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OUT-OF-THE-BOX MARKETING: WILL IT WORK FOR PHARMA?

By John Mack



**Richard
Vanderveer**

Soon after hearing this presentation by Dr. Richard B. Vanderveer, Chairman and CEO of V2, Inc., I “ran out” – actually “moused over” – to Amazon.com and ordered several of the marketing books that he highlighted in his presentation. Not one of them was written by Dr. Vanderveer! What Vanderveer offered, however, was to put these marketing ideas into the context of pharmaceutical promotions and pose important questions that pharmaceutical market researchers must ask themselves.

In-the-Box Marketing

To recognize out-of-the-box marketing (OBM) when you see it, you first need to understand what in-the-box marketing is. So, to start his presentation, Dr. Vanderveer presented a simple equation: **In-the-Box Marketing = Positioning + (Reach x Frequency)**

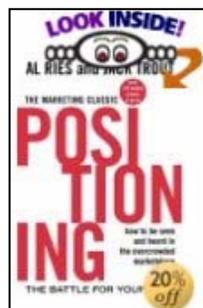
This represents the current era of marketing thinking, which began some 30 years ago when books on the subject—such as “Positioning: The Battle for Your Mind”—were published by Al Ries and Jack Trout. “Read these,” suggested Dr. Vanderveer, “They’re not right, but you gotta know what wrong looks like.”

I haven’t read “Positioning” yet, but according to Trout, the mind is the ultimate battleground for marketing wars. Positioning deals with the importance of being first, starting new categories, repositioning the competition, and

the importance of the name. Thus, BMW is positioned to be linked to “drivability” – when you think of driving, the marketer wants you to think first of BMW and vice versa. Think safety in the car category and Volvo is likely to come to mind first. Honda is positioned as first in reliability.

“Is pharmaceutical marketing really like cereal or automobile marketing?”

The other components of the in-the-box marketing equation—reach and frequency—are simpler concepts to understand. Frequency relates to how many times an ad is presented to a single individual. Reach measures how many different people are exposed to the same ad.



Thus, the better the positioning, plus the greater the reach and frequency, the more effective is the marketing, according to in-the-box thinkers.

“This works for cars—arguably,” contends Vanderveer. “To what extent does it work for doctors and patients? Is pharmaceutical marketing really like cereal or automobile marketing?”

continued on next page...

The Looming Pharmaceutical Marketing Crises

Crisis #1: Decreasing ROI. Vanderveer presented trended data from Datamonitor that says pharmaceutical marketing ROI is falling. In 1998, for every marketing dollar spent by the top 14 drug firms, \$22 in sales resulted. In 2001, the ROI was down 23% to \$17. As more and more sales representatives call on the same number of doctors, ROI will continue to decline.

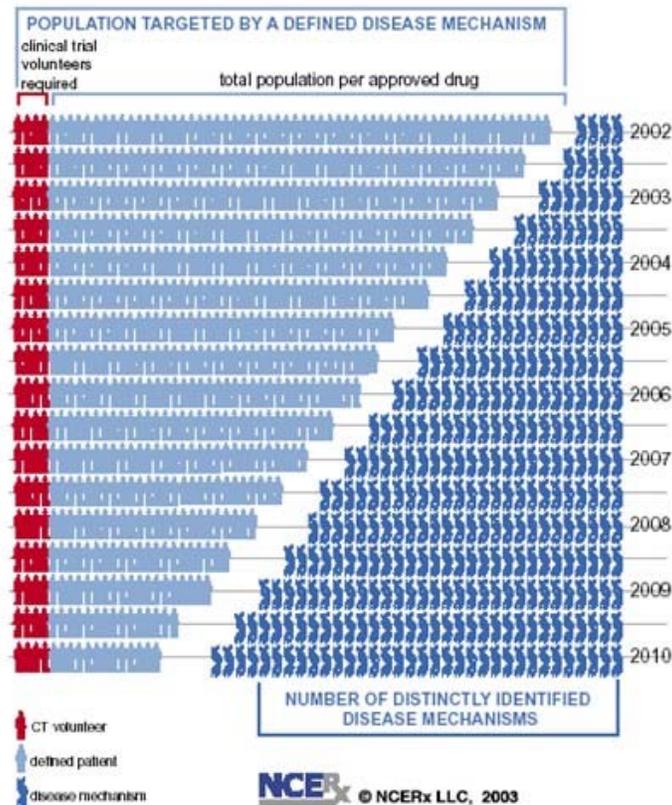
Current in-the-box marketing techniques such as DTC TV and magazine ads are “inefficient because of their scattershot nature. The vast majority of viewers of such ads are not sufferers of the condition the drug is indicated for.”

