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Contents

Up Front

The End of DTC as We Have Known It

Almost a year ago to the day—just a week or so after launching Pharma Marketing Blog—I warned that DTC advertising must change if it is to survive. And change it has…knock on wood!

Back in January and earlier, I complained that DTC ads were not educational despite claims to the contrary by the industry. I cited erectile dysfunction (ED) drug ads as examples. Here's what I said: "Nowhere in any ED ad have I seen any information about what ED is, what the symptoms might be, and who is likely to suffer from it."

Now there are unbranded ads on TV that actually talk about the medical conditions that may cause ED—diabetes, high blood pressure, and high cholesterol. Imagine that!

A year ago I complained that pharma marketers were underutilizing information-rich channels such as the Internet. "Not enough effort or money," I said back then, "is spent to foster the synergy between DTC broadcast ads and the Internet. DTC ads focus on what may be a giant step for many people—go see your doctor. They don't emphasize enough an intermediate step—i.e., go to a website to learn more about the condition, the treatment options and find motivational tools."

Now we have www.mensfacts.com and other unbranded disease information sites that consumers are directed to via DTC ads. If you believe Yahoo!'s Jack Barrette, 2006 will be a big year for DTC on the Internet (see "Pharma Trends to Watch in 2006").

Back in June, 2005, I complained about print DTC ads that were creative with regard to presenting benefits but written in legalese mouse text when presenting the vital facts. I suggested that drug companies prevent their lawyers from writing the patient package insert stuff.

Now we have Lipitor print ads with large type both front AND back! In fact, Pfizer's new patient-friendly labeling information is almost as easy to read and understand as the ad copy! Who could have imagined this?

Back in March, 2005, I suggested that more DTC ads should use doctors and doctor-patient communication scenarios to convey the marketing message. "Drugs are serious products and require a doctor to close the sale," I said. "It makes perfect sense, therefore, to include doctors within the DTC ads to communicate risks."

Now we have plenty of DTC ads with doctors and actors playing doctors. This might be one of those wishes that should have been better thought through. There are doctors everywhere now! I've seen them in TV and print ads for Lipitor, Evista, Zetia, and Viagra to name just a few.

It's almost as if pharmaceutical marketers are listening…to me! I know it's just not me, but I think they are listening. How refreshing.

Merck asks "If you ran a pharmaceutical company, what would you change?" I might first kill all the marketers. I mean this only in the most benign (sic) Shakespearean sense of preparing the way for a new order, a new kind of marketing. I'd get rid of all the "kids" with their packaged goods promotional ideas and get back to the basics. I'd also ease up on the doctor-in-DTC thing!

John Mack, Publisher, Editor
Pharma Marketing News

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Feature Article

Pharma Trends to Watch in 2006

By **John Mack**

This is the time of the year when we all look into our crystal balls and try to come up with predictions for the new year. In December, 2005, for example, Pharmaceutical Executive Magazine published their 2006 Forecast based on interviews with a few experts. Pharma Marketing News also hosted its "2006 Pharma Trend Survey" online beginning January 9, 2006. The Pharma Marketing Roundtable met by conference call on January 12 to discuss trends as well. This article summarizes the collective wisdom from these sources.

Survey Topline Results

The *Pharma Marketing Network 2006 Pharma Trend Survey* asked respondents how likely or unlikely were a number of possible pharmaceutical industry trends to unfold in 2006. Respondents could answer highly unlikely, somewhat unlikely, somewhat likely, or highly likely. The aggregated results from 75 respondents are summarized in FIGURE 1 (see page 3).

Increase in Generic Competition

Increasing competition from generics is near the top of the list of most likely trends. Fifty-five percent (55%) of respondents said increased competition was "highly likely" in 2006. A corollary of this trend is increased loss of patents and 31% of respondents felt this trend was highly likely to continue in 2006.

"For the first time in my lifetime there are drugs going generic that are more efficacious and have fewer side effects than was previously the case," said Harry Sweeney, member of the Pharma Marketing Roundtable and Chair of Dorland Healthcare Communications. There's no question that the generic pipeline is robust and generic utilization will increase in 2006. Currently, about 53% of prescriptions are generic drugs. "That's projected to increase by 15% to 18% in 2006," said Vince DeChellis, another member of the Pharma Marketing Roundtable and an independent healthcare consultant.

"The increasing power of formularies means that brand companies have to compete not only against their brand competitors, but also with generic versions of their competitor's patent-expired drugs," said Mario Cavallini, Manager, Competitive Intelligence at SimStar. "This will be a challenge for marketing people who have to look at more dimensions than one." He was speaking at the recent Pharma Marketing Roundtable conference call.

As consumers begin to pay more in co-pays for branded drugs, pharmaceutical brand marketers will be under pressure to communicate compelling reasons for them to pay a premium for brand products. "With the advent of consumer-directed healthcare, you have to convince the consumer that paying $50 for Lipitor vs. the cheaper generic version is worth it," said Jack Barrette, Category Development Officer at Yahoo!

