

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

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**Managed Care
Fee Structure**

**Increased
Throughput**

- 111 patients/week
- 135 Rx's/week

**Reimbursement
Paperwork**

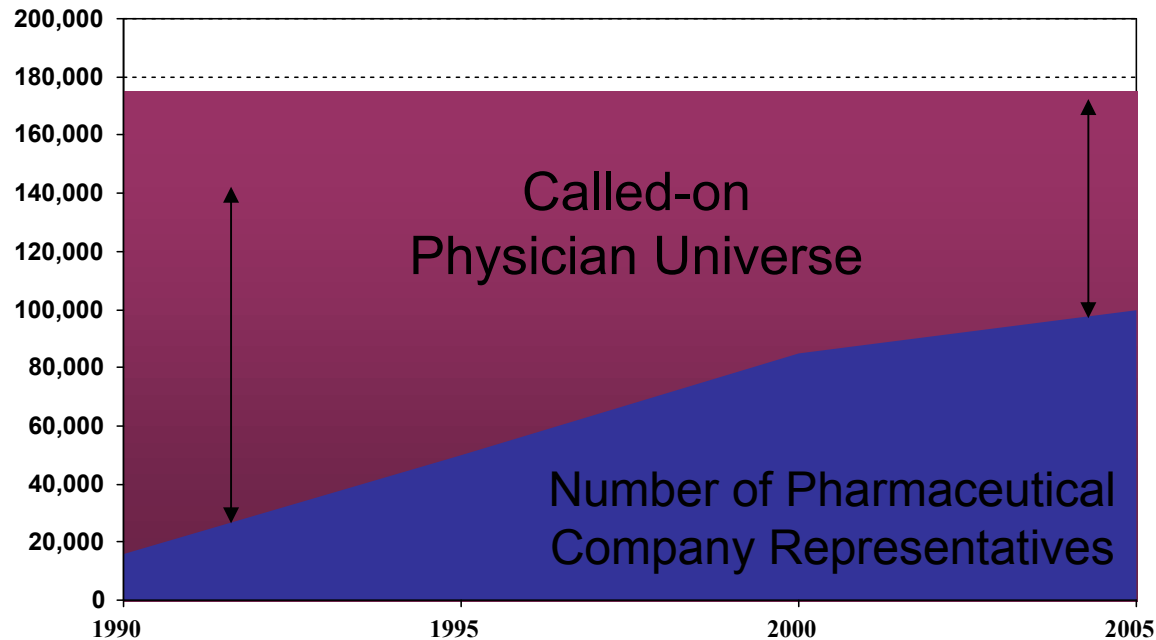
**No Time For
Non \$\$\$**

- Rep Access little or none
- Less Time
- MD's begin to seek other channels

Physicians Are Inundated By Sales Representatives

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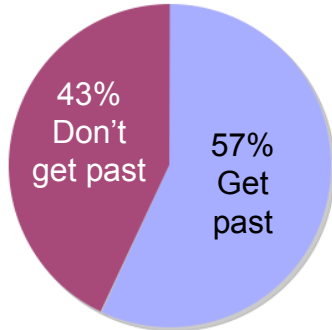
> 1 Rep for every 2 called-on physicians



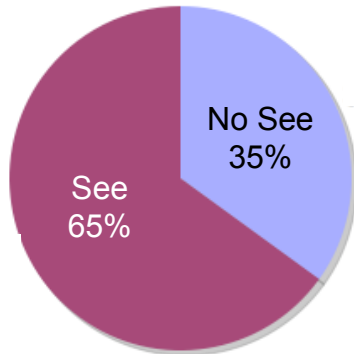
Source: IMS Consulting, Fairfield, CT

...Now There Is a Significant Push Back By Practitioners

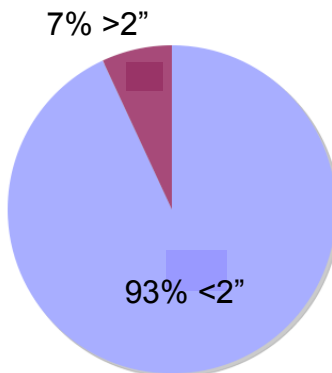
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43% Never get past the receptionist



35% of physicians not seeing reps at all

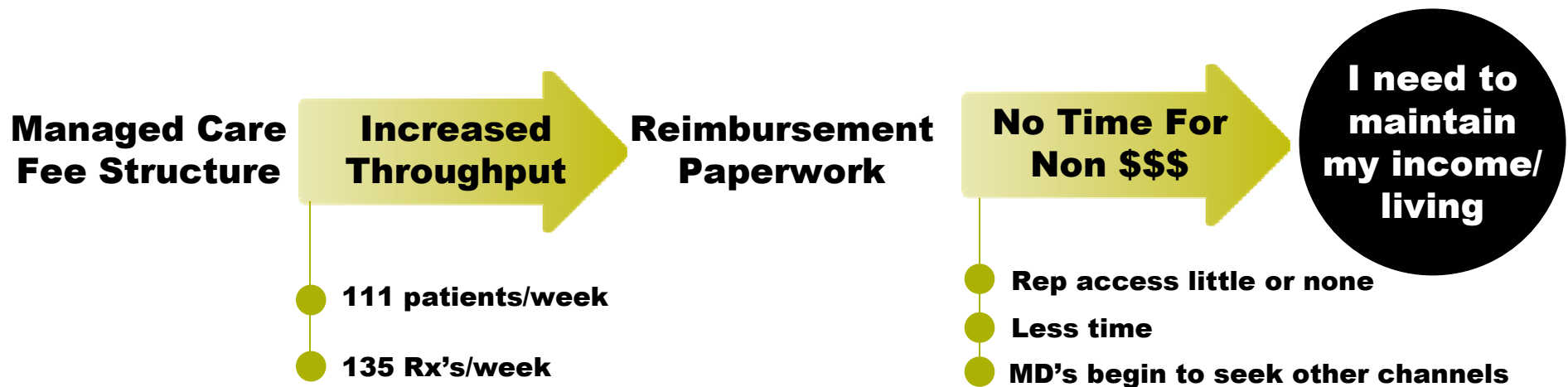


93% of sales rep visits last < 2 minutes

Physicians Need To Do More To Earn The Same Money

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



Physician's Need To Maintain Control Over Their Time

Rise of DTC/Internet Has Revolutionized the Practice Dynamic

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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