On the physician side, “approximately two-thirds of detailing visits do not result in a face-to-face meeting with a physician,” notes Vanderveer.

Crisis 2: Fewer Blockbuster Drugs. In the future, billion dollar blockbuster drugs will be increasingly difficult to come by. More drugs will be “niche-busters” or “mini-busters” that

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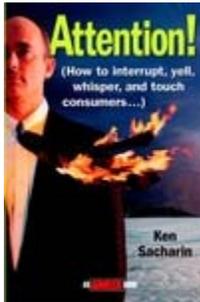
are designed to treat narrowly-defined indications. That’s because more specific disease mechanisms will be identified—high LDL vs. general hypercholesterolemia, for example—and fewer and fewer people will be eligible to be treated for approved indications (see Figure below). This will have “a significant impact on DTC,” suggested Vanderveer.



The above graphic is reproduced with the kind permission of NCERx LLC and drawn from their white paper 'A Unified Solution' detailing the convergence of clinical trial recruitment and Rx marketing as disease populations become increasingly sub-divided. Identified disease mechanism projections are drawn from Forrester research.

Attention Must Be Paid

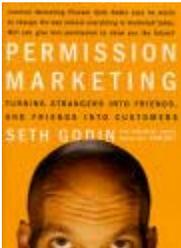
Turning his attention to physician marketing, Vanderveer pointed out that physicians make prescribing decisions by progressing through a series of psychological steps, including Attention, Information, Validation, and Inoculation.



Speaking about attention, Vanderveer showcased the book “Attention! (How to interrupt, yell, whisper, and touch consumers...)” by Ken Sacharin. The author’s premise is that attention is the scarcest commodity in today’s economy, the company that optimizes attention wins, and a body of knowledge exists for optimizing attention.

What Can Cut Through the Clutter?

To gain the attention of consumers, marketers must cut through the clutter. According to Seth Godin, author of the book “Permission Marketing” (also recommended by Vanderveer), “the average consumer sees about one million marketing messages a year—about 3,000 per day.”



Godin calls the traditional approach to getting consumer attention “Interruption Marketing.” The key to each and every ad, contends Godin, is to interrupt what you are doing in order to get you to think of something else. The problem, as Godin sees it, is that “to deal with the clutter and the decreasing effectiveness of Interruption Marketing, they’re interrupting us even more!”

Permission Marketing

According to Godin, “every marketing campaign gets better when an element of permission is added.” Interruption Marketing fails because it is unable to get enough attention. Permission Marketing works by taking advantage of this fact.

Consumers are willing to pay handsomely to save time, which is wasted by Interruption Marketing. Permission Marketing offers the consumer an opportunity to volunteer to be

marketed to. Permission Marketing, as Godin sees it, “is a lot like dating” and he offers these five steps to “dating” your customer (see box).

QUESTIONS TO PONDER

With regard to physician marketing by pharmaceutical companies, Vanderveer presented these thought questions for marketing research:

- How good a job are pharmaceutical market researchers doing “measuring” physician attention to drug promotional efforts?
- What methodologies are currently used to measure this attention?
- What new methodologies can be developed?

