

A FUTURISTIC VISION ON PHARMA MARKETING (2020)

dr. I. Verniers

Co-Director Health Care Business Center

Erasmus School of Economics

Erasmus University Rotterdam (the Netherlands)

verniers@ese.eur.nl

25/11/2010

Health Marketing International Day Lille

A Futuristic vision on Pharma Marketing (2020)

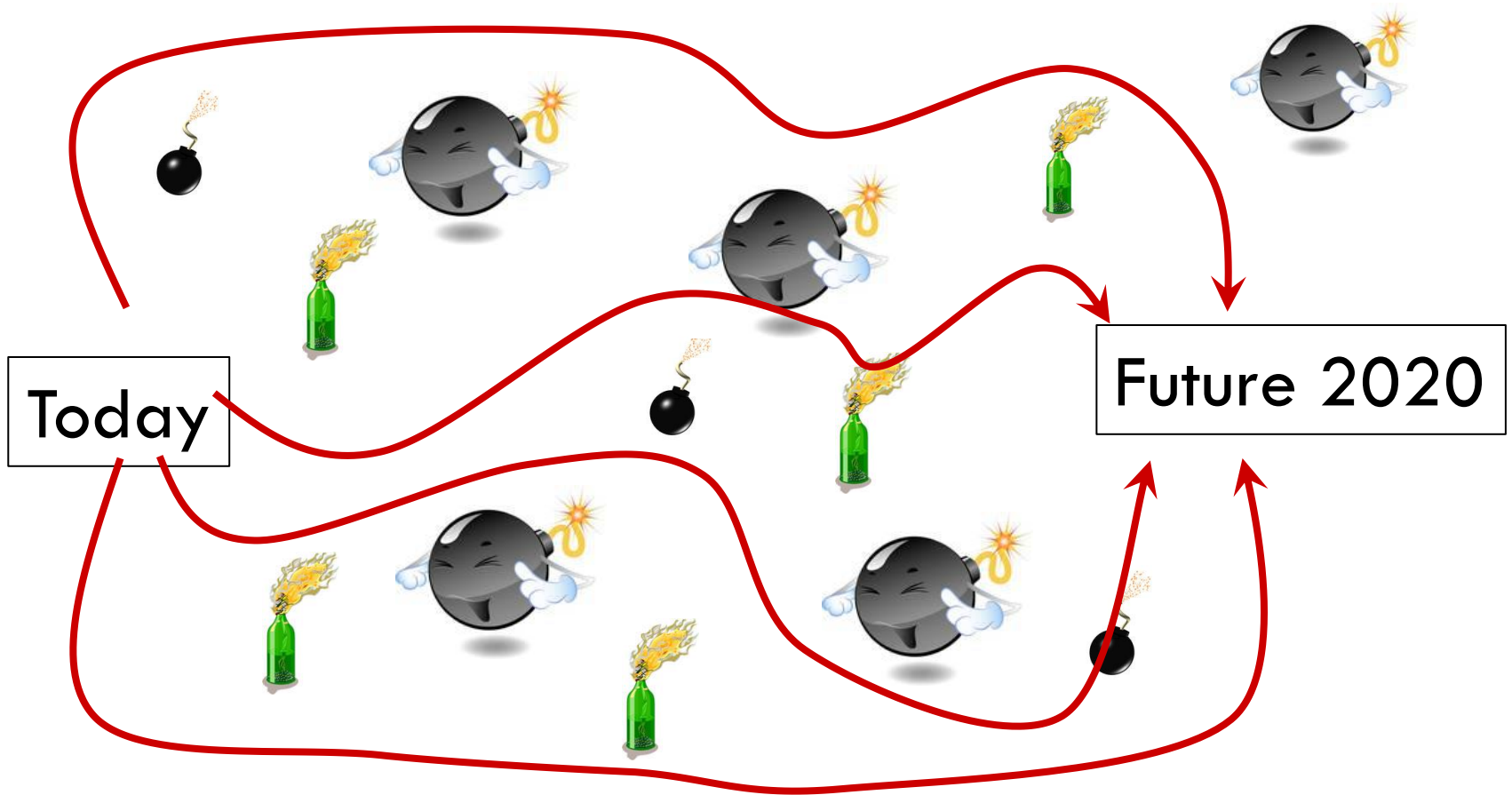
3

Pharma has successfully built a bridge between innovation and marketing.

Pharma has stopped overspending on marketing through adoption of sound ROI metrics.