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“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

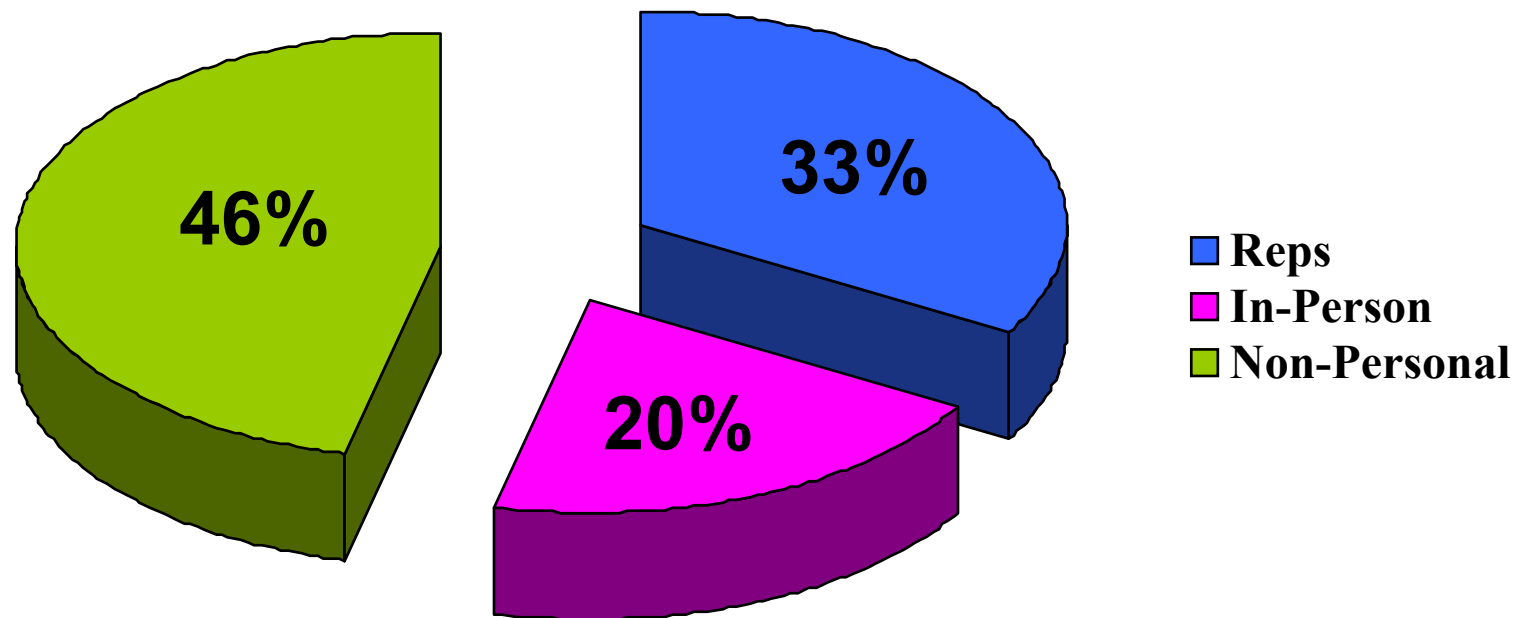
Physician’s need to keep up

QuickTime™ and a
TIFF (Uncompressed) decompressor
are needed to see this picture.

70% of Physicians Use Internet for Researching Drug Info

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Physician Source of Product Information

