Both in primary and secondary care the market environment is changing and generating more pressure on pharmaceutical productivity and growth. Healthcare cost-containment initiatives, the relative lack of new blockbusters, and near-future, high-impact patent expiries in major therapeutic markets are well-known examples. The primary care market in Europe is saturated and experiencing negative growth, driven by national and local initiatives to limit access to GPs and office-based specialist doctors. The pharmaceutical industry has responded to this trend through a number of sometimes fairly extreme measures, to build and strengthen the relationships with doctors, and to increase the return on investment of sales forces and marketing efforts.

The search for alternative sources of growth has focused increasing attention on the secondary care market as a well of untapped potential. Matthias Röhle and Nicola Cobbald of IMS Health consider the challenges of developing successful sales strategies in this increasingly competitive sector... and offer a process for successful implementation.
initiatives. Those measures include downsizing of GP sales forces, the development of new sales models breaking the old-style share-of-voice paradigm, and a drive to increase the skills level in the sales force.

**ACTING IN A CHANGING ENVIRONMENT**

**The switch from primary to secondary care**

Given the challenges they are facing in a saturated primary care market, pharmaceutical companies are increasingly looking to the secondary care market as a source of untapped potential.

Specialist-initiated contribution accounted for over 70 per cent of growth in the top eight European markets in 2006, and the share of specialist-driven blockbusters has increased from 28 per cent to 45 per cent in the last six years [Figure 1]. This trend is expected to continue, with a particular emphasis on oncology, anti-infectives, HIV and CNS. Global sales in oncology alone are expected to double by 2010, with more than 50 anticipated drug launches over the next five years.

Despite the attractiveness of the secondary care market, promotional activity in this setting is also not without its various challenges – from formulary alignment through to the increased importance of non-prescribing stakeholders in hospitals – and these challenges are often exacerbated by the growing decentralisation of our national healthcare systems. Among the key obstacles confounding marketing success in this setting are:

- Increased emphasis on cost-effectiveness as a result of aligning formularies for primary and secondary care settings
- Growth of monitored prescribing in primary and secondary care, for example through electronic prescription systems
- More restricted access to hospital specialists due to increased competition
- Establishment of hospital purchasing groups in many countries
- Increasing value of non-prescribing stakeholders in the prescribing and treatment decision
- Intensifying competition between hospitals arising from the increasing availability of private healthcare schemes and contracts between public healthcare systems and private institutions
- Stronger requirements for economic rationale to determine the cost and benefits of different healthcare interventions, creating reimbursement hurdles and delays in product launches.

**The need for changing hospital business strategy**

Recognising the untapped opportunity in secondary care, pharmaceutical companies are looking to revise their hospital promotional strategies. Those wishing to enter and remain competitive in this setting need to develop and refine hospital strategy frameworks with consideration of both environmental changes and local capability [Figure 2].

Some companies are already leading the way in this area by investing in efforts to identify their most valuable customers (institutions, departments, individuals) – recognising the indispensable value that this level of insight brings, specifically:

- The knowledge required in order to be able to build highly specialised sales teams that can focus on small focus groups
- The ability to better manage key individuals

![Graph: In the last six years, the share of specialist-driven blockbusters has increased from 28 per cent to 45 per cent, and is expected to continue to grow](image-url)
in the hospital environment, and to map and quantify their relationships
- The opportunity to optimise key account management and KOL strategies
- The ability to realise the impact of those individuals on open-care prescribing
- The possibility of being able to properly plan and allocate pharma sales and marketing resources properly more cost-effectively.

**SETTING UP STRATEGIC HOSPITAL INITIATIVES**

**Considerations and definitions**

Most hospital strategies are similar to retail initiatives in terms of their overall objective: being to evaluate, identify and segment high-value customers in order to achieve an optimal allocation of sales and marketing resources. However, the high volume of sometimes unique, additional considerations around prescription and treatment processes in secondary care effectively differentiates hospital projects.

Formularies, product listing, patient treatment guidelines, physician hierarchies, a high turnover of people in the hospital, direct selling, T&A negotiations, and the development of buying centres are some examples of the complexity of treatment and prescription processes in the hospital. It is more difficult and requires more energy than in primary care to identify and manage high-value customers, to sell and launch products, and to displace competition.

The identification of key customers in the secondary care market has been hindered by limited data availability and the quality of the data. In addition, databases in Customer Relationship Management (CRM) systems are often unstructured and incomplete, and hospital sales data is restricted or not available at a sufficiently granular level. As a result, many companies today lack detailed knowledge about the value of their customers, trusting instead in the experience of their sales representative as the single information source for an often insufficient hospital strategy.

In seeking to reach a better understanding of their key hospital stakeholders, companies can benefit by structuring their thought process around four key question areas:

1. **At which level (institution, department, individual) do we need to investigate?** Do we already know the high-potential institutions and departments? Do we know the key stakeholders in the hospitals, and the relationships that exist between them?