A Futuristic vision on Pharma Marketing (2020)

4



A Selection of Ideas... (from research and practice)

Future 1: Marketing & Innovation Connected

5

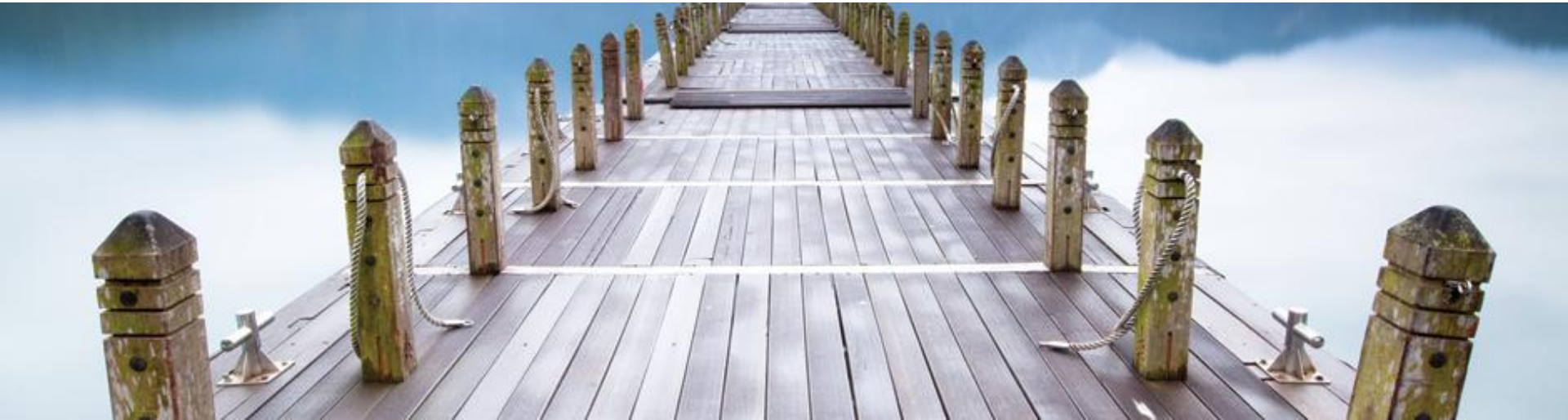
 How to get marketing connected with innovation?

 How to innovate marketing itself?

Get marketing and innovation connected?

6

Innovation



Marketing

Get marketing and innovation connected?

7

Systematic process to go from idea to new business:
innovation processes (bootcamps)

Idea generation
and submission

Idea
selection

Team
formation

Workshops during
bootcamp

Incubation

Get marketing and innovation connected?

8

- Enables the test of commercial principles by scientists very early on in the R&D process
- Make mixed teams of commercial and science people to develop a business model before approving science funding
- Grass root initiative, people come up with own science ideas, knowing selection will be done on business principles

Future 1: Marketing & Innovation Connected

9

 How to get marketing connected with innovation?

 How to innovate marketing itself?

Innovative Marketing

10



Patient Centrality & Marketing



Ethical Marketing



Managing Adherence

Patient-physician relationship in the 21st C.

11



"I'M SORRY DOCTOR, BUT AGAIN I HAVE TO DISAGREE."

DISPATCH OCTOBER 5, 2009

The mantra has always been: Doctor Knows Best. But consumers need to seize control of their own health care. And they can, thanks to advances in science and technology.

by Clayton M. Christensen and Jason Hwang

Pov You're Sick. Now What? Knowledge Is Power.

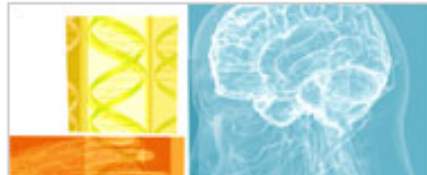
By TARA PARKER-POPE

Published: September 29, 2008

While other
making of m
matters of li
health care f
excludes cor
which health
physicians y
office, and y
and you coul

Are patients swimming in a sea of health information? Or are they drowning in it?