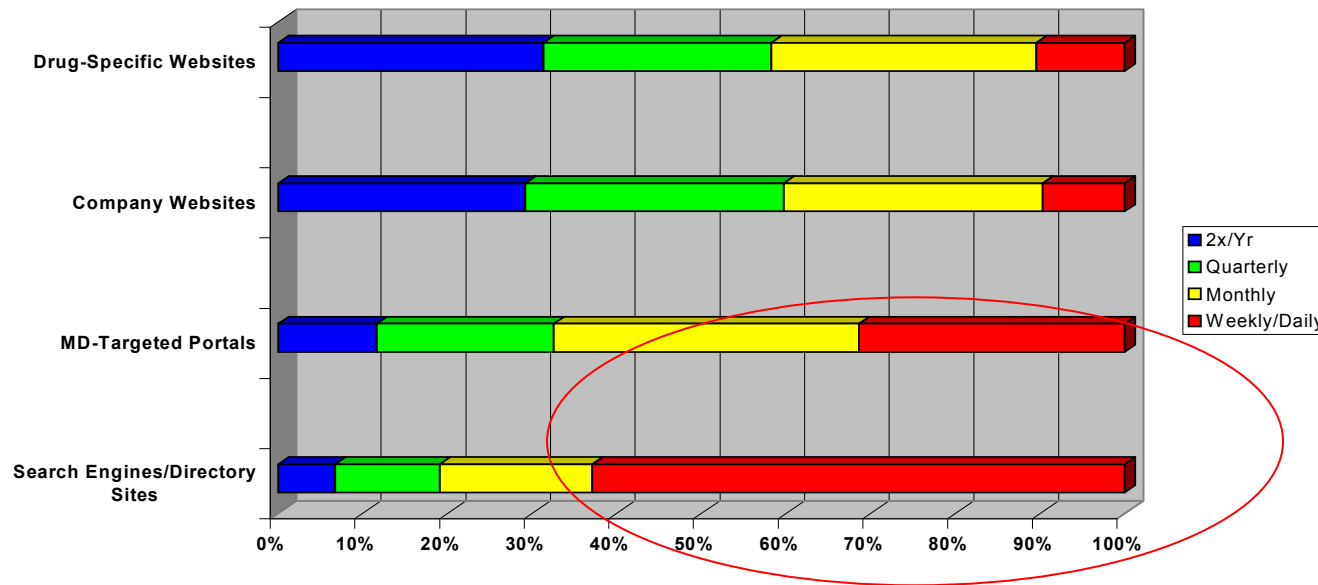


Source: Manhattan Research, LLC, 2004

A Website Doesn't Equal Adequate Online Presence

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

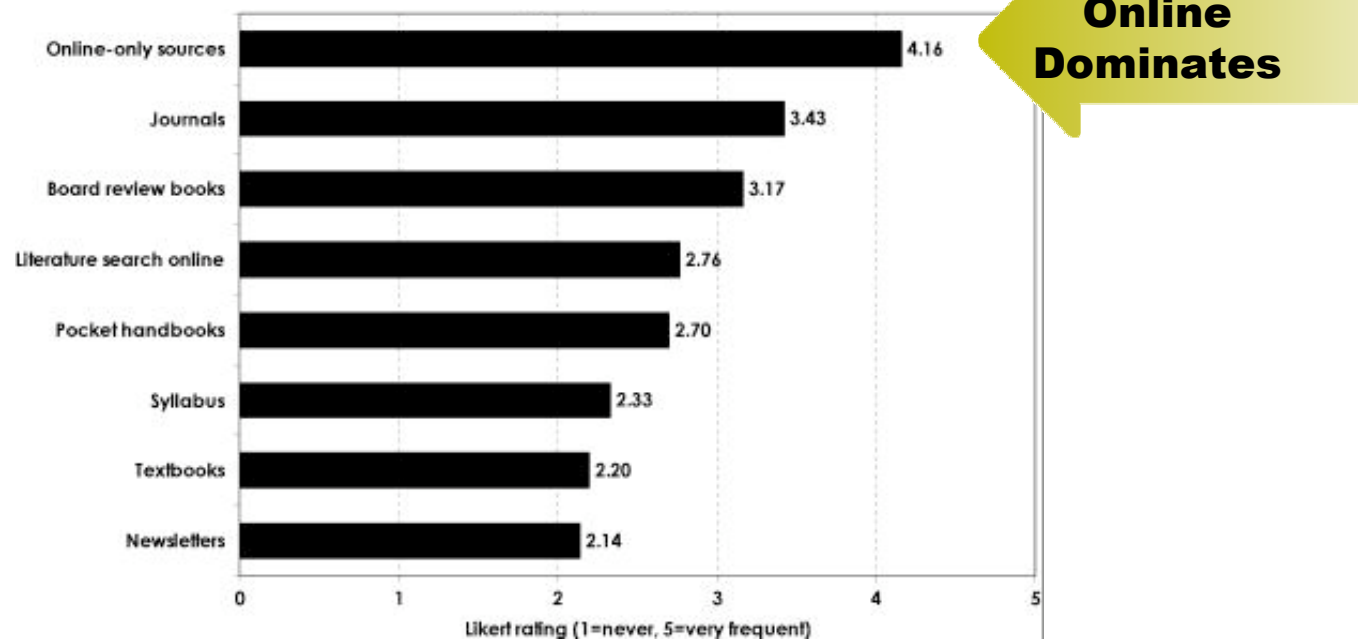


Source: Manhattan Research, LLC, 2004

Younger Physician Prefer Online

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Reading preferences of primary care internal medicine residents on ambulatory rotations