2. **What are the products and markets in our scope?** Do we need to focus on our pure hospital-consumed products or our mixed hospital/retail brands too?

3. **How do we define hospital value?** By hospital sales alone or are there more dimensions to consider?

4. **What are the relevant stakeholder groups we need to take into account?** What is their role (eg, decision-maker, influencer) in the patient treatment pathway (diagnosis → treatment decision → prescription) within the hospital?

1. **Level of analysis:** A hospital strategy needs to be implemented at multiple levels: institution, department, and individual. As we have already noted, this is necessary due to the higher complexity of hospital business compared to retail.
The need for a multi-level analysis [Figure 3] also becomes evident when we hear the typical questions that sales and marketing departments of pharmaceutical companies ask when considering whether or not to initiate a hospital project, eg:
• Which are the high-potential hospitals in my territory?
• Which are the important departments/prescribers in the hospital?
• Who are the key deciders and influencers?

We will consider these questions again when we talk about hospital value later in this supplement.

2. Products in scope: The type of product(s) to be analysed will determine the definition of hospital value and the selection of appropriate methodology. Product type may be identified using the established segmentation.
scheme illustrated in Figure 4. The grouping is based according to where the product is initiated/prescribed and the sales force that usually promotes it.

3. Definition of hospital value: The definition and measurement of hospital value is driven by product type [Figure 5]. For pure hospital products (eg, oncology products) and mixed products (where the treatment initiation is driven by specialist doctors in the hospital)

Hospital Intrinsic Value is a relevant parameter at both an institutional and departmental level. Intrinsic value describes the consumption and prescription potential for both products, and related markets, in in-patient, emergency and out-patient departments in the hospital. It can be calculated and measured by collecting, combining and evaluating appropriate profiling criteria as a basis for rating hospitals, departments and individuals. These ‘proxy indicators’ for customer

5. Hospital value is characterised by multiple dynamic factors with a focus on Intrinsic Value, and Spill Over to open care and influence structures

6. The definition of stakeholder roles (selected examples shown) help to better understand patient pathways in hospital

User/Prescriber?
- **Definition**: Uses/prescribes the product after the patient has been diagnosed and treatment decision has been taken
- **Examples**: User of products of the selected product class, user of a specific brand

Decider?
- **Definition**: decides on patient treatment and therapy as single person or active part of hospital decision committee
- **Examples**: Active member of the formulary committee, writes treatment protocols, seen by others as a decision-maker in the hospital

Influencer?
- **Definition**: Influences decider through proactive, passive or subtle transfer of points of view, thoughts or behaviours
- **Examples**: Active member of an advisory board, able to provide advice that might lead to a validation or a change of treatment decision

Decider?
- **Definition**: Initiates therapy in the hospital, then releases/refers the patient to open care physicians
- **Examples**: Initiator can prescribe him/herself, or just be a recommender of the therapy/brand
potential need to be both relevant and measurable, and should always be validated against other data sources, benchmarks and experiences.

For hospital/specialist-influenced products, another component of hospital value becomes increasingly important: the impact of hospitals on prescribing in the open care community (usually known as **Spill Over**). Spill Over refers to where specialists in the hospital initiate patient treatment and general practitioners and office-based specialists in open care continue the hospital-initiated patient treatment. The impact of Spill Over can be measured by mapping patient treatment pathways and assigning retail sales to hospitals, based on their importance within defined catchment areas.

Hospital value is always affected by the importance of the people working in (and representing) the hospital. As importance can be characterised by the ‘influence on treatment decisions’, the identification and mapping of key influential stakeholders in hospitals is a fundamental requirement for the development of a modern strategy.

This is especially true for stakeholders with significant influence on treatment decisions, who are often not identified as ‘high-potential’ through ‘traditional’ methodologies because of their association with relatively low prescription value. A typical example is the hospital pharmacist, who is often a member of the formulary board and supports prescribers with day-to-day advice on appropriate treatment options, yet does not usually personally prescribe. The influence of this kind of stakeholder on prescribing patterns and behaviours within the hospital as a whole should not be underestimated.

We distinguish between two kinds of influence mapping: **Intra-hospital influence mapping** is feasible for all product types and identifies influence network structures within the institution. In an intra-hospital influence network, all individuals with a possible impact on the treatment decision should be mapped.

For mixed hospital/retail products, **hospital-to-open care influence** illustrates the pathways and levels of influence between thought leadership and the prescription behaviour in the community. Hospital-to-open care influence mapping is also the basis for the identification and an efficient management of key opinion leaders in the hospitals.

### 4. Stakeholder groups and roles:

Decisions around the individuals who need to be taken into account in a hospital project depends on several factors: the desired level of analysis, products and patient types considered and the intended dimensions of hospital value. Stakeholder selection should be made according to the following key questions:

- Who are the patients?
- What are their typical pathways in the hospital?
- Who are the key stakeholders involved in or influencing treatment decision making?
- How many stakeholders/of which types can we effectively manage?

