

## Service Review

# Pharmacy TeleStocking

*Integrating Telemarketing with On-the-Ground Sales*

By **John Mack**

With over 24,000 independent pharmacies across the US, it is a daunting and expensive task to visit each one to ensure that it is well stocked with your product in advance of a major promotion. One way to manage the process is to use telemarketing services, such as that provided by Astute Development Group (ADG), a global provider of technology telemarketing and IT sales lead generation programs. ADG is based in Kilkenny, Ireland.

“Having your product in stock at pharmacies in advance of a major campaign is critical,” says Trevor Donovan, Director of Business Development at ADG, “especially if you are faced with generic competition. Without a stock of your brand, the pharmacist will have no choice but to substitute the generic product, if allowed.”

In some cases, pharmaceutical companies task the same sales reps that call on physicians to also visit pharmacies in their sales territory to assure that they are stocked with products being promoted in the territory. While necessary, this activity takes away from the sales rep’s main job of promoting to physicians.

The problem is more acute in large rural territories where pharmacies are spread out or in urban territories where there are many pharmacies within a small area. It just takes time that may better be spent calling on physicians.

“It’s important that pharmacists be aware of changes in the prescribing levels of physicians in their area,” says Donovan. “If their stock is not adequate to meet increased demand, they are at risk of losing customers, especially if it involves a repeat medication for a condition such as asthma or allergy.”

### Cost Advantage

“Instead of paying sales personnel to visit pharmacies,” says Donovan, “our program manages the pharmacy stocking process by phone, typically in conjunction with local sales campaigns.” Donovan estimates that compared to \$100 per contact with field sales reps, his program costs about \$6 per contact. “At that rate,” says Donovan, “telemarketing does not have to be inordinately more successful than the field force to be significantly more profitable.”

### Independent Pharmacy Facts

The National Community Pharmacists Association, founded in 1898, represents the nation’s community pharmacists, including the owners of more than 24,000 pharmacies. The nation’s independent pharmacies, independent pharmacy franchises, and independent chains represent a \$98 billion marketplace, dispensing nearly half of the nation’s retail prescription medicines.

Key findings from the 2006 NCPA-Pfizer Digest (preliminary figures):

- 24,500: total number of independent pharmacies in 2005; up from 24,345 in 2004 based on NCPDP and NCPA data. (Independent pharmacies include single-store independent pharmacies, independent chains, independent franchises, independent long-term care and home I.V. pharmacies, and independent pharmacist-owned supermarket pharmacies.)
- 63,500: average number of prescriptions dispensed annually per pharmacy (204 per day); up from 59,432 annually (190 per day) in 2004.
- \$3.98 million: average annual independent pharmacy sales; up from \$3.58 million in 2004.
- \$3.67 million: average annual independent prescription sales; up from \$3.28 million in 2004.
- 56 percent of medications dispensed by independent pharmacies are generics; up from 53 percent in 2004.

### Part D Looms on the Horizon

“It’s important to keep in mind that these figures are from 2005 and do not reflect any of the enormous changes that we are seeing as a result of Medicare Part D,” said NCPA President James Rankin, PD.

### Case Study

One client of ADG is a medical device company with an asthma drug delivery device that is new to the market and that is up against a significant dominant product that’s been on the market for a number of years. The company has to get its product on the pharmacy shelves and promoted as aggressively as the competition.

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They opted for a two-pronged approach in which their direct sales people target physicians and ADG contacts the pharmacies by phone.

“Some pharmacists might want to wait until prescriptions come in and then make an order,” says Donovan. “But that’s not very good for our client, the pharmacy, or the patient. The patient could go to another pharmacy that has stock and continue to use that pharmacy in the future to fulfill all prescriptions, not just for my client’s product.” In fact, Donovan claims that this happens in 75% of cases.

One asthma patient is worth about \$4,000 in sales per year. That is what the pharmacy risks losing by not having the product in stock.

“You have to be quite aggressive with the pharmacies to get them to stock products,” says Donovan. “It’s very important to tie in our telemarketing program with a good sales force on the ground doing direct to physician promotion as well.”

#### **Working with The Client**

The first step in ADG’s process working with clients is agreeing on the list of pharmacies to be targeted. ADG may get this list from the client or from list brokers or from both sources.

“Our clients can monitor the pharmacies we are calling,” says Donovan. “They know exactly who we are calling and can assure that it fits in with where the reps are active so that they will get as much bang for their buck as possible.”

ADG then works with the client to train their telemarketers about the benefits of the product in relation to the competition’s products. This training is crucial to convincing pharmacists to stock the product.

“You’re always looking to translate that to benefits for consumers as well as the pharmacy,” says Donovan. Sometimes, for example, a product may have a higher reimbursement than a competitor product. This needs to be communicated to the pharmacist who will benefit from the greater income.

“In the end,” says Donovan, “we want our staff to work off the same marketing messages as the client’s sales reps.”

ADG stays in contact with their clients on an ongoing basis so that they are able to get feedback often on improving the message. Weekly conference calls are helpful when an issue arises that ADG can share with the client. Some

pharmacies, for example, may have a Medicaid issue that requires more information from the client to address on follow-up calls.

“Invariably,” says Donovan, “there are going to be some messages that work better than others and there’s going to be issues uncovered about the product that the client didn’t even know existed. This feedback could help clients change their own marketing messages going forward.”

#### **Outsourcing vs. Offshoring**

“Our staff is educated to a university degree level, many with experience in sales as field reps,” says Donovan. In fact, a good percentage of ADG’s staff is recruited from the local pharmaceutical industry—pharmaceutical companies like Pfizer, Abbott and Wyeth that have based their European sales and marketing operations in Ireland.

There are some financial advantages to offshoring telemarketing to Ireland, but companies like ADG can compete these days more strongly on the basis of the caliber of its workers. ADG, therefore, should be considered on the basis of the outsourcing rather than offshoring advantages it offers.

“We want our staff to engage with the pharmacies,” says Donovan, “and clearly get across the selling points in a confident professional manner. If you come across like you are a ‘diving for dollars’ telemarketer, it would be disastrous for this industry. We want peer-to-peer conversations or as close to that as we can get.”

#### **Conclusion**

These days pharmaceutical companies are looking to get greater productivity from their sales forces. It may not make sense to divert sales personnel from their core function of promoting to physicians to manage pharmacy stocking as well, especially when it can be done much cheaper using the telemarketing expertise of companies like ADG.

As products are acquired and portfolios change, outsourcing and telemarketing help pharma companies maintain a flexible sales force to meet the challenging demands of today’s marketplace.

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