Of course, the rollout of Medicare Part D makes the federal government an even bigger payor in the years ahead, which means more pressure to substitute generics for brand drugs. The pharma industry is bracing for this and, according to Henry McKinnell, CEO of Pfizer, has a plan. "…if the sole decision-maker was the government, we'd be really worried," said McKinnell. "…government puts cost before the interest of patients. And an all-generic and an absolutely minimal-cost formulary sounds pretty good. The competition we're focused on is not so much the competition at the PBM level. It's the competition at the plan-recruiting-patients level. That has all to do with choice and access. We believe," said McKinnell, "that we can convince the payors that our medicines not only produce better outcomes, they also lower cost."

Brands Caving-In to Generic Onslaught?

Interestingly, the brand industry may be accelerating the loss of patents by settling law suits brought by generic competitors (see "Branded Drugs Settling More Generic Suits", WSJ; 17-Jan-2006). According to the Wall Street Journal, "Instead of defending their patents in protracted and risky court proceedings, some companies are settling cases by agreeing to shorten the patent life of a drug—and to forgo hundreds of millions of dollars in potential revenue—in return for assurance that they can market it for a few years free of the pall cast over their share prices by litigation with their generic rivals."

"Litigation as a marketing tool has been around for a long time," according to Sweeney. "As Medicare kicks in and fills [generic drug companies'] coffers, the generics will do things that they think will help them build their businesses. If they can grab more from branded drugs, they're going to do it."

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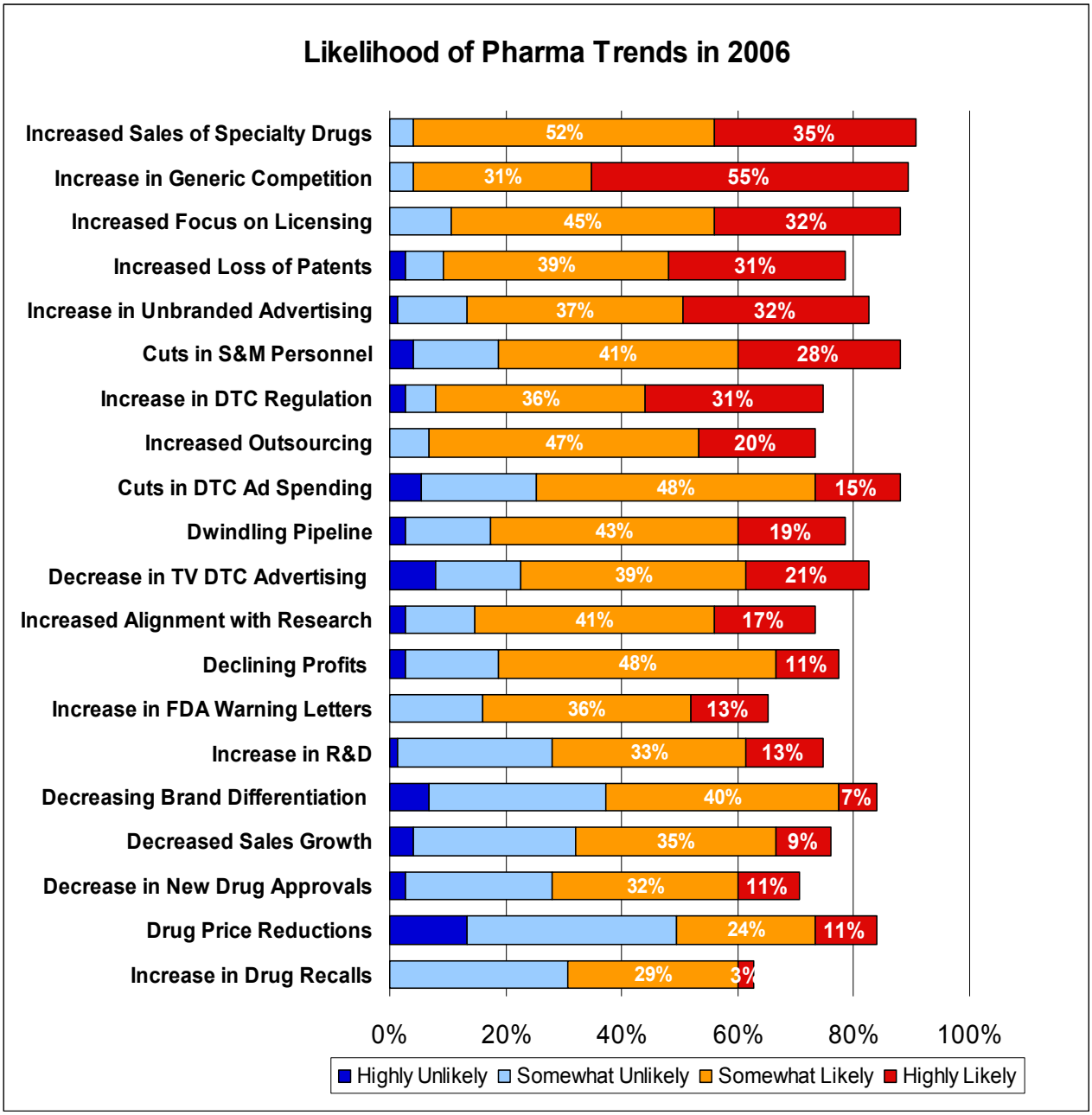

FIGURE 1: This is a summary of results of the Pharma Marketing Network 2006 Trend Survey. This snapshot was taken on 18-January-2006 (75 respondents). Respondents were asked to rate the likelihood of each trend by answering highly unlikely (dark blue), somewhat unlikely (light blue), somewhat likely (orange), or highly likely (red). The results are sorted according to the sum of the percent answering "somewhat likely" and "highly likely," with the most likely at the top and the least likely at the bottom..

