other channels
Physicians Are Inundated By Sales Representatives

> 1 Rep for every 2 called-on physicians

Source: IMS Consulting, Fairfield, CT
...Now There Is a Significant Push Back By Practitioners

43% Never get past the receptionist

35% of physicians not seeing reps at all

93% of sales rep visits last < 2 minutes
Physicians Need To Do More To Earn The Same Money

Practicing in a cost controlled environment has left little time for industry interaction with key customers

Managed Care Fee Structure → Increased Throughput → Reimbursement Paperwork → No Time For Non $$$ → I need to maintain my income/living

- 111 patients/week
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Physician’s Need To Maintain Control Over Their Time
Rise of DTC/Internet Has Revolutionized the Practice Dynamic

Dynamic Professional Environment

Rapid Medical Advancement

- Better understanding of disease
- New Diagnostic tools/earlier prevention
- Increase in specialized medications

Empowered Patients

Physicians challenged

- Industry excelled at patient outreach
- Patients are self diagnosing and treating—just need the MD for Rx
Information Asymmetry and The Power of the Internet

“The Internet has accomplished what even the most fervent consumer advocates usually cannot: it has vastly shrunk the gap between the experts and the public”

Physician expertise is challenged

Physician’s need to keep up
70% of Physicians Use Internet for Researching Drug Info

Physician Source of Product Information

- Reps: 33%
- In-Person: 20%
- Non-Personal: 46%

Source: Manhattan Research, LLC, 2004
A Website Doesn’t Equal Adequate Online Presence

ePharma Physicians’ use of Web-based pharmaceutical information resources in frequency by type...

Source: Manhattan Research, LLC, 2004
Younger Physician Prefer Online

Reading preferences of primary care internal medicine residents on ambulatory rotations

Source: J Gen Intern Med v.21(5); May 2006
Reading habits are often “need based”

Source: J Gen Intern Med v.21(5); May 2006
Doctors Are Only Human

Despite their serious need to keep abreast of new medical information, real world distractions can put reading on the back burner.

- Family responsibilities
- Lack of motivation
- Personal responsibilities
- Lack of interest in ambulatory medicine
- Slow reading speed
- Other clinical responsibilities (e.g. cover inpatient, beeper)
- Feeling the desire to learn more about inpatient medicine
- Difficulty managing time
- Fatigue
- Lack of good reading resources
- Pressure to learn inpatient topics
- Content rotation or curriculum
- Dissatisfied with rotation/curric.
Rise of DTC/Internet Has Revolutionized the Practice Dynamic

Patient’s are becoming highly in-tune with their health, more demanding (Baby Boomers)

Dynamic Professional Environment →

Rapid Medical Advancement →

Empowered Patients →

Physicians challenged →

Need Pertinent Information Easy/Fast

- Better understanding of disease
- New Diagnostic tools/earlier prevention
- Increase in specialized medications

- Industry excelled at patient outreach
- Patients are self diagnosing and treating—just need the MD for Rx

Physician’s Need To Be “Up-to-date” to Remain in Control Over Treatment Decisions
Getting Ready for The Future

- Pharma promotion needs to enhance online presence, search engine visibility and user-friendliness
- Link Pharma content to FAQ’s and “real world” clinical issues
- Use the power and creativity of interactive technology to lessen the reading burden
Negative Public Opinion Shaping Physician Perception

Pharma & medical community too close

Increased OOP $$$ To Patient
- Driving increase/healthcare utilization
- Inappropriate Rep Programs—PhRMA Guidelines
- Branded vs. Generic use

Physicians Vilified

Physician Recoil
- Rise in “No See” Offices
- Increase in Peer-to-Peer Activities
Physicians Desire More Non-Personal Channels

**Current/Desired Pharma Info. Sources & Mktg. Channel Mix**

Source: Manhattan Research, LLC, 2004
Negative Public Opinion Shaping Physician Perception

Public Outcry On Physician/Industry Relationship Fueled Marketing Reformation

- Pharma & medical community too close
- Increased OOP $$$ To Patient
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  - Inappropriate Rep Programs—PhRMA Guidelines
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- Physicians Vilified
- Physician Recoil
  - Rise in “No See” Offices
  - Increase in Peer-to-Peer Activities
- Need To Protect Myself

