

Conference Highlight Reprint # 47-03

Translate Industry Trends into the Optimal Promotional Strategy

By Irene Durham

"Detailing is not dead, but we also need to look at technology-based programs as a way to reach physicians and consumers," said David L. Stern, Vice President of Marketing for Metabolic and Endocrinology at Serono, Inc.

Stern was addressing attendees at Marketing ROI 2005, held recently in Philadelphia, PA. Stern spoke about recent trends in the pharmaceutical industry and how to address them.

Industry Being "Hammered"

"The industry is changing and we're under attack," said Stern. "We're hearing that prices are too high, the public is losing confidence, and even the media is hammering us," he noted, pointing to the movie "Side Effects" and Michael Moore's upcoming documentary about the pharmaceutical industry.

"We need to take a step back, identify the opportunities, and better communicate the value we bring to society."

A List of Problems

Stern pointed out that detailing is losing its impact. "According to a McKinsey Quarterly Survey, only 12% of reps speak to physicians, and only 8% of those who do speak to them deliver messages that are remembered," Stern said.

Consumer confidence in the pharmaceutical industry is also declining. Stern pointed to the results of a Harris Interactive survey conducted in 1997 and 2005; in 8 years, the percentage of consumers who said the pharmaceutical industry was doing a good job declined by 35%, to a rate lower than what was seen when consumers were questioned about their view of tobacco companies.

This decline in public perception coincides with the advent of direct-to-consumer (DTC) advertising, which now accounts for \$4 billion per year in spending.

At the same time, DTC advertising is becoming less effective, according to Stern. Television viewing is becoming more fragmented, and the advent of TIVO has lessened consumer viewing of commercials. A DTC survey conducted by the Food and

Drug Administration (FDA) found that only 7% of physicians feel pressure to prescribe a drug that is requested by a patient.

Internet Opportunity

Currently, approximately 60% of US consumers use the Internet to research healthcare topics. In fact, websites are now the number one source of information about healthcare. 90% of consumers find Rx information online and 40% of consumers do research before making a decision about an over-the-counter (OTC) or prescription product.

According to Stern, DTC advertising has done a good job helping patients to be diagnosed earlier, but it doesn't do a good job letting patients know they need to comply with therapy.

He pointed out that the industry loses about \$3 billion per year in the statin market alone because of noncompliance, which is primarily due to side effects and a lack of understanding on the part of patients.

"Physicians and the pharmaceutical industry need to do a much better job communicating to patients the importance of complying to therapy even after their symptoms disappear," Stern said. "Serono has free patient support and educational programs in place that are extremely beneficial to patient compliance to therapy."

Marketing Solutions

"Improving our messaging will improve ROI," Stern said. He noted that, in a recent survey, 57% of physicians said they would listen to reps if they provided valuable information.

"From a marketing standpoint, we as marketers have to make sure our reps have a good message, because improved messaging will improve ROI," Stern said.

Brand managers should also review their marketing mix and split dollars between traditional public relations, E-marketing, continuing medical education, direct-to-patient (DTP) programs, and DTC, according to Stern.

“Look for opportunities to go direct to patients with a strong, non-branded educational offering, like the HealthBanks website program,” Stern said.

Stern encouraged brand managers to utilize a mix of programs to reach their audiences. “Get out from behind the desk and listen to the customer,” Stern said. He also encouraged brand managers to look at DTP and compliance programs, which provide “good bang for the program buck,” to look closely at which tactics are driving revenues, and to look not only at NRx but also at TRx.

In closing, Stern reminded attendees of the difference between brand building and product selling. “A product sits on a shelf,” he said. “But a brand lives in your mind.”

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