The survey and current aggregated results can be found online at
http://www.pharma-mkting.com/surveys/surveys-hp.htm#2006trends

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At least one brand company is fighting back, however. Celebrating Pfizer's court victory over Ranbaxy's challenge to Lipitor, McKinnell offered this analogy: "If somebody is threatening to steal four tires off your car, it's not a good strategy to compromise and give them two." It depends. Does the person have a gun pointed at you? And is your family in the car?

As the WSJ article explains, there are advantages to settling and giving up a tire or two. "For the branded companies, settling has distinct advantages. They get a specific date when they know for sure they will lose a drug's revenue and can plan efforts to switch consumers to tweaked versions of the branded drug that still enjoy patent protection. Settlements also prevent generic makers from launching copycats before the courts decide patent cases, which has become increasingly common." In other words, this strategy could be good for the brand company's family (i.e., stockholders).

Brand Differentiation

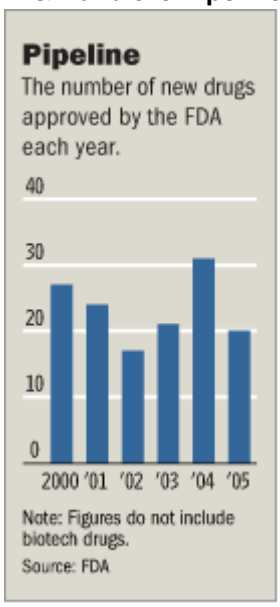
All this leads to brand differentiation, which I find means different things to different people. Unfortunately, the survey did not offer much in terms of defining what was meant by this term.

Harry Sweeney contended that brand differentiation refers to more than brand-specific messaging versus unbranded, disease-awareness messaging. "Whether there is an increase in unbranded ads or not, brand differentiation activities are going to increase," he said. "There's going to be more emphasis on distinguishing your brand to meet the generic competition." Sweeney voted, therefore, against any trend towards decreased brand differentiation whereas a higher percentage of survey respondents (47% vs. 38%) felt that decreased brand differentiation was somewhat or highly likely to be a trend in 2006.

Another option available to brands for combating generic competition is switching to over-the-counter (OTC). DeChellis warned that a trend in that direction would shift costs to the consumer, which might make the government happy since more drug costs coming out of consumers' pockets means less pressure on government budgets. Politically speaking, however, shifting costs of drugs to consumers may not be what the industry needs in 2006.

What I had in mind when I created the survey was not the problem of conveying distinctive brand messages to convince consumers to purchase the brand rather than the generic, but distinguishing your brand from the competitor's "me-too" brand. Take, for example, Viagra vs. Levitra vs. Cialis. Right now, I am finding it difficult to recall which brand—Viagra or Levitra—is promoting "Make the Call" vs. "Strike Up A Conversation." However, I *do* get the Cialis message: 36 hours, 36 hours, 36 hours!

R&D and the Pipeline of New Drugs



Another corollary to the increased generic competition trend is the brand drug pipeline issue. After all, if many more new drugs were on the immediate horizon, generics would only be a nuisance rather than a real threat. The consensus is hopeful. Only 19% of survey respondents, for example, felt it was highly likely that 2006 would see a continuing dwindling pipeline trend.

"2006 may be a rebuilding year," said Barrette. "You've got a trough in the pipeline—for the first time in years, there's been a drop rather than an increase in approvals compared to the previous year [see chart]. There's sure to be a ramp up in the years coming, but public opinion, generic growth, a lack of approval of new drugs, and pressure on marketing from physicians as well as consumers, means that 2006 will be a rebuilding year at best."

Only 20 new indications for drugs were approved in 2005 compared with 36 in 2004, despite $38 billion investment in drug development last year. Speaking of R&D investment, less than half (46%) of survey respondents felt that increased R&D expenditures—as a percent of sales—is likely to continue to be a trend in 2006. About a third said it was somewhat or highly unlikely. The subgroup of self-selected pharma company respondents was pretty divided on this issue with the largest percentage—35%—not knowing.

The FDA recently announced new guidelines for the preliminary phases of drug development, which will, according to the FDA, "enable U.S. medical researchers to evaluate much more efficiently the promise of scientific advances discovered in their laboratories."

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Roundtable members discounted the importance of this initiative, at least in the short term. "It would be a minimum of 5 to 10 years before this would impact the number of drugs coming out of the pipeline," said Barrette. "It's not a done deal," Cavallini pointed out. "There are human interest advocates who are complaining that this puts study participants at greater risk. This is another test of FDA's skittishness regarding risk."

Dreaded Precautionary Principle

Speaking of risk, FDA, and new drug approvals, DeChellis noted that "the projection for new drug approvals in 2006 looks to be about 36 or 37 new indications, but that depends on whether or not the FDA gets cold feet."

Sweeney referred to the "dreaded precautionary principle" concept attributed to Peter Pitts, former Associate Commissioner for External Relations at the FDA, and now a Senior Fellow in Health Care Studies at Pacific Research Institute (PRI). Pitts characterized the principle thusly: "unless you know everything you shouldn't do anything."