The New York Times



The rise of the Internet, along with thousands of health-oriented Web sites, medical blogs and even doctor-based television and radio programs, means that today's patients have more

SIGN IN TO RECOMMEND

TWITTER

SIGN IN TO E-MAIL OR SAVE THIS

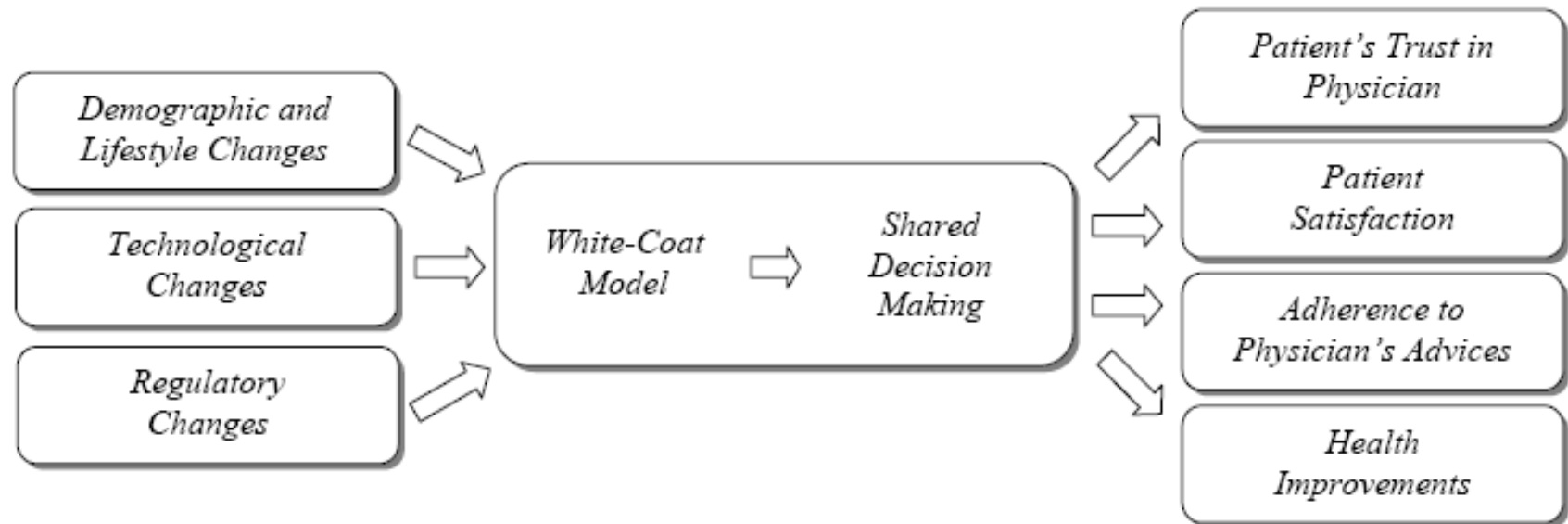
PRINT

REPRINTS

SHARE

Patient-physician relationship in the XXI C.

13



Source: Camacho, Landsman and Stremersch (2010), "The Connected Patient"

Study patient behavior online

patientslikeme®

Patients | Treatments | Symptoms | Research | Search this site

Find Patients Just Like You »

Do you have a life-changing condition?
Learn from the real-world experiences of other patients like you.

Join Now! (It's free!)

CURRENT DISEASE COMMUNITIES

Prevalent Diseases

ALS/MND

Epilepsy

Fibromyalgia

Chronic Fatigue Syndrome/ME



Share your health data »

Answer simple questions to create a shared health profile to see how



Find patients like you »

Search by gender, age, treatments, symptoms, and time



Learn from others »

Learn from real-world treatment and symptoms

PatientsLikeMe.com

- Founded in 2004
- Social Networking Health Site
- Patients share treatment and symptom information in real time
- More than 45,000 patients registered
- 360,000 posts last in 2009