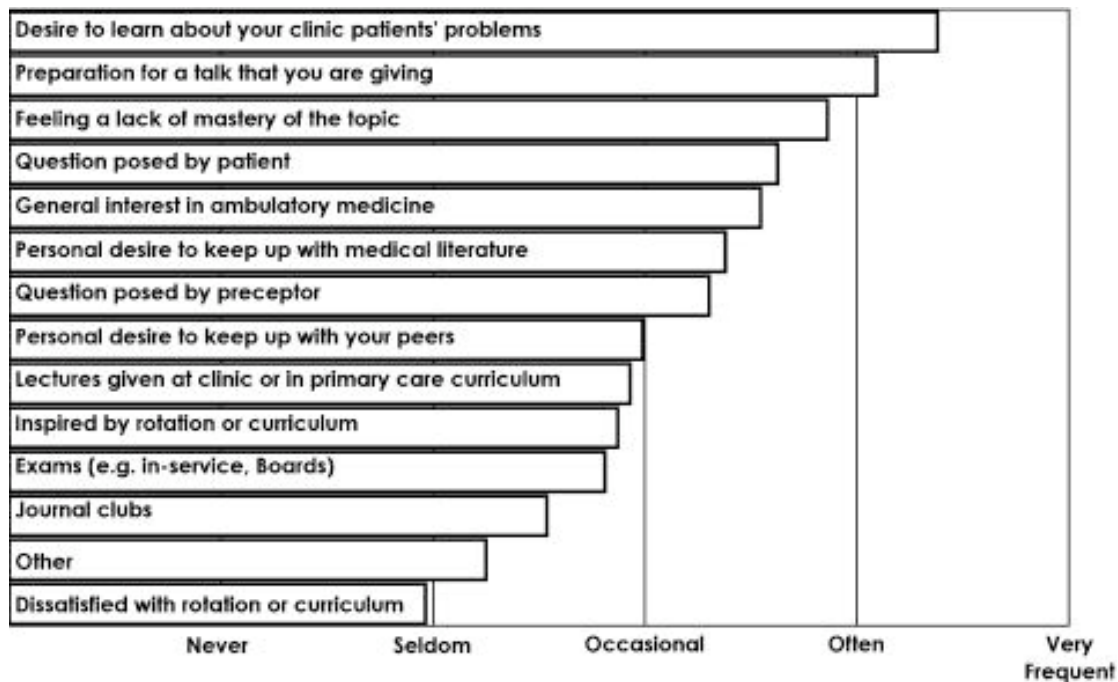


Source: J Gen Intern Med v.21(5); May 2006

Clinical Events Prompt Inquires

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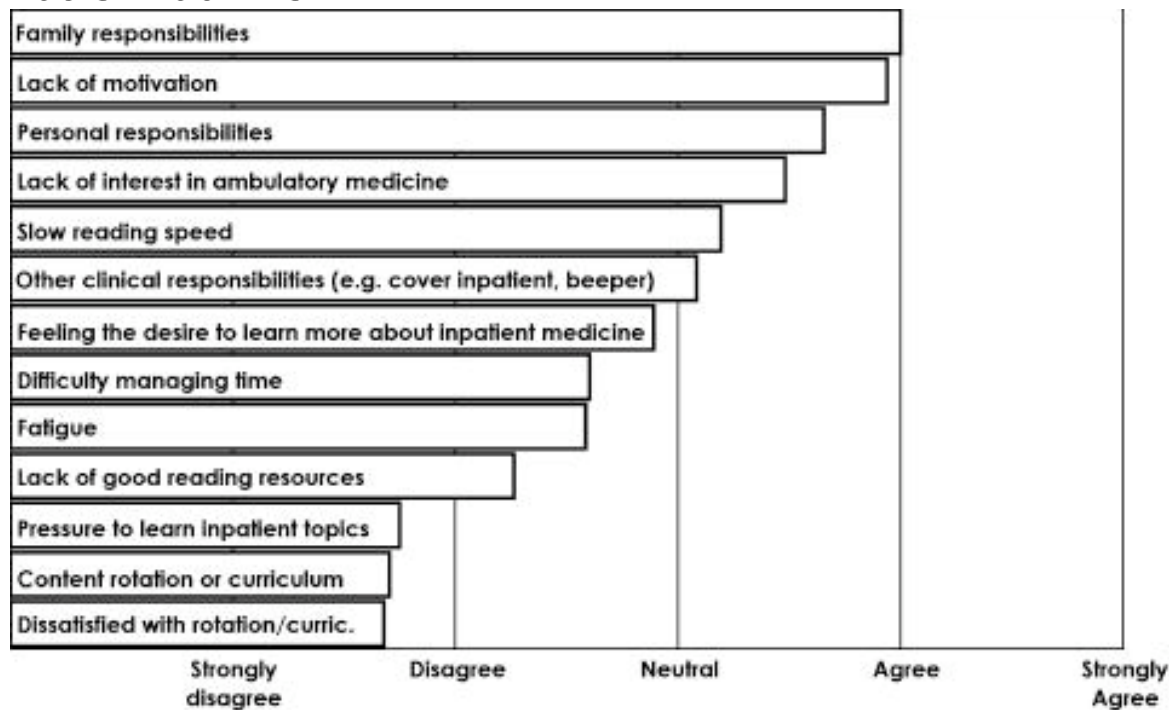
Reading habits are often “need based”



Source: J Gen Intern Med v.21(5); May 2006

Doctors Are Only Human

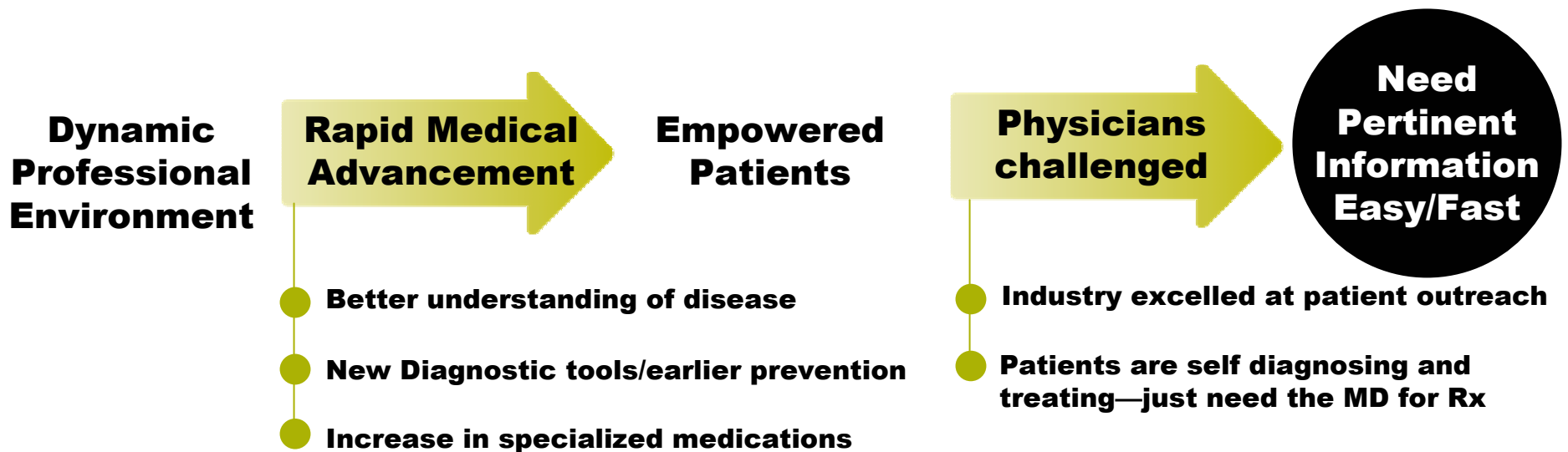
Despite their serious need to keep abreast of new medical information, real world distractions can put reading on the back burner



Rise of DTC/Internet Has Revolutionized the Practice Dynamic

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



Physician's Need To Be "Up-to-date" to Remain in Control Over Treatment Decisions