Whether or not precaution should be dreaded depends on your point of view. In any case, Pitts and other experts don't believe FDA is buying into this principle.

"The whole risk topic is ripe for robust discussion down in Washington," said Sweeney. "There are advocates—primarily consumer advocates—who are arguing for a zero risk approach. That's not the world that we live in. I think the FDA realizes this – the whole atmosphere is politicized and FDA is not sure what to do. The fact that the FDA does not have a true leader doesn't help."

FDA Regulation of DTC: To Be or Not To Be?

The most visible challenge to the pharmaceutical industry in 2006—one that if not handled deftly can affect the industry's public image the most—is direct-to-consumer (DTC) advertising. As Sweeney likes to say, DTC has become "a poster child for the industry and its marketing activities."

A large majority (67%) of respondents to the survey felt it was likely that there will be an increase in regulations of DTC by FDA in 2006 as opposed to only 8% who felt there will not be any increase. Roundtable members tended to favor the minority opinion on this point.

"The Bush administration is overextended with regard to political capital and it has to cut down the number of fronts it's fighting on," said Cavallini. "One of these is the battle of Bush appointees against government agency (e.g., FDA) professional staffers. Consequently, there's going to be a truce, at least until the end of mid-term elections."

Risk: I Say Relative, You Say Absolute

Most experts believe that if the FDA comes out with new DTC regulations, these will most likely focus on the communication of risk in consumer drug ads.

The industry, of course, has its own views on how risk should be communicated. Some industry proponents, for example, contend that risk should be presented in absolute terms rather than relative terms. Study data presented at a recent FDA public hearing suggest that consumers presented with drug risk information as an absolute risk were willing to accept a higher level of risk to achieve therapeutic benefit than those who were presented information as relative risk. That is, if I told you that your chances of getting a heart attack was 5 times higher if you took Vioxx than if you took Aleve, you would be less inclined to accept that risk than if I told you that your absolute risk was 0.25% with Vioxx vs. 0.05% with Aleve. Neither of the latter two numbers seems big enough to worry about, but a 5-times increase sounds terrible.

Sweeney expressed it this way: "Since most people are not interested in epidemiologic statistics, generally, but rather in a 'statistic of one'—themselves, or a loved one—wouldn't it make more sense to report risks in those terms as well as the ways favored by economists and epidemiologists?"

Not too many people have attempted to answer Sweeney's question. I only note here that many industry advocates want consumers to have a choice and to be able to make an informed choice. What better way to ensure that than to communicate relative benefits and risks of drugs? That way, consumers can make head-to-head comparisons just like they do when buying cars or margarine. If you are interested in reading further thoughts on this topic, see these Pharma Marketing Blog posts:

- Marketing "Acceptable Risk"
- Finally, Marketing Aligns with PR – Maybe

A future Pharma Marketing Roundtable discussion of this issue is planned.

Regardless of what the FDA may do, public opinion is the final court of appeals. "Public opinion and the consumer media are going to watchdog the PhRMA code closely in 2006," said Barrette. "Anyone who does a reminder ad or sends an ED

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ad to an inappropriate audience, for example, is going to be beaten up and stoned publicly. This public enforcement of the guidelines is going to be interesting to see."

New Directions Part 1: Alternative Media

Nearly two-thirds (63%) of survey respondents felt that there would be cuts in DTC ad spending in 2006 and 60% felt there would be less DTC on TV. Roundtable experts suggested that there would be a re-allocation of where DTC money is spent, not a dramatic cutback across the board. "I think that the channel spend is going to change," said DeChellis. "Medical communication, for example, is going virtual."

Some companies are already allocating sizeable chunks of their DTC ad budgets to online. "AstraZeneca said it is spending 8% of its consumer budget online," said Barrette. "which is about quadruple the industry average for the past several years. At Yahoo! we've already booked more for 2006 before the year has even started than we booked at the end of 2004. This move to up-front buying is a clear indication that the industry is moving in this direction."

New Directions Part 2: Unbranded DTC

More than two-thirds of survey respondents (69%) felt it was likely that there would be an increase in non-branded (unbranded) disease awareness advertising in 2006 as opposed to only 13% who felt there would not be an increase. Somewhat more pharma respondents (18%) agreed with the naysayers.

"Part 2 about the shift in how we reach consumers [part 1 being the channel mix – see New Directions Part 1: Alternative Media] is the creative that we reach them with," said Barrette. "There's no question that we are going to see more unbranded ads and a big shift in the way creative is done – it's already happening. You're going to see a flip to mensfacts.com and those types of programs."

Conclusion

There's enough collective wisdom here to get your brain cells working on ideas about how to align your business plan with the projected trends for 2006. The online Pharma Marketing Network 2006 Pharma Trend Survey will available for a bit longer and I invite you to look into your crystal ball and take the survey. Your comments are also welcome. If you are interested in joining the Pharma Marketing Roundtable, please go to the Web site (www.pharmamarketingroundtable.com) for more information and a link to the application form.