Innovative Marketing

15



Patient Centrality & Marketing



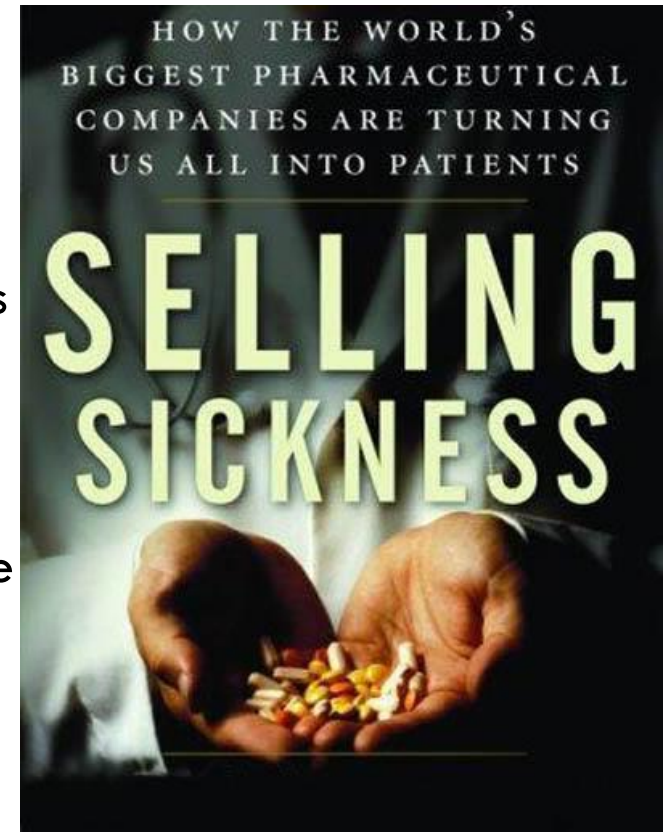
Ethical Marketing



Managing Adherence

Disease mongering

- **Disease Mongering:** extending the boundaries of treatable illness to expand markets for new products (Moynihan, Heath and Henry *BMJ* 2002)
- **Forms:**
 - Turn ordinary ailments into serious diseases
 - Mild symptoms treated as severe
 - Risks as diseases
 - Personal problems framed as medical
 - Creative framing of prevalence to increase market potential
- **Most cited examples:**
 - ADHD: Attention deficit hyperactivity disorder
 - Bipolar disorder
 - Restless leg syndrome



Sales Call Messaging

17

- Study on statins (Kappe and Stremersch 2010)
- Too high frequency of positive information and too low frequency of negative information
- Optimal in the short term (months), detrimental in the long term (quarters, years)!!

	Brand A	Brand B	Brand C	All
Competitively Superior				33%
Competitively Non-Superior				30%
Negative News	59%	58%	50%	57%
Positive News	64%	61%	56%	61%

Vioxx case

- **Reputation Damage:**
 - ▣ **50,000+** state and federal suits
 - ▣ **3000+** death claims paid
- **September 2007:**
 - ▣ Merck decides to settle all litigation for **\$4.85 billion**
 - ▣ Merck considered itself happy with the litigation process as it considered that it was **demonstrated that it acted responsibly**
 - ▣ Merck spent more than **\$1.2 billion in legal expenses**
- **Merck cuts 7,000+ jobs**



Innovative Marketing

19



Patient Centrality & Marketing



Ethical Marketing



Managing Adherence

Current Ways of Managing Adherence

20

- Directly to the patient:
 - ▣ Reminder devices
 - ▣ Compliance programs
 - ▣ ...
- Too little integration with doctor's role in monitoring adherence
- Too much focused on patient empowerment

Camacho, De Jong and Stremersch (2010)

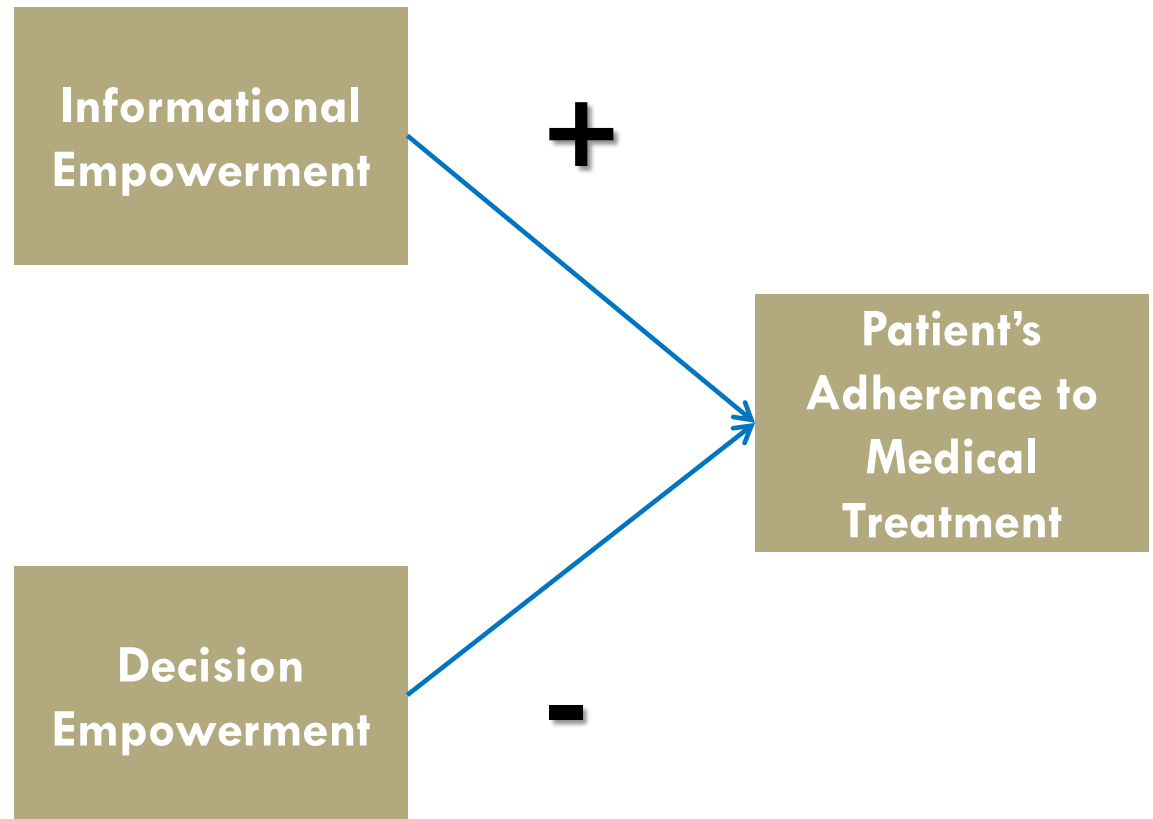
- 11,735 patients in 17 Countries on 4 continents:
 - Belgium, Brazil, Canada, Denmark, Estonia, France, Germany, India, Italy, Japan, Netherlands, Poland, Portugal, Singapore, Switzerland, UK and USA
- Internationally state-of-the-art survey design:
 - Translation procedures
 - Metric variance corrections
 - Socially desirable responding