By Distancing Themselves From Pharma, Physician Retain Credibility
Contributing Factors To The Difficulty In Message Dissemination
Big Pharma Challenged To Adapt

R&D Expensive & Risky

7 Yrs Of Patent Protection
- MCO are adept at converting brands to generic
- Limited Exclusivity/crowded mkt place
- Product differentiation—cost of entry

Rapid Acceleration

MD Dialogue Pressured
- Regulatory/Industry imposed regulation
- Fewer Foot Soldiers/Less Access
- Need ROI

Need ROI
Marketers need efficient on-line channels that integrate with journal advertising

Follow established “precision marketing” strategies used in consumer products campaigns
“E-Physicians”—Here To Stay

379,000 practicing MDs say they’ve participated in e-detailing within past 12 mos. and say they seek drug information online at least monthly

64% of 595,000 practicing MDs are described as “ePharma Physicians”

On average, they write at least 40 Rxs/Wk, and see at least 40 patients each week

Source: Manhattan Research, LLC, 2004
Merck Is the Perceived Leader In “E” Communications

Source: Verispan’s ePromotion Annual Study 2006
Big Pharma Challenged To Adapt

Customer(s) Perception of Pharma Sales Model Reshapes The Channels For Development & Commercialization

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Need Efficient Channels

Actively Looking For Solutions To Deliver Quality Communication
Pharma Marketing Effort Becoming More Regionalized

Coverage Not Universal

Physicians’ Handcuffed by MCO

Smaller, heterogeneous prescriber base

Increase Pull-through

“Wait/See” MCO approach (demand)

Cost containment strategic limit access and dictate brand relevance

Regionalized marketing programs

Increased physician targeting

Dominant position in key markets
Segmenting doctors by their behaviors and their beliefs
  - It’s not just about high prescribing deciles
  - CRM requires…
    • Long-range planning
    • Executional discipline
    • Constant feedback and reanalysis
    • Integration across all channels of communication

A return to greater collaboration between representatives of media channels and agency planning teams
Customized Marketing

A simplistic example...

<table>
<thead>
<tr>
<th>Informational Needs</th>
<th>Communications Approach</th>
<th>Media Mix Preference</th>
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</table>
| • Large-scale clinical study reports  
  • KOL supported       | • Factual, impartial, professional  
  • Authoritative      | • Personal selling  
  • On line clinical presentation  
  • Custom online journals |
| • Anecdotal naturalistic data  
  • Peer influence and experience | • Emotional, patient perspective, contextual | • Local third-party endorsement  
  • Personal selling  
  • Patient support programs |

- Applying the principles of CRM allow personalization along the entire continuum of message, tone, tactics, and media
- Gives the brand greater relevance and makes communications more effective and efficient
“At Novartis, what I tell my folks is that it is time for us to go back to the future: bringing relationship building and quality of calls back into the equation – not just reach and frequency.”

Source: Except from roundtable discussion sponsored by The Economist, 2002
Pharma Marketing Effort Becoming More Regionalized

Pharma targeting physicians in areas with neutral to favorable coverage

Coverage Not Universal

Physicians’ Handcuffed by MCO

Smaller, heterogeneous prescriber base

Increase Pull-through

Need to increase productivity

“Wait/See” MCO approach (demand)

Cost containment strategic limit access and dictate brand relevance

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Dominant position in key markets

Need To Optimize My Marketing Dollar For Best ROI
Emerging Factors Will Shape Future Landscape

The Industry is transforming itself, are we ready?

Big Pharma—not going to be so big
  • Specialized medicine will change promotional model

More precision marketing efforts
  • Better customer information will shape efforts

Physician acceptance of new technology
  • ePrescribing, online information exchange and learning

Smaller sales forces
  • Back to the Future: specialized & valued consultants

Patient Education
  • Better channels for educating public on health information
Opportunity Lies At The Confluence of Our Customers’ Needs

- MDs Have Less Time
- Demanding Patients
- Negative Perception
- Limited Resources
- Regional Brand Relevance

Increased Customized Channels
Thanks To My Colleagues Whose Work I’ve Cited
Thank You

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