Pharma Marketing News

Pharma Marketing Roundtable

The **Pharma Marketing Network Roundtable** (PMN Roundtable) is a series of periodic teleconference/webinar meetings of pharmaceutical marketing experts for the discussion and exchange of views on topics of interest to pharmaceutical marketing and sales professionals.
PMN Roundtable Members include professionals working within pharmaceutical companies as well as in advertising agencies, medical communications companies, and other pharmaceutical vendor companies. Only select and highly qualified pharma marketing professionals are invited to be members of the PMN Roundtable by the Editor of Pharma Marketing News. Members are chosen to provide the widest, most knowledgeable coverage of the issues of importance to the Pharma Marketing Network Community.

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ED DTC: The Good Poster Boy?

Originally posted to Pharma Marketing Blog, January 16. 2006.

To achieve better alignment with what the industry says in its PR, DTC ads must become more educational and also better at communicating risk. Oddly enough, the therapeutic category that is leading the way is the erectile dysfunction (ED) category, which has been the "bad" poster boy for the drug industry for years and exemplified everything that was wrong with DTC.

New ED ads, however, feature a real doctor talking about risks associated with taking ED drugs and other ED ads are unbranded and talk about the risk factors for developing ED. Schering-Plough and GSK, marketers of Levitra, are running ads that talk about high blood pressure, high cholesterol, and diabetes as risk factors. The ads direct viewers to a Web site where they can get a Men's Facts Kit (www.mensfacts.com). I sent for mine, but haven't received it yet.

SP/GSK's unbranded ads break a rule in drug advertising that says that such ads benefit the market leader—i.e., Viagra—more than the product sponsoring the unbranded ad. In this case, however, a rising tide floats all ships. Sales in the ED market have not been up to the industry's expectations (see "Why are ED drug sales falling?" and "ED Sales Limp") and any increase will be welcomed. Levitra may still be number 3 in its share of the pie, but the pie will be bigger if the new ads work.

With these new campaigns, the ED category may become the "good" poster boy for the industry. I hope so. The whole world—at least the world that matters most to pharma (i.e., the US consumer)—is watching!

-- John Mack

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Sudoku Pharma

No, it's not a Japanese pharmaceutical company. It's the name of a puzzle and a craze sweeping Japan and the US. "Pharma" was added to just to get your attention!

The object is to fill the grid with numbers so that every row, every column, and every 3x3 box contains the digits from 1 to 9, without repeating.

The grid at the left is an example. See if you can solve it! Some digits are placed in the grid to get you started.

Fax your *correct* solution to 215-504-5739 **before** midnight 22-Jan-2006 and you will be *eligible* to win a free quarter-page ad in *Pharma Marketing News*.

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Stephen Wogen, **Medco**	Ed Staffa, **NACDS**	James Carey, **Novartis**
Pamela Pepe, **Serono**	Michael Wang, **Celgene**	Gail L. Miller, **Humana**
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Service Review

Direct to Physician Telemarketing and Sales

When Outsourcing Makes Sense

By **John Mack**

The point of diminishing returns in the sales trench warfare has been reached. Everyone knows that pharma sales reps are less effective than they used to be (see "A Crisis in Professional Detailing"). Although the pharmaceutical sales force has doubled between 1995 and 2000, the number of audited calls has only increased by 10%. At an estimated cost of $100 to $200 per completed sales call, a lot of money is being wasted. As the saying goes, "A billion here and a billion there, pretty soon we're talking real money!"

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Fortune 100 pharmaceutical company seeks Sales Consultants to develop and implement an effective territory business plan; utilizing effective direct selling techniques and market strategies to expand product demand. Sales territory covers a large geographic area in southern rural US with very few physicians per square mile. Most physicians in this territory have not seen a sales rep in years. You must visit at least 400 of these "no-sees" in the first two weeks on the job. Sorry, no budget is available for overnight, weekend or air travel, which, nevertheless, may be required. EOE. Fax resume to: 1-800-NO SALES.

For most companies it makes no sense economically to add field staff, especially to cover "white" territories spread across large, mostly rural areas. Proposed and actual cuts in sales personnel by companies like Pfizer and Wyeth also contribute to the problem of territory coverage.

One solution might be eDetailing, which can be more cost-effective than personal sales calls and is available to any physician with a computer and access to the Internet (see *eDetailing: Special Supplement*). Add on to that online sampling and you might have a trend, although the jury is still out on that (see "eDetailing: Yesterday, Today and Tomorrow"). eDetailing, however, lacks the personal touch and human interaction, which is so important in sales.

Outsourced Telemarketing

Another option is telemarketing offered by companies such as ADG Pharmaceutical Biotech Marketing (ADG), which specializes in providing hosted telemarketing services for the pharmaceutical, life sciences and biotech industries. Headquartered in Ireland, 90% of ADG's work is for US companies promoting products to US physicians.

"Our staff is educated to a university degree level, many with experience in sales as field reps," says Trevor Donovan, ADG's Director of Business Development. 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.

"Savings in manufacturing labor costs was the initial reason for foreign investment," says Donovan, "but as time went on, Ireland, like the US, has lost manufacturing jobs to eastern Europe, China, and India. But what sets Ireland apart is that it is an English speaking country and has a highly educated and trained workforce." There are still 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.

In his book, "The World Is Flat: A Brief History of the Twenty-first Century," author Thomas Friedman (three-time Pulitzer prize winner) lists ten notable forces that are "flattening" the world. The fifth force on his list is the outsourcing of services.