Camacho, De Jong and Stremersch (2010)

22

Information to the patient (e.g. about risks and benefits of the treatment, dosing scheme, etc)

Patients' active participation in the choice of treatment



Managing Adherence

- **Make patients more informed:**
 - ▣ By firm
 - ▣ Or even better through doctor
- **Promoting power in actual treatment decisions can lead to lower adherence**
 - ▣ Patients become self-confident on their capacity of make medical decisions
 - ▣ Consequently, patients adhere less to therapy
- **Educate (through the doctor), rather than persuade (which is the task of the doctor)!**

Future 2: ROI Metrics for Optimal Marketing Decisions

24

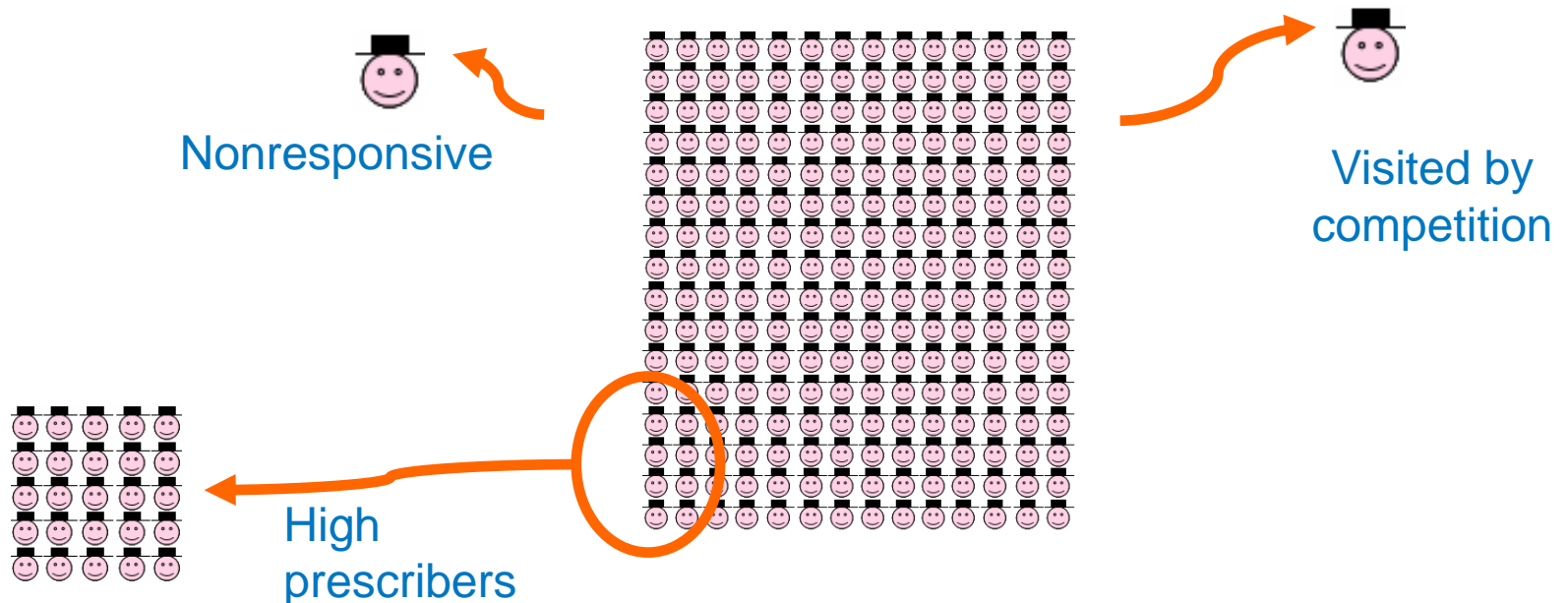
 Marketing to Physician Spend

 Optimal Launch Sequencing

Metric for Spend

25

- Current ROI Metrics do not account for:
 - ▣ Endogeneity of marketing spend, thus overestimating marketing spend effectiveness