Hospital prescribers and non-prescribers fulfil different roles that need to be defined, explained and matched against the various stakeholder groups. For instance, few people usually decide on patient treatment, but several people including hospital pharmacists and nurses can have an influencing role in the decision-making process.

An improved knowledge of stakeholder roles in a hospital is a necessary pre-requisite to better understand the dynamics in the institution. **Figure 6** contains selected examples of stakeholder roles in the hospital, including appropriate definitions and some explanatory examples. All considerations and definitions (analysis level,
RECOMMENDED PROCESS

The six-step process shown in Figure 7 provides a framework for evaluating and prioritising customer value in the hospital setting, and should be assimilated and adapted according to the products under consideration and the specific orientation of the project.

Step 1: The definition and selection of relevant focus subsets for analysing with a specific methodology will improve the efficiency of the analysis and the quality of the end results. Similarly, focusing on the right customers inside the hospital is important, as many products are only prescribed in a certain subset of departments and by specific specialists.

Step 2: Combining the right data sources and methodologies is key to the success of this type of project. This step requires the conjoint investigation of multiple data sources of different granularity, appropriate criteria and sound models based on experience, logical derivations and managerial judgement.

Step 3: The involvement of experienced internal teams is highly recommended in order to select the best external and internal data available and to collect information in the field (through the sales force or primary market research).

Step 4: The methodologies specified in step 2 will be applied here to identify and prioritise important customers, according to client-specific needs and objectives. The methodologies provide a ranking, segmentation and prioritisation (or ‘priority’) list of high-value customers based on the specific project guideline, and used as input into individual action planning.

Step 5: Validation of methodology and results can be done at different stages. External data sources are used to analyse the predictive power of profiling indicators (input validation), or to validate the resulting customer assessment (output validation). Internal cross-checks and the provision of internal consistency and plausibility checks will guarantee a high quality of input data.

Step 6: Identified and validated individual priorities are used to develop customised targeting and messaging strategies. Strategies are different for each brand (e.g., based on product type and life cycle stage) and need to focus on segments offering the highest potential return on investment.

HOW TO GET STARTED – KEY SUCCESS FACTORS

In the previous section, we outlined the key considerations and definitions for initiating hospital projects, and an associated process structure has been discussed. However, successful implementation of the hospital strategy methodology requires the consideration and actioning of further key success factors, which have been developed by IMS in conjunction with brand managers, marketing managers and sales managers. The success factors may be grouped into three areas: those associated with methodology, implementation or project management [Figure 8].

Methodology-related key success factors address the concept of hospital value, and emphasise the need for developing feasible, evidence-based approaches for proper data handling and flexible model building.
The top five methodology-related factors are:
• Understand and address the main dimensions of hospital value based on the product types to be analysed
• Apply pragmatic methodologies that convert hospital value components into practical targeting solutions
• Define and collect tangible profiling criteria that are appropriate indicators for product type specific hospital value
• Establish guidelines and thorough quality control processes to build a good basis for further analysis and decision-making
• Develop modular and flexible models that are easy to use, transparent and make creative use of all available data sources.

Implementation-related key success factors will apply when the project has been kicked off and is already up and running. An essential element throughout the implementation phase is the involvement of stakeholders from different departments in the company with a high level of expertise and insights into the hospital business.

The top five implementation-related factors are:
• Actively collaborate to incorporate existing experiences and knowledge about the local hospital business
• Define cross-functional expert teams (ie, brand managers, sales, marketing and medical) to advise, challenge, endorse and facilitate the process
• Deliver a communication, implementation and training plan that fully embeds methodologies, tools and associated capabilities
• Improve sales force quality and competency through training and coaching programmes and support with additional marketing activities
• Develop an appropriate set of success metrics to assess and communicate the impact of customer prioritisation.

Finally, project management-related key success factors address objectives, progress and the management of a hospital strategy project. The top five project management-related factors are:
• Develop and share the vision for customer prioritisation in the whole organisation
• Manage expectations and align stakeholders on scope and target user question when the project is kicked off
• Communicate project objectives and status regularly to ensure the support and buy-in of all stakeholders in the company
• Ensure that realistic timelines are set, and plan with enough time for project set-up, communication and data collection
• Relate customer prioritisation to other initiatives and embed into overall strategy framework.

Pharmaceutical companies that bear these key success factors in mind when planning a hospital and specialist initiative will be able to focus on the right institutions and departments and to manage the important individuals in the hospitals more effectively.

In summary, determining high-value hospitals and specialists is the indispensable basis for optimised promotional resource and activity planning by customer. With a dedicated hospital/specialist sales force in place, focusing on the important stakeholders in high-potential institutions, and accompanied by a dedicated contract management/key account model, companies will be in the position to leverage intrinsic value for hospital-consumed products and to generate spill-over for hospital/specialist-driven or hospital/specialist–influenced retail products. This provides the best foundation for the development of sophisticated hospital strategies and implementation plans tailored to the specific situation of the company.