The outsourced marketing and sales support services that ADG offers include:

- Market Research
- Sample Marketing & Fulfillment Services
- Direct Marketing & Mail Follow Up
- Seminar Recruitment
- Sales Support Solutions
- Inbound Response Management
- Vacant Territory Coverage
- Database Development and List Building

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"Market research, sample fulfillment, vacant territory coverage, brand promotion, and combating generic intrusion are our bread and butter services," says Donovan who cited sample fulfillment by phone as a case study.

Demonstrable Return on Investment

"Our client was a US pharma company with a pediatric product facing a major intrusion by generic competitors," said Donovan. The market for the product was mostly in the southern US region. "Their sales force was spread pretty thinly over this territory," says Donovan, "and they were losing opportunity to promote their product to pediatricians who had large practices but were difficult to reach. It made no sense to hire more reps to cover this area."

The strategy used sample fulfillment as the driver to reach the physicians. ADG worked with the client to develop and implement the sample fulfillment program by calling physicians every month to check on sample supplies for three different medications. ADG personnel took orders by phone and handled the required forms, which had to be signed by physicians, by fax back to ADG.

"Through telemarketing we were able to ensure that our client did not lose market share in these areas and in most cases we helped them improve market share in several geographical regions," claims Donovan. The return on investment was approximately 16-fold as measured by the cost of the program compared with the increase in prescriptions written.

Market Research

In another case, ADG was charged with getting feedback from doctors about the packaging and correct use of a product. The company had received sporadic feedback from a few doctors and wanted to verify if there was a problem and what exactly was the issue. ADG called doctors and nurses in private practices and learned that there was overwhelming satisfaction with the product.

Seminar & Webinar Recruitment

Seminars or Webinars are increasingly being used by pharmaceutical companies to provide physicians with critical product information in a format and at a time convenient to the audience. The success of such programs depends to a large degree on getting the right physicians to attend and ADG offers a cost-effective recruitment program to accomplish this. ADG speaks to key decision makers in physician offices and introduces the sponsoring company and its product in a professional manner to ensure that the company's events have the maximum possible participation rate.

The ADG Recruitment Program includes:

- Prompt Mail follow-up
- Professional introduction
- High call volumes
- Conversational approach
- Seminar attendance confirmation

ADG also conducts event follow-up campaigns. Key decision makers who have attended the programs are contacted directly by phone so that that any sales leads generated at these events are captured.

Conclusion

Getting the most from field sales is a challenging business. Overheads are high and the marketplace is increasingly regulated. ADG can supplement and improve cost effectiveness through tailored telemarketing programs such as those described in this article. With offices in the United States, Ireland and France, ADG is perfectly positioned to partner with global pharmaceutical and biotech companies for direct to physician telemarketing, professional detailing and market intelligence gathering.

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.

Pharma Marketing News

"ADG helped us promote our products in a cost-effective, seamless and professional manner. They were quickly up to speed on our brands and extremely flexible. As the program went forward we were able to adapt and change our tactics. They have continuously delivered significant Return on Investment."

– Director of Product Marketing, pharma client

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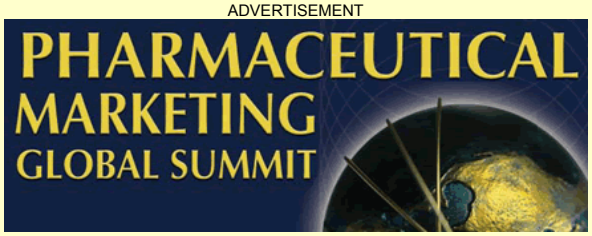

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Interview

Pfizer France: Viva la SFE Difference!

By **Denise Silber**

Our European correspondent, Denise Silber, met Annick Pichavant Ruty, VP of Sales for Pfizer France, at a recent pharmaceutical industry conference in Europe. The following interview was the result of this meeting. Surprisingly, lack of sales rep time with physicians is not a problem for Pfizer France. The company, however, had other internal issues that needed to be addressed to build an effective sales force following two mergers that doubled the number of reps.

DENISE: *Let's start with your job definition. You told me that your first objective as VP of Sales at Pfizer France "is not really sales but managing the work process." Can you expand?*

ANNICK. My first objective is not really sales, even though "Sales" is in my title. My main responsibility is to ensure that our 1200 sales reps are detailing the right physicians, at the right frequency, with the best impact.

My second responsibility, in order to optimize the sales process in our large organization, is to align managerial practices. If district managers (DMs) apply different rules and practices from one region to another, this is very demotivating for the reps. We align man-agerial practices in order to ensure the equity of treatment for the reps.

We began aligning practices in October 2003, when we launched a major new development program for district managers. The program went back to basics—district managers were trained or re-trained to coach their reps. Then we did a Web survey of 400 reps in order to evaluate the impact of the program. Ninety percent (90%) of the reps participated, and the vast majority recognized improvement in the DMs after the program.

DENISE: *You made a presentation at the Pharma Sales World Conference in December, 2005, explaining how Pfizer transitioned forward from a trouble-ridden recently-merged set of separate field forces to one unified successful entity. You had left your position as Pfizer VP of Human Resources in 2002 to take up the post-merger sales force challenge. Can you walk us through this?*

ANNICK: In fact, we went through two mergers, Warner Lambert and Pharmacia. In 2001, Pfizer France had 650 reps, in 2002 1,000 reps, and in 2003 we reached our current size of 1,200 reps.