Metric for Spend

26

- Current ROI Metrics do not account for:
 - ▣ Endogeneity of marketing spend, thus overestimating spend effectiveness
 - ▣ Heterogeneity across drugs and physicians
 - ▣ Competition (arms' race)
- See for different models:
 - ▣ Venkataraman and Stremersch (MGS 2007)
 - ▣ Stremersch and Landsman (2009)
 - ▣ Kappe and Stremersch (2009)
 - ▣ Kappe and Stremersch (2010)
 - Lessons...

Lesson 1: Effect size

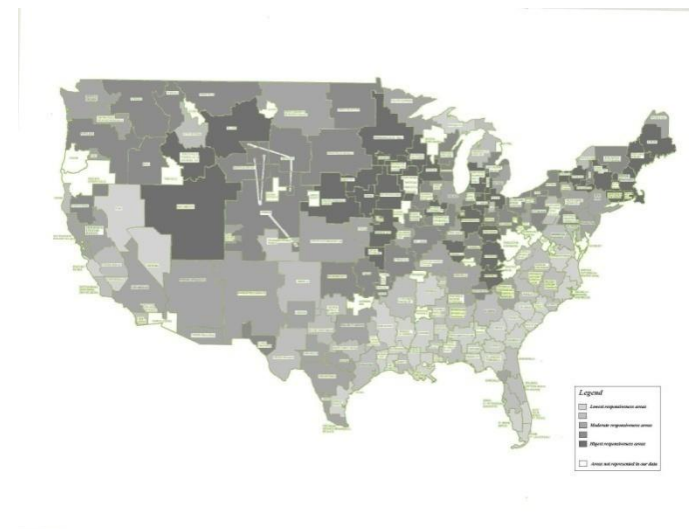
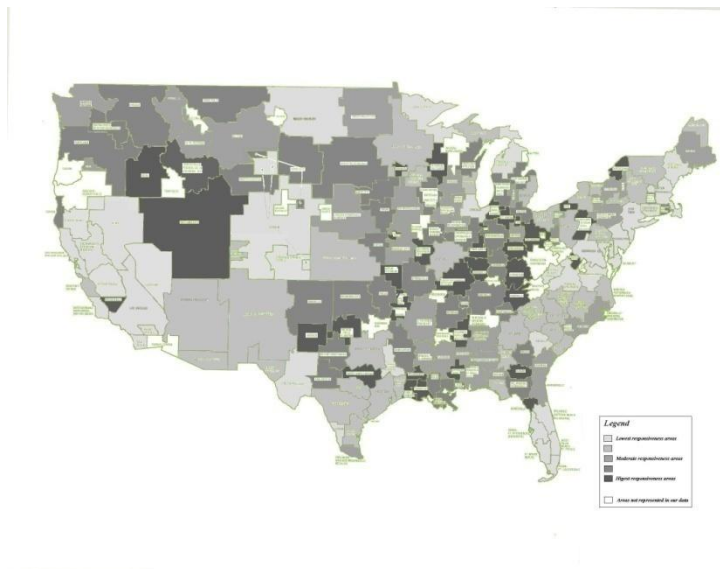
27

- Venkataraman and Stremersch (MGS 2007) & Stremersch, Landsman and Venkataraman (2009)
- ROI of marketing spend to physicians typically modest
 - ▣ Sometimes negative (at least for 1 brand in the category)
 - ▣ (Most positive) ROI within statins (US): 0.51 (<1)
 - Thus, negative profit consequences of additional detailing visit

