AT THE CORE

Pharma’s healthy evolution relies on true marketing that has customer and scientific understanding at its base
Marketing is the devil driving the pharmaceutical industry down a road of lies and wickedness in pursuit of unholy profits... or so you might believe if your only exposure to the pharmaceutical industry was through the media.

This negative view, held by many outside the industry, is fuelled by continual reports of legal action related to alleged wrongdoing by ‘big bad pharma’, including using clinical data misleadingly and paying physicians to speak on behalf of companies irrespective of their qualification to do so.

Many feel vindicated for holding these views when pharmaceutical companies are found guilty of such behaviour or settle out of court for millions of dollars (most recently, for instance, AstraZeneca agreed to pay a $520m civil settlement on Seroquel suits in the US).

As this poor perception poses a significant threat to pharma, it might be helpful to provide some clarity about the reason for it and generate ideas about how true marketing can help effect change.

Industrial evolution
To achieve a profitable future, the industry needs to change from its previous blockbuster business model to one that is leaner, more flexible and able to realise non-product based revenue streams. As part of these ongoing changes, many commercial departments have been radically restructured and, within this evolving environment, ‘marketing’ has become a dirty word.

This is not too surprising when we consider that marketing has often been confused with product commercialisation and sales. A cursory look at direct to consumer campaigns in the US or most pharma brand websites, where the experience of the site adds little value to the customer, demonstrates how this confusion could arise.

Marketing has become the scapegoat for much wider and more fundamental issues in the industry. Many of the examples mentioned above could be attributed to either irresponsible implementation or to a poor moral compass. This happens when sales people and their surrounding management structures are under undue pressure to hit financial targets. The drive to achieve these targets can overshadow the reservations of the individuals involved and ethical considerations get lost in the process.

Authorities have sought to balance this situation with increasing levels of regulation, yet this removes responsibility from the industry itself and does not address underlying causes. If your main measure of success is still sales value, then you have failed to change a fundamental driver of the problem.

Actions that lead to delivering sales have the potential to build value, but so does the experience of the customer, post-purchase. Sales figures themselves say nothing about either the actions that led to sales or the experiences that support repeat sales. When the focus is on measuring sales, then the assumption is ‘good’ sales mean the ‘right’ actions are being performed and the ‘right’ experiences created. This is not necessarily the case, and presents a strong argument for why historically the pharmaceutical industry has been a great producer of products, but not a builder of strong brands.

Three suggestions for how to change this are:

- Ask not what your sales are but what should be done to achieve them
- Look to define and measure the actions that will lead to building a strong brand
- Define and clearly communicate internally what your brand is. This can be done by creating compelling stories to support the understanding of the brand and communicate its values as well as the context in which they are expressed. Encouraging staff to internalise these ‘brand stories’ will not only deliver consistency, but will also provide a moral guideline for what actions may be taken in the name of the brand.

A return to true marketing
Indisputably changes to current operating models are required, but we should be clear on what needs to change before jumping in head first. Blaming marketing for pharma’s bad reputation is naïve and ignores the fact that true marketing – not the traditional sales-driven, ‘push’ approach – can tackle the problem and play a key role in the brave new future of pharma.

True marketing can be achieved by approaching marketing as a philosophy (not a function), which involves all the disparate parts of an organisation. In true marketing, the development of drugs and brands is built on a foundation of customer and scientific understanding. We call this process of bringing these strands together to create great marketing ‘strategic fusion’.

As a ‘map’ to navigate true marketing we propose revising the ‘four Ps’. Historically these are product, place, price and promotion. Our revised Ps are person, pipeline, participation and profitability.

Person
At the end of all the strategic definition and implementation is a person who receives a molecule designed to make his or her life better. Keeping this idea at the forefront of our strategies is key to true marketing. We need to have a deep understanding of that person and his or her journey through the healthcare system that is far broader than just the pharmaceutical treatment received. We need to ask: “How does our molecule make his life better?”; “How do we add value in this situation?”; “What does that mean for what our brand should represent?” and “How should that be realised?”