Pfizer France: Pharma Sales Department

19 active products

2005 Sales: euros 1.2 billion for promoted products

1500 people including:

- 4 senior sales directors
- 15 sales directors
- 130 district managers
- 1200 sales reps

In 2002, the sales force situation was quite poor as a result of the merger. In France, the two companies were the same size, but Warner-Lambert had no experience with ETMS (Electronic Territory Management System) and their reps did not use laptops. Pfizer France had never promoted Lipitor, and we really did not have a results-oriented culture.

The first thing I did when I became VP of Sales was to organize a tour of France. We held 12 local meetings with the reps to try to understand what was wrong. I met with more than 200 reps who provided us with feedback from their peers. With all the data, I drafted a recommendation that led to an action plan called "Regain." We identified problems at many levels and introduced 9 levels of sales force efficiency. [See next page.]

For example, the reps told us that the district managers no longer brought added value. This was true. The DMs spent no time with the reps because they were too busy organizing professional relations and other activities for 9 products. Our first decision was to give the DMs more time to work with the reps by reducing the number of products in each DM portfolio and refocusing them in a program called "What Pfizer can do for you." This program enabled us to show the reps that we were helping them. Six months later we introduced Phase 2, called "Fighting Spirit" or "What you can do for Pfizer."

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DENISE: *When you were setting up new working processes and in transition, how did the company keep focused on sales results?*

ANNICK: I am performance-oriented and we were very focused on sales, but our performance was not good. Product sales' dynamics did not begin to turn around until after our national sales convention. The convention took place in Europe, outside of France, on a cruise ship, for one week in May, 2003. The objective was to restore the pride of the sales force. The seminar took a lot of work and energy to organize, but results began coming in right afterward.

Nine Enablers for Short and Mid-term Actions

1. Face to Face visit and Detailing optimization
2. New organization in Therapeutic Teams
3. Reward and recognition
   - New bonus scheme
   - Top Performers program
4. Motivation - Incentive
5. Headquarter Sales Force interface
6. Private life / professional life balance
7. Develop product expertise
8. Communication
9. Marketing and Sales interface

At the convention, we were able to publicly recognize our first top performers. These top performers emerged from two programs we initiated in 2002, one recognizing expertise and the other recognizing quantitative performance. We've pursued the contest each year since. It's a major event involving the whole executive committee. Reps may be eligible for trips, stock options, a better car, etc.

Let me mention some sales force effectiveness (SFE) tools that we employ. There is, of course, a sales incentive program. Ector, a homemade program, is our territory management system. We also have a dedicated Web site where every rep can follow our results. Finally, the Internal Communication team has a dotted line relationship with us and assists us tremendously in ensuring that reps understand the context in which they receive their instructions.

DENISE: *I understand you measure the image of Pfizer France's sales force internationally.*

ANNICK: Yes, we have two barometers:

1) Every two years we do a customer survey of physicians in 21 countries in Europe and Canada. The most recent results in 2004 showed that we were no better than our main competitors; so we launched "the year of talent" in 2005.

2) Every 18 months, we do a survey of the sales force. The 2005 results showed that among the 21 Europe/Canada Pfizer affiliates, France tied with Portugal and Hungary for its positive dynamic, placing France number one of the 6 largest markets.

DENISE: *It is getting more difficult for reps to see doctors in the US and elsewhere. Yet Pfizer France doesn't seem to have this problem. Can you explain why?*

ANNICK: I know that this will surprise you, but we don't think that physician access is a real problem for Pfizer France. With the regular improvement of our content and the implementation of a new approach to our calls last December, our reps can reach an average of 20 minutes per visit, which is double the French average and vastly greater than the US figures. A year ago we decided that the reps would have to re-allocate all their calls because they were both over and under-detailing physicians. Some doctors were seen 20 times a year and others almost never. It's not easy to ask the reps to visit the difficult-to-see physicians more often, but we did, because we felt that there was no other solution.

Our new approach to detailing includes improved content. Eight members from our department are members of a sales leadership team working on "best practices in healthcare," an umbrella concept covering all of our therapeutic areas. The eight include myself, four senior sales directors, the training and development director, the SFE director, and a partnerships specialist who interfaces with external influencers. We work on the content and impact of each call by making it more relevant to the physician. We also aligned our sales work to corporate communication on "healthy aging."

For the first time in three years the unit market share of nine-year old Amlor/Norvasc is rising.

Continued on next page…

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DENISE: *What do you think of eDetailing, one form of which is video detail set up by appointment with the doctor?*

ANNICK: We have tried eDetailing. But we find that only a very small number of doctors are ready for it here. The face-to-face call has a much greater impact. Even "saturated" physicians still accept reps, so there must be a need. However, we are not technology laggards. We were among the first sales forces to use a PDA and we have a very good PDA-enabled ETMS.