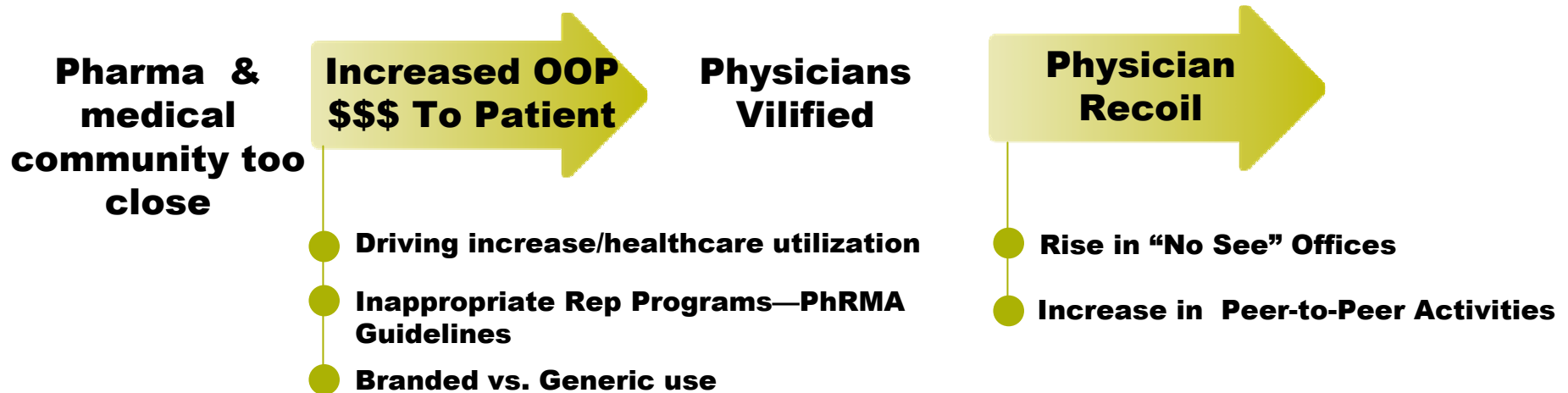
Getting Ready for The Future

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- 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

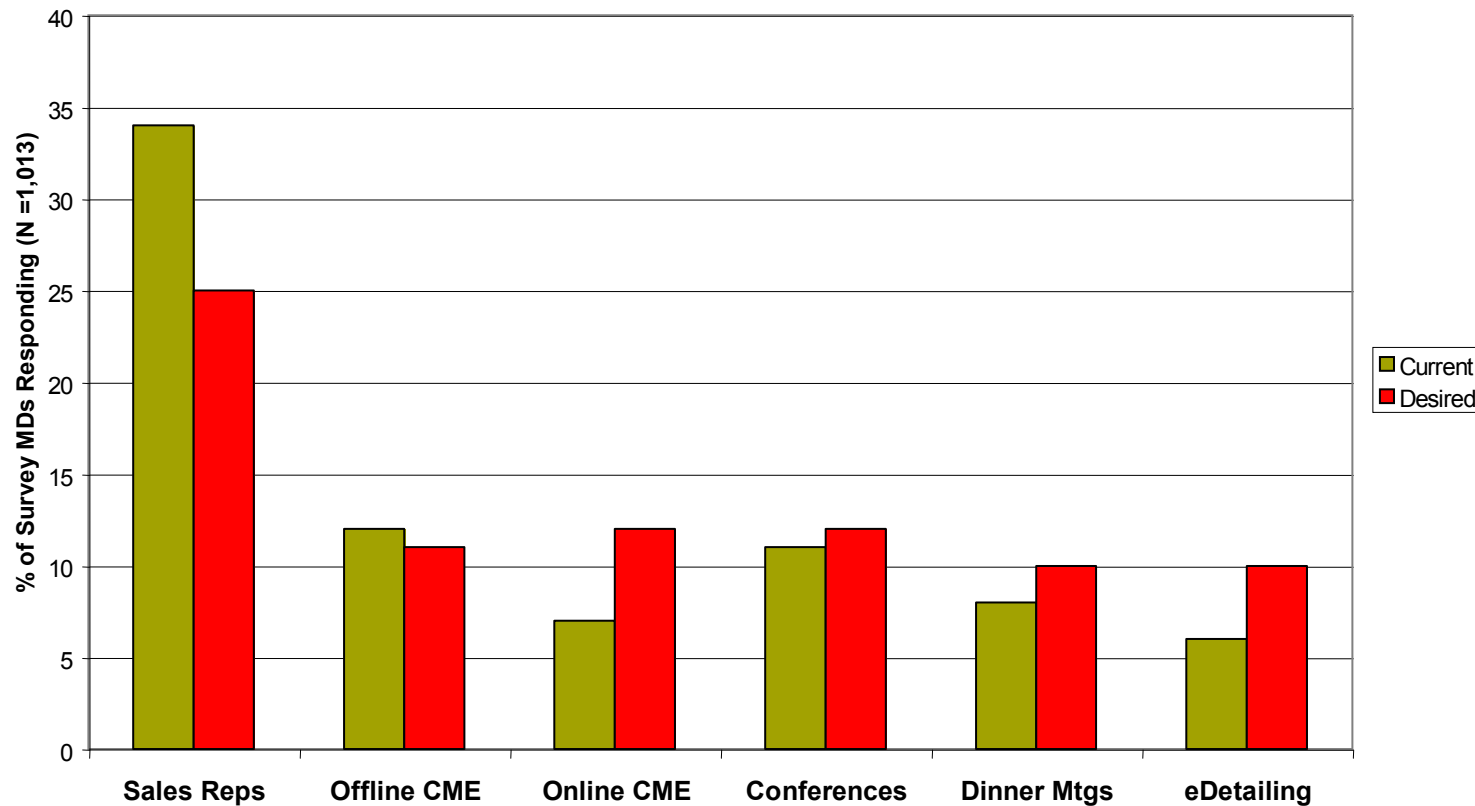
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Physicians Desire More Non-Personal Channels