Finding 2: Heterogeneity

28

- Drugs that gain most from spend to physicians:
 - High effectiveness
 - Many side effects (information need)
- Physicians (also spatial patterns)



Finding 3: Competition

29

- Arms' race in detailing expenses
 - Modest to negative ROI
 - Competitive detailing affects own detailing beyond responsiveness and volume
 - Many statements to this effect by top pharma execs (often outside marketing): “We don’t need those large sales forces to do the job. We need them because the competition is doing it...” Jean-Pierre Garnier, CEO, GSK (2005)
- Assessing outcome of policy shift in own marketing efforts, given competitive pattern, before initiating the shift (e.g. a cut in detailing)
- Kappe and Stremersch (2009)



Finding 3: Competition

30

- 26 sales/brand managers, marketing directors from U.S. pharmaceutical industry
- Presented with different scenarios (in statin category):
 - 1 base scenario (for validity)
 - 6 policy shifts
 - Firm B decreases 10%, 25% or 40%
 - Firm C decreases 10%, 25% or 40%
- Stated preference on size and allocation over physician types in 3 dimensions (volume, responsiveness and competition)

Finding 3: Competition

31

*Magnitude of
Downward Detailing
Shift*

-40%

-25%

-10%

All competitors ↑ <i>profits</i> ↑ Only for initiator	All competitors ↓ <i>profits</i> ↑ For all
Half of competitors ↓ <i>profits</i> ↑ Only for initiator	All competitors ↓ <i>profits</i> ↑ For most
Little reaction	Little reaction

Market Follower

Market Leader

Initiator

Future 2: ROI Metrics for Optimal Marketing Decisions

32

 Marketing to Physician Spend

 Optimal Launch Sequencing

International launch

33

- Optimal launch patterns that maximizes the profits for pharmaceutical companies
 - ▣ Take into account price spillovers

International launch

34

The New York Times

Global Business

WORLD | U.S. | N.Y. / REGION | BUSINESS | TECHNOLOGY | SCIENCE | HEALTH | SPORTS | OPINION

Search Business
News, Stocks, Funds, Companies

Financial Tools
Select a Financial Tool

More in Business »
Global Business | Markets | Economy

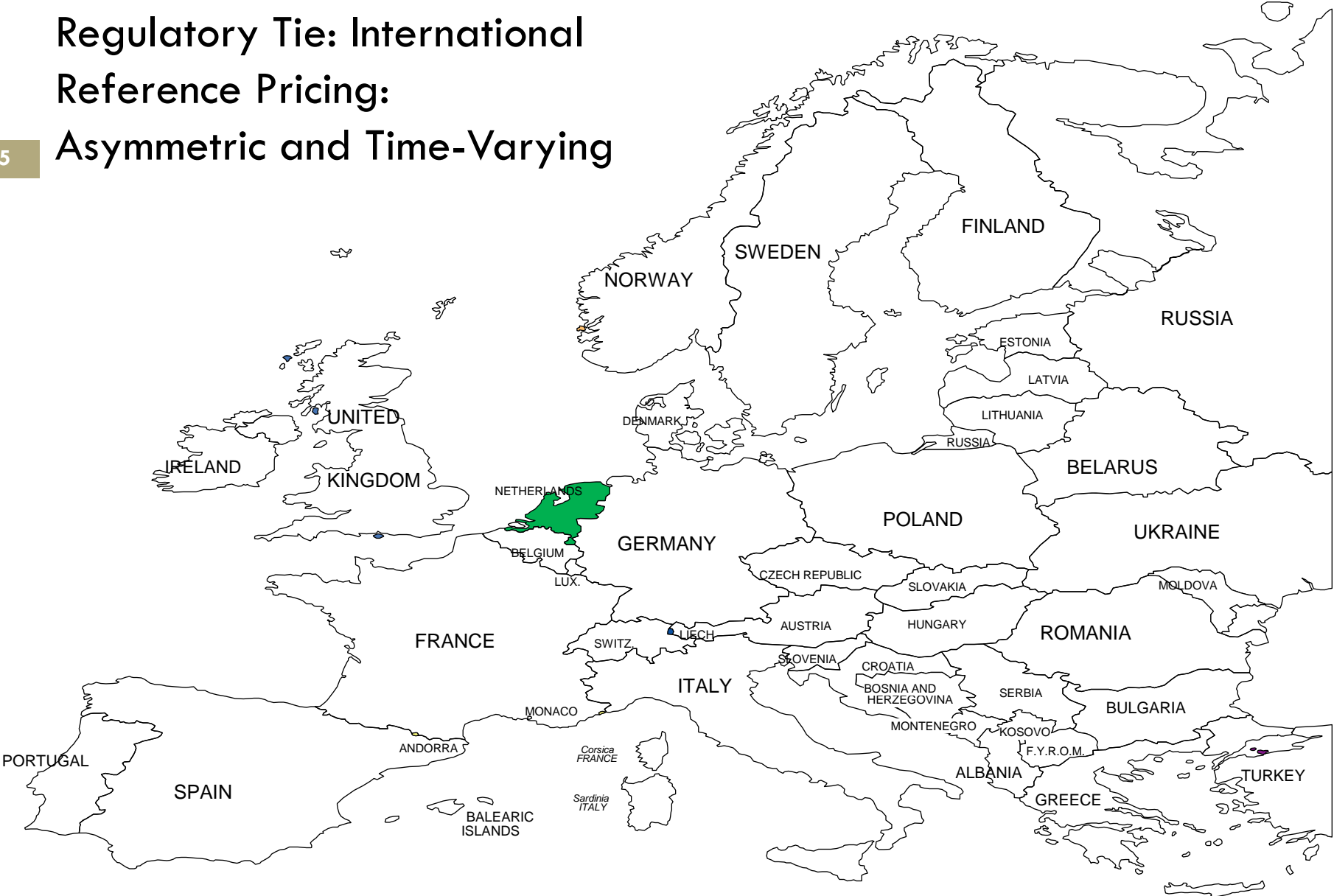
European Court Sides With Drug Companies Over Pricing Matter