Bringing these insights into the organisation and sharing them will build the story that surrounds the brand.
Pipeline
Pharmaceutical marketing is often thought of purely in the terms of maximising the product launch, or peak year sales, and is often based on forecasts set out long before the true capability of the brand is known. In its true definition, marketing should be about product development across the whole life cycle, including the R&D process. Building the value story for a brand must be about understanding its bio-capabilities, set in the context of the needs and requirements of your customers, and the competitive landscape in which it will live. Only by building a clear long-term vision, and understanding the stepping stones to achieve it, can a brand, and profitability, truly be maximised.

Within this framework the drive from shareholders for short-term profits needs to be managed by senior management to provide an environment where the rest of the organisation can take the long view.

Participation
Sitting at your desk, it is easy to take actions that are strategically or even ethically questionable. This becomes harder when you have first-hand experience of engaging with sufferers of the condition your molecule is designed to help and the healthcare professionals who manage them. Don’t be satisfied with watching videos and presentations from market research companies, get out and engage in some personal experience. Then, bring those experiences back and share them with your colleagues, because true marketing needs to engage everyone who is involved in getting products to market.

Profitability
We unashamedly include profitability as one of our proposed four Ps, with the condition that it sits within the context of the other three. If you can think about the person and honestly say you can make his life better; if you consider the entire development process, have personally come face-to-face with people dealing with the medical condition, and incorporated what you have learned in those circumstances, then you will earn and deserve to earn profits. Pharmaceutical companies are not charities then you will earn and deserve to earn profits.

Benefits of a strong brand
So what does all this mean for the industry and its customers? Our view is that true marketing has the potential to play a key role in creating a more positive perception of the pharmaceutical industry and, in the process, benefit people with medical conditions, healthcare professionals and pharmaceutical companies.

The environment of the modern pharmaceutical company is one of management rather than cure. The need to adhere to a treatment has never been higher, yet adherence deteriorates over time and one in four prescriptions are not filled. Developing strong brands can harness the power of the mind and play a key role in improving adherence and outcomes. It does this by building understanding and a belief in the need for the medication and its efficacy – a phenomenon Rob Horne, an expert on adherence issues, calls the ‘necessity-concern balance’.

Additionally, appropriate communication with medical professionals can help them identify patients that will benefit most from a particular drug. Modern healthcare professionals live in a world that is information-rich and time-poor. This means they cannot keep up to date with every new development. While it is not a new concept that pharmaceutical companies can be an integrated part of the knowledge management process and can build strong brands along the way, this needs to be approached in light of addressing negative perceptions. When the information provided by a pharmaceutical company cannot be seen as a trusted source, the industry is failing its customers, which constitutes a fundamental concern as regards long-term financial viability.

The benefits to the pharmaceutical industry of greater prescription filling, increased adherence and strong brand identity in life cycle management should be self-evident. This is particularly true as out-of-pocket costs increase for individuals who are expected to bridge the gap in their healthcare costs with their own money, a situation that has dramatically altered the power of the individual to define his treatment choice.

It begins with trust
A positive perception of the industry, created by a truly integrated partnership with others, will provide improved health outcomes. Establishing an industry which commits to long-term relationships with people that have medical conditions and healthcare professionals, in a transparent manner, would mean a future for pharmaceutical that is vastly different from the current reality.

Realising this potential involves bringing understanding from outside the organisation into it. This ‘bringing in’ of outside understanding can be achieved by telling the stories that create strong brands and guide actions, building brand values that benefit people with medical conditions and the healthcare professionals who manage them, and integrating the activities of the company to create those brands.

Is all this possible? We believe it is. The only question is, who is brave enough to step beyond the current, regulation-heavy industry model, and, through their actions, build the trust required to make this potential future a reality?

The Authors
Michael White and David Coleiro are partners at Strategic North.