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

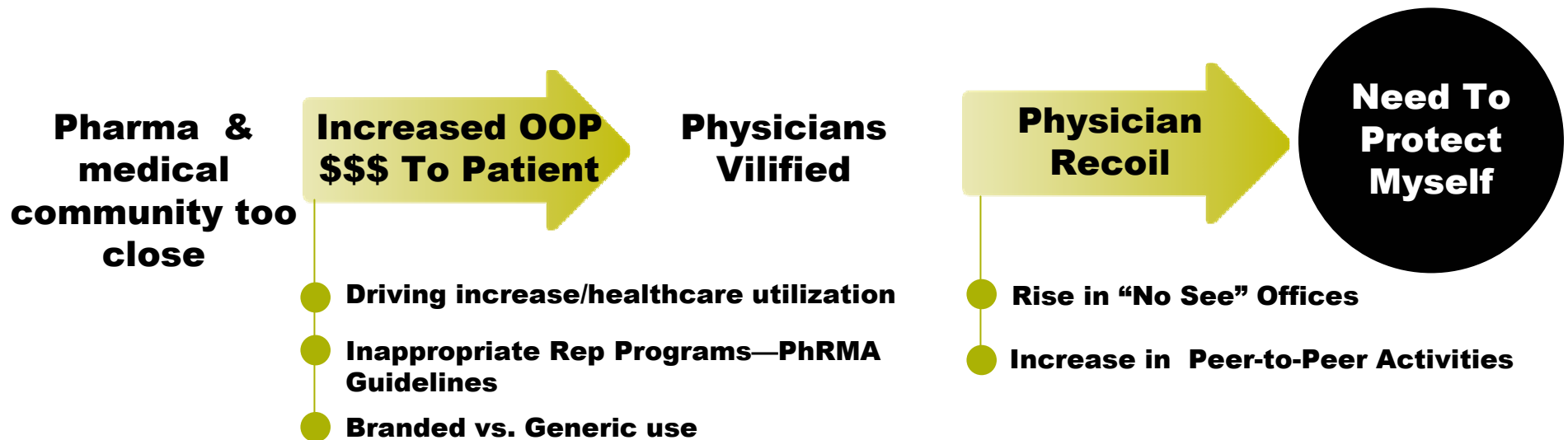


Source: Manhattan Research, LLC, 2004

Negative Public Opinion Shaping Physician Perception

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Public Outcry On Physician/Industry Relationship Fueled Marketing Reformation



**By Distancing Themselves From Pharma,
Physician Retain Credibility**

Contributing Factors To The Difficulty In Message Dissemination

Big Pharma Challenged To Adapt

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**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**

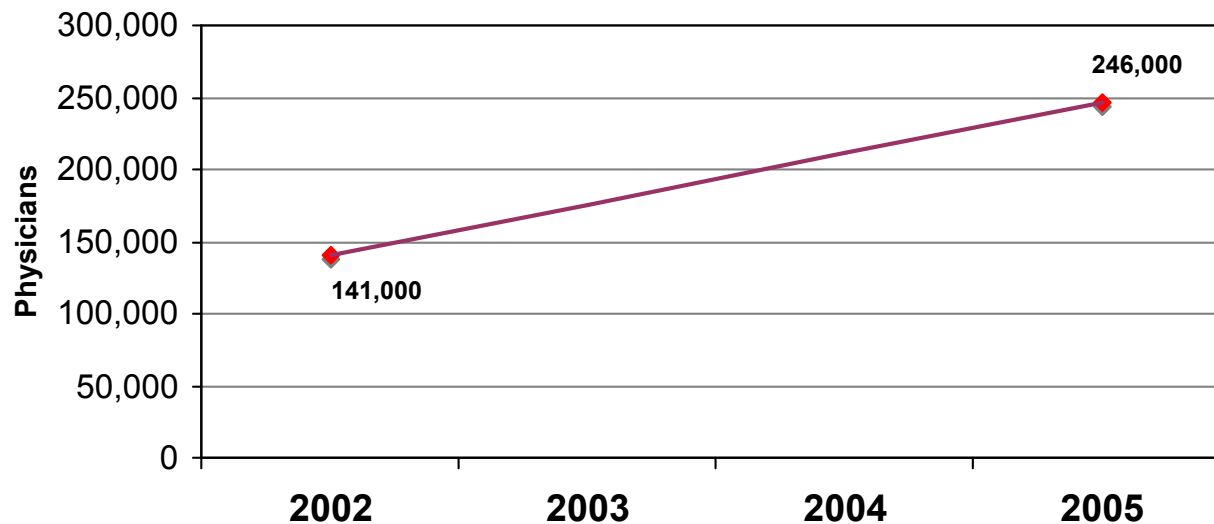
**MD Dialogue
Pressured**

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

Controlled Media Are On the Rise

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Number of Physicians Participating in E-detailing



- 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

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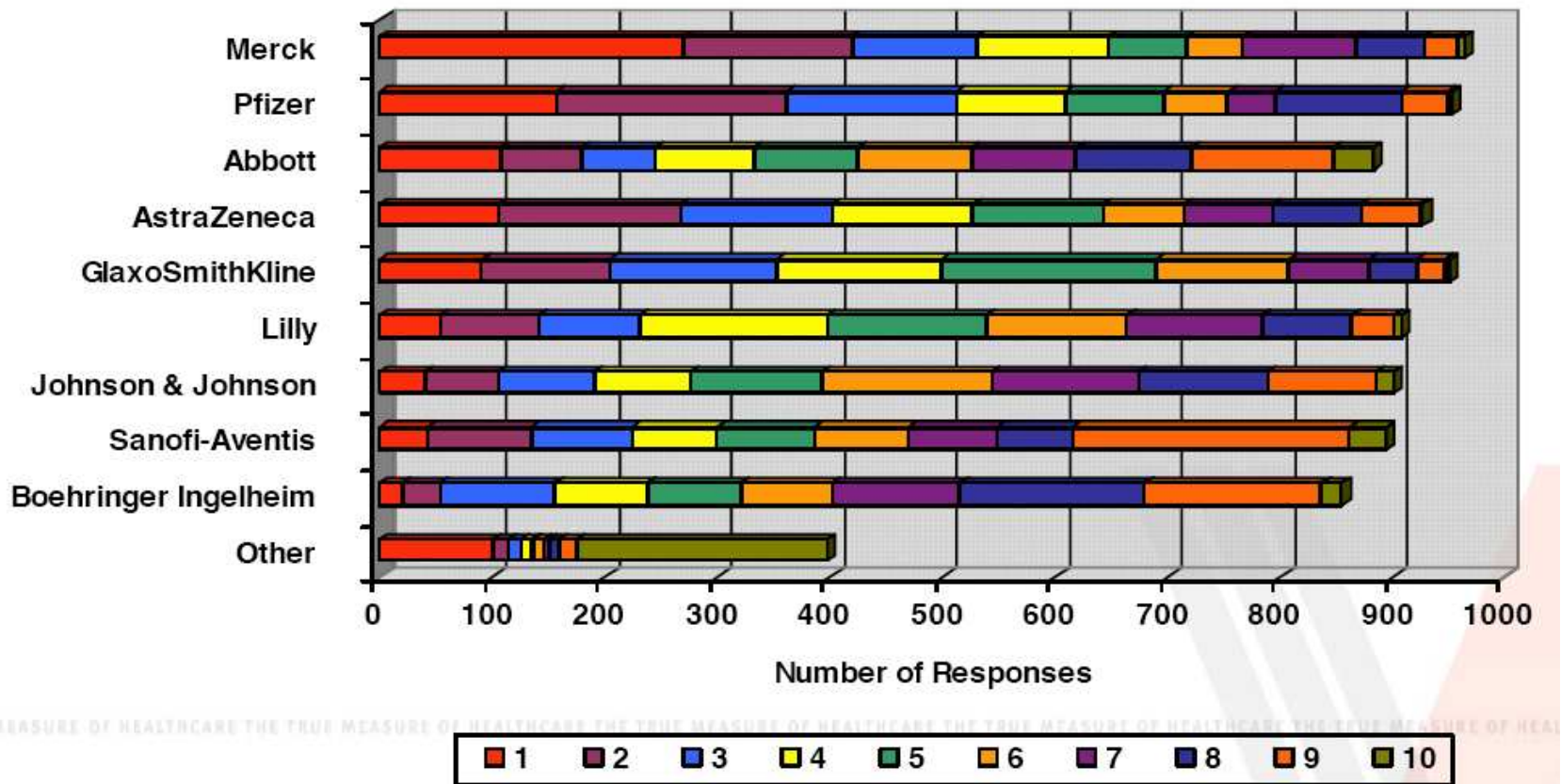
379,000 practicing MDs say they’ve participated in e-detailing within past 12 mos. and say they seek drug information online at least monthly