What’s your opinion? Take the “[Out-of-the-Box Opinion Survey](#).”

Pharmaceutical companies may already be using some Permission Marketing techniques with physicians. For example, sales reps often use incentives to gain access to physicians. These incentives include product samples, article reprints (when asked), and free CME programs. However, as was pointed out in previous articles, other factors are limiting the ability of reps to



FIVE STEPS TO DATING YOUR CUSTOMER

1. Offer an incentive to volunteer
2. Using the attention offered by the prospect, offer a curriculum over time, teaching the consumer about your product or service
3. Reinforce the incentive to guarantee that permission is maintained
4. Offer additional incentives to get even more permission
5. Over time, leverage the permission to change consumer behavior toward profits

deliver these incentives, including HIPAA regulations, PhRMA guidelines, and ACCME guidelines.

Buzz and Word-of-Mouth Marketing

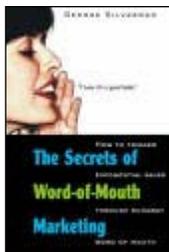
QUESTIONS TO PONDER

Vanderveer presented these thought questions regarding permission marketing to physicians:

- How important is Permission Marketing for pharmaceutical marketing to physicians? Why?
- To what extent is pharmaceutical marketing to physicians already "Permission Marketing?" How? Why?
- What would we need to change to do a better job of "dating" this customer?

What's your opinion? Take the ["Out-of-the-Box Opinion Survey."](#)

Another problem with advertising is that it lacks credibility according to a book Vanderveer recommended, "The Fall of Advertising & the Rise of PR." Al Ries, the co-author of "Positioning", is also co-author of this book. Seems he has had a change of heart!



Ries contends that marketing successes owe more to PR than to advertising and "more often than not, big advertising budgets are associated with companies with big problems."

Vanderveer suggested that "sound bytes don't sell drugs; stories do." Stories are what PR is all about. According to Ries, "To get something going from nothing [i.e., build a brand], you need the validity that only third-party endorsements can bring." This is the concept of "buzz"—getting people to talk about your product.

Vanderveer points out that getting doctors and patients to talk about your product with others is a different marketing goal than getting them to use your product. "Word-of-Mouth Marketing" can be extremely cost effective, especially when you don't have to pay for it.



"Typically," said Vanderveer, "the kinds of pharmaceutical products that get the most Buzz are life-style drugs." Viagra is a good example. At first, there was little or no advertising, not even an official product Web site. There were, however, perhaps hundreds of stories told in the press and jokes passed on by e-mail. Remember hearing the story about how men were caught breaking into clinics after the original trial ended to steal the stuff and use it for erectile enhancement! Whether true or not, these stories created buzz after Viagra was launched and before a single ad was run or a Web site was built.

Other drugs that get Buzz are products that treat cancer or HIV. There is a strong online patient community that passes stories on, especially positive stories. A case in point, is the drug Gleevec, developed by Novartis for the treatment of Chronic Myelogenous Leukemia (CML). This drug was approved for sale in the U.S. in May 2001, but the Buzz started much earlier. CML patients around the world literally were fighting to get access to this treatment, and they were pushing for an increase in production and for further clinical trials. "This has created is a huge demand in a very short period of time," said Brian Druker, MD, who helped develop Gleevec.

"In-the-box market research will not get you out of the box."

If You Don't Plan to Measure It, Don't Do It

In conclusion, Dr. Vanderveer warned that "in-the-box market research will not get you out of the box." Current market research is not designed to provide pharmaceutical marketers with details about physician attention. "Nobody comes to us," said Vanderveer, "to measure buzz with physicians, for example."

If you don't ask the right questions, you are going to get the answers you've always gotten. If Starbuck's Coffee had asked you "Would you buy a cup of coffee for \$3.50?" before it created the brand through buzz, surely everyone would have answered "absolutely not!" Thankfully, for Starbuck investors, that marketing research never happened.

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