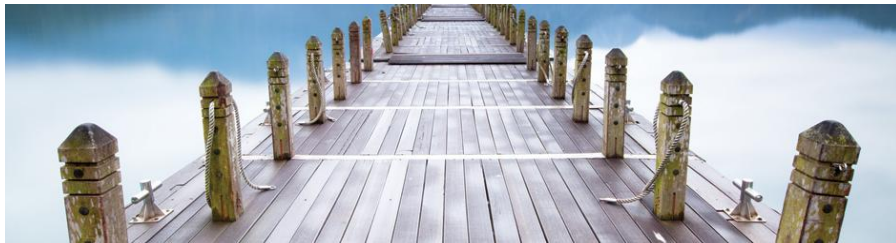
By JAMES KANTER
Published: October 6, 2009

BRUSSELS — Europe's highest court handed the pharmaceutical industry a victory on Tuesday, saying that regulators should reconsider whether efforts by drug makers to prevent traders from exploiting price differences across Europe should be allowed.

 FACEBOOK
 TWITTER
 RECOMMEND
 SIGN IN TO E-MAIL
 PRINT

Regulatory Tie: International Reference Pricing: Asymmetric and Time-Varying





For your further information: Other topics

International sales forecasting (MKS 2009, 16 new outpatient molecules)

Physician Learning on New Treatments (MKS 2011, asthma COPD category)

Global pricing strategy (Verniers and Stremersch, on 58 molecules outpatient)

Global launch timing and pricing (Verniers and Stremersch)

International diffusion of new hospital drugs (oncology)

For your further information: Papers that set the stage...

38

Stefan Stremersch & Walter Van Dyck

Marketing of the Life Sciences: A New Framework and Research Agenda for a Nascent Field

Although marketing scholars often seek to contribute new knowledge that is applicable across industries, some industries have unique characteristics that require industry-specific knowledge development. The authors argue that this requirement applies to the life sciences industry, defined as companies in pharmaceuticals, biotechnology, and therapeutic medical devices. Marketers in the life sciences industry face novel and unique challenges along eight decision areas in therapy creation, therapy launch, and therapy promotion. In therapy creation, they face therapy pipeline optimization, innovation alliance formation, and therapy positioning decisions. In therapy launch, they face global market entry timing and key opinion leader selection decisions. Therapy promotion mostly revolves around sales force management, communication management, and stimulating patient compliance. The authors qualify these decision areas according to their practical importance and academic potential. The article derives preliminary generalizations and propositions from prior research and practice and steers further research in specific directions. The authors believe that marketing of the life sciences offers a fertile area for further research because, among other things, its potential impact transcends any problems typically investigated by marketing scholars.

Keywords: life sciences, marketing theory, research agenda, pharmaceutical, biotechnology, medical device, marketing, sales

For your further information: Contact

39

- verniers@ese.eur.nl
- info@mti2.eu