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

Merck Is the Perceived Leader In “E” Communications

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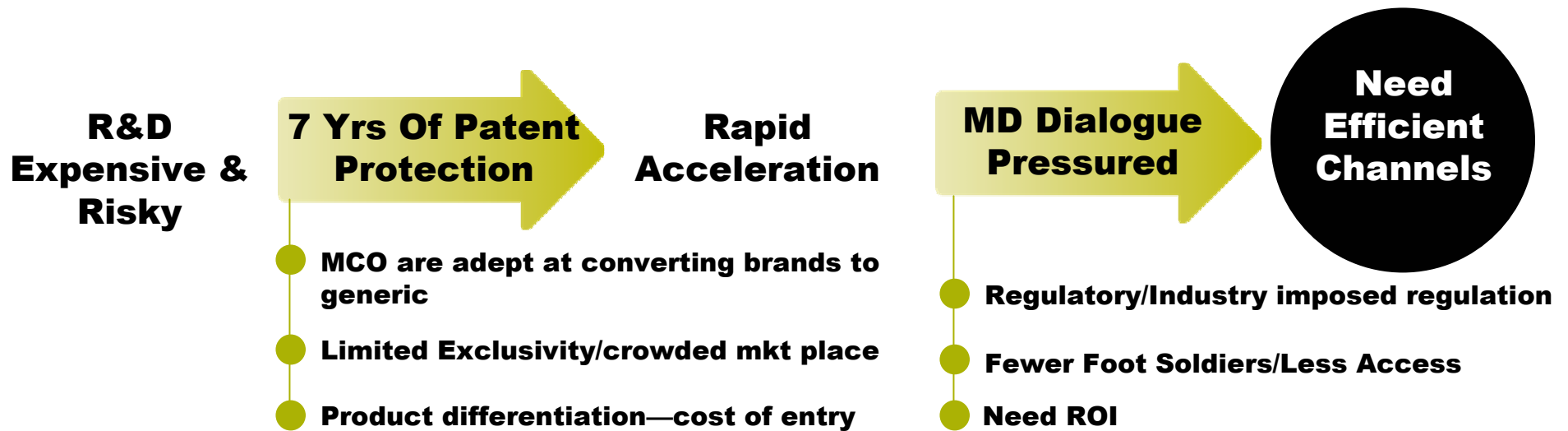


Source: Verispan's ePromotion Annual Study 2006

Big Pharma Challenged To Adapt

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



**Actively Looking For Solutions To
Deliver Quality Communication**

Pharma Marketing Effort Becoming More Regionalized

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Coverage Not Universal

Physicians' Hand-cuffed by MCO

- "Wait/See" MCO approach (demand)
- Cost containment strategic limit access and dictate brand relevance

Smaller, heterogeneous prescriber base

Increase Pull-through

- Regionalized marketing programs
- Increased physician targeting
- Dominant position in key markets

CRM Will Be Applied to Professional Marketing Strategy

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- 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...

	Informational Needs	Communications Approach	Media Mix Preference
Dr "A" →	<ul style="list-style-type: none">• Large-scale clinical study reports• KOL supported	<ul style="list-style-type: none">• Factual, impartial, professional• Authoritative	<ul style="list-style-type: none">• Personal selling• On line clinical presentation• Custom online journals
Dr "B" →	<ul style="list-style-type: none">• Anecdotal naturalistic data• Peer influence and experience	<ul style="list-style-type: none">• Emotional, patient perspective, contextual	<ul style="list-style-type: none">• 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