DENISE: *When did you first think about leaving HR for Sales? Are there many female VP's in France?*

ANNICK: I came into sales as a district manager at age 26, without direct field experience, which is rare and went on to become sales director. From there, I joined HR. When the VP of Sales opportunity came up, I had been VP of HR for two and a half years, but I had always found sales very interesting, so I accepted the new challenge. Sales, after all, is the operational side of HR. The best HR directors come in from operational responsibilities, as does our current VP of HR. As to women head of sales, I am aware of one other in the French pharma market. We don't yet know each other.

DENISE: *Annick, any concluding words?*

ANNICK: The few years following the mergers were quite difficult. But I can see now that everything is easier because we are building from success.

Pharma Marketing News

Women in Pharma

Originally posted to Pharma Marketing Blog, November 30,. 2005.

If you want to focus on women as an asset to your business, then look at what women can actually do really well that male leaders struggle with:

- Link [rather than rank] workers;
- favour interactive-collaborative leadership style [empowerment beats top-down decision making];
- sustain fruitful collaborations;
- comfortable with sharing information;
- see redistribution of power as victory, not surrender;
- favour multi-dimensional feedback;
- value technical & interpersonal skills, individual & group contributions equally;
- readily accept ambiguity;
- honour intuition as well as pure "rationality"; (this is one of my personal favourites, but as a male, most women already knew that)
- inherently flexible;
- appreciate cultural diversity.

-- Brian Towell

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Pharma Marketing Blog

From the publisher of Pharma Marketing News.

The BEST of Pharma Marketing Blog in 2005

NUMBER 1: John Mack Rebuffs Merck's CEO Offer -- When Merck was looking for a new CEO, I couldn't believe that the leading prospect would reject the overture because he was scheduled to climb a mountain! Who could have scripted such a comment? This post was based on a more or less serious article in the Wall Street Journal, which I am sure had a bit of tongue in cheek. I couldn't resist taking the analogy to the extreme and came up with this comic spoof that won a few accolades from friends and colleagues. I should have waited a couple of days, however, for April Fool's day. Timing is everything in the blogosphere!

NUMBER 2: Sexy Reps Sell Rx -- This post about the propensity of pharma companies to hire cheerleaders as sales reps resulted in a lively discussion among members of the PHARMA-MKTING listserv concerning the role of women in the industry. Smack in the middle of that discussion, we learned that Jerry Hall, super model, was named the (get this) "Global Ambassador for [Bayer HealthCare's] Erectile Dysfunction Campaign." Could it get any better for a blogger? You just can't make this stuff up!

NUMBER 3: Pharma Marketing Mensa Invitational -- Take any pharmaceutical marketing term, alter it by adding, subtracting, or changing one letter, and supply a new definition. The results are pretty hilarious!

NUMBER 4: WSJ Cites PM Blog as "Must Read" -- When the Wall Street Journal cited Pharma Marketing Blog as a blog insiders should read to stay current, you could have bowled me over. That day, the number of visitors increased tenfold! Just shows the power of the press.

NUMBER 5: Peter Rost: Pharma's Black Knight -- When Pfizer cut off whistle blower Peter Rost's cell phone and email service after he was interviewed on 60 minutes, I couldn't help compare Rost with the Black Knight in the movie "Monty Python and the Holy Grail."

NUMBER 6: It's the land of success! -- Oops! This is another Merck/Vioxx related post, but written in the style of the old rhyming Crestor ad. It's about "fixing" data in a Vioxx trial to make the results more favorable. See also Merck's Hand in the Cookie Jar where you will find the smoking gun.

NUMBER 7: The Two Bobs: Enzyte vs. Viagra -- One editor calls for Enzyte (the "natural male enhancement pill") ads to be pulled, the other wonders why Viagra ("the blue pill") ads aren't vilified as well. Which Bob do you like? Or which Bob is more like you (or a male acquaintance of yours)? The parallels between these products, how they are marketed, and how they have been or not been regulated is very interesting. In August, I suggested that the promotion of Viagra would be a test of Pfizer's new DTC pledge (see "Pfizer DTC Pledge: ED is Litmus Test"). These days, Viagra has virtually disappeared from TV -- at least prime-time TV -- whereas Enzyte ads dominate the afternoon ESPN ad space.

NUMBER 8: Merck's Hand in the Cookie Jar -- There's so much [bad] news about Merck and Vioxx that I just cannot help but write about the company's trials and tribulations. At least 13 posts were devoted to Merck in 2005. I picked this one because it was the last straw and so obvious that Merck was "cooking the books" so to speak. I anticipate more disturbing revelations in 2006.

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Resource List

The following resources were consulted in the preparation of this issue or cited within this issue.

- "FDA Issues Advice to Make Earliest Stages Of Clinical Drug Development More Efficient," FDA Press Release announcing steps to advance the earliest phases of clinical research in the development of innovative medical treatments. http://www.fda.gov/bbs/topics/news/2006/NEW01296.html
- Public Hearing on CDER's Current Risk Communication Strategies for Human Drugs, December 7-8, 2005. The purpose of the hearing was to obtain public input on CDER's current risk communication tools, identify stakeholders for collaboration and implementation of additional tools, and obtain greater understanding of the strengths and weaknesses of CDER's existing risk communication. http://www.fda.gov/cder/meeting/RiskComm2005/default.htm

Experts Consulted and/or Cited In Articles

The following experts were mentioned or consulted in the preparation of articles for this issue.

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