Paulo Costa
President & CEO



Novartis Pharmaceutical Corporation

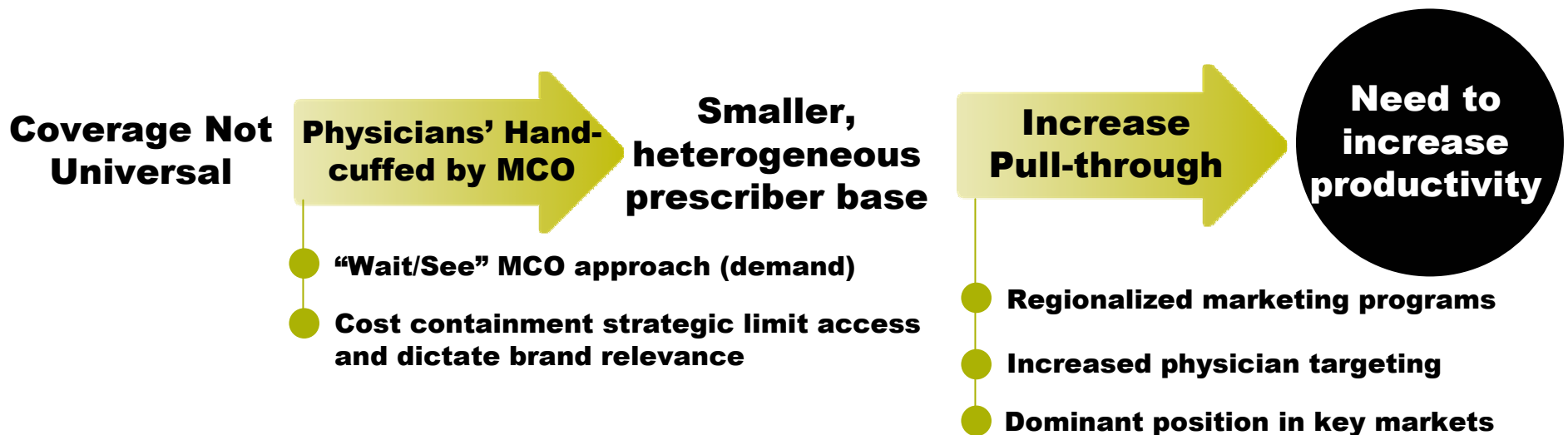
“At Novartis, what I tell my folks is that it is time for us to go back to the future: bringing relationship building and quality of calls back into the equation – not just reach and frequency.”

Source: Except from roundtable discussion sponsored by *The Economist*, 2002

Pharma Marketing Effort Becoming More Regionalized

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Pharma targeting physicians in areas with neutral to favorable coverage



**Need To Optimize My Marketing Dollar
For Best ROI**

Emerging Factors Will Shape Future Landscape

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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

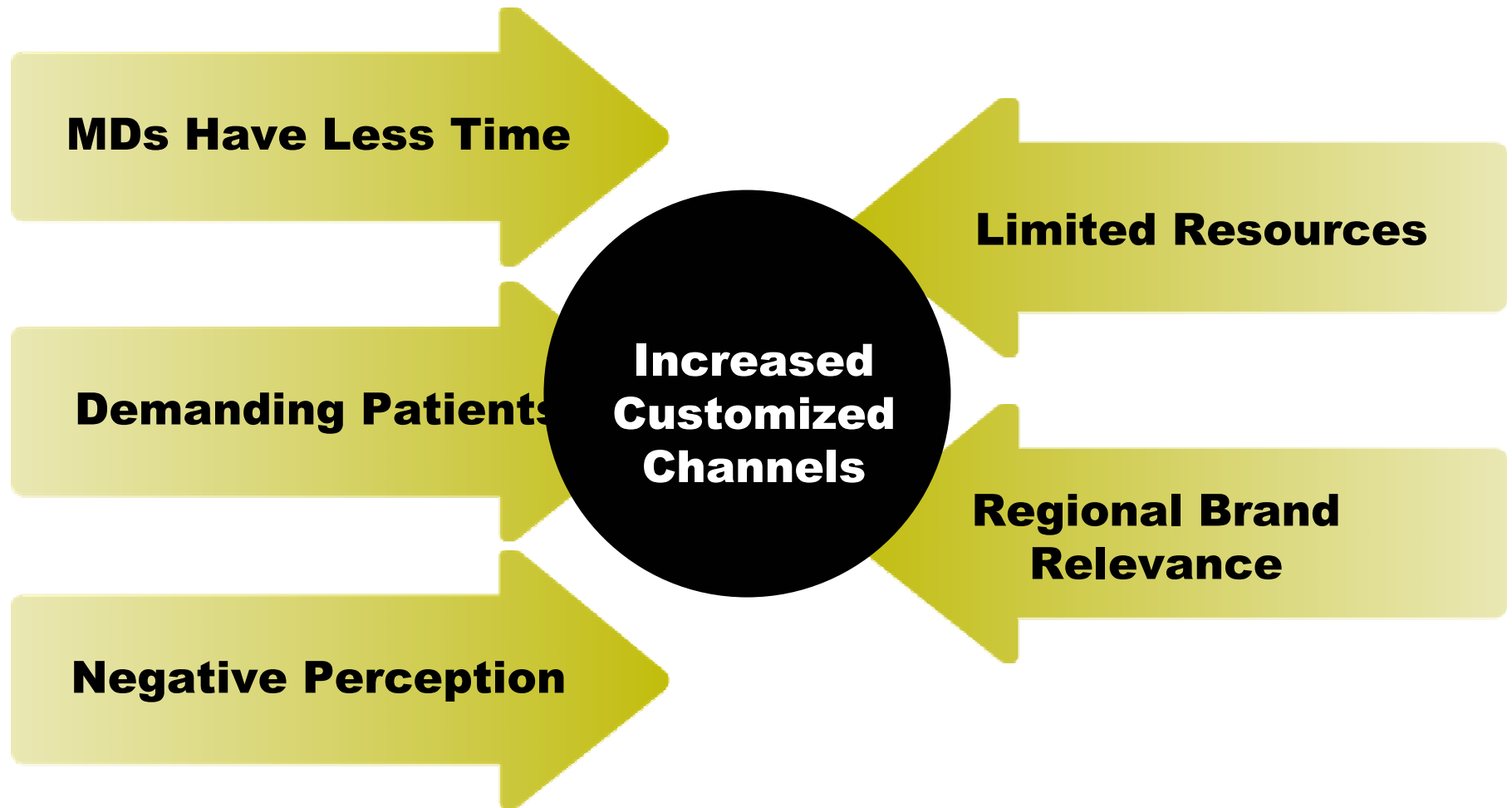
- Back to the Future: specialized & valued consultants

Patient Education

- Better channels for educating public on health information

Opportunity Lies At The Confluence of Our Customers' Needs

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Thanks To My Colleagues Whose Work I've Cited

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The NEW ENGLAND
JOURNAL of MEDICINE



ims | INTELLIGENCE.
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S&H



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Pharmaceutical
REPRESENTATIVE


VERISPAN

JGIM Journal of General Internal Medicine

Thank You

Ken Begasse Jr.
Partner, Director of Client Services
Concentric Pharma Advertising
71 West 23rd Street, 9th Floor
New York, NY 10010
Concentric-rx.com