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REVISITING AN OLD AND AILING MARKETING PARADIGM

The pharmaceutical market is understandably big and complex, considering the amount of time and resources that are invested in drug research and discovery. With years of painstaking research and each new drug costing pharmaceutical companies hundreds of millions going into billions of dollars, the entire business model of pharmaceutical companies hinges on their ability to monetize on the drugs they bring to market. According to PhRMA, the US pharmaceutical industry’s advocacy group, it cost $1.3 billion (in 2005 dollars) to bring a new drug to market. However, not each drug in research gets approved. In fact, more than 90% of drugs get rejected. Taking this into account and as stated by Mathew Herper at Forbes, “Bernard Munos of the InnoThink Center for Research In Biomedical Innovation has noted that just adjusting that estimate for current failure rates results in an estimate of $4 billion in research dollars spent for every drug that is approved.”

With such staggering R&D numbers, it is a strategic imperative for pharmaceutical companies to monetize on their drugs to the greatest extent possible before patents expire and generic versions drive down prices significantly. Though in the US the duration of a drug patent lasts 20 years by law, pharmaceutical companies typically apply for patents before clinical trials. Thus, the exclusivity of an on-the-market drug before generic varieties emerge varies. For some drugs, the commercial duration of the patent protection could be as short as 7 years.

Despite the vast amount of investment in technology on the R&D side and the need to have market velocity to monetize on patents, the antiquity of marketing and sales departments at pharmaceutical companies is surprising. Even today, sales representatives would drop a drug sample with professionals in the provider market. They would then essentially cross their fingers and hope that the doctor or other influencer would be convinced enough with the pitch about the drug to write it into prescriptions and would eventually become an advocate of the drug.

The market, however, is changing rapidly. Ubiquitous networks and hyper-connected devices have created a consumer market that demands information at its fingertips. It’s not just the patient community, but doctors, nurses and pharmacists as well who demand access to drug information on their own terms. Legacy marketing paradigms have crippled pharmaceutical companies to effectively and efficiently engage with these communities.

With increased global competition, high R&D costs and a very short market window to maximize patent monetization, it is no surprise that pharmaceutical companies have a sense of urgency to better market, target and sell their drugs while driving their costs down.

This has significantly impacted sales and marketing departments as pharmaceutical companies search for technologies that can help them make marketing more targeted and sales more efficient. As pharmaceutical companies embrace a new “direct-to-consumer approach,” facilitated by numerous marketing channels that have opened up, such as social, mobile and the Web, the number of feet on the ground has noticeably reduced and the size of some marketing teams has shrunk as well.

Because they are highly regulated, pharmaceutical companies offer complete drug usage and safety information on their websites, and patients have the same access to it as do healthcare professionals—all from the comfort of their homes. Today, pharmaceutical companies are going to where their target market is—connected devices. They market directly to consumers and healthcare professionals, as both groups have much easier access to all of the relevant drug safety and effectiveness information directly from the Web. However, pharmaceutical companies have also quickly understood the challenge of maintaining their brand image and messaging consistency online amid all the noise.
There are many examples of highly interactive online patient communities. Some are sponsored by the provider and payer markets, while others by pharmaceutical companies, to provide necessary information about drugs, coverage and treatment plans. Gone are the days when limited information forced patients to rely on what the doctor, nurse or pharmacist told them. Today’s healthcare consumer is more tech-savvy and informed than ever before. With so many choices and a complex web of information channels that includes social, mobile, Web and print, the ability to effectively brand and market a drug in a targeted and personalized way is a crucial success factor for any pharmaceutical company.

GETTING THE MESSAGE ACROSS

Pharmaceutical companies have to deal with a complex ecosystem of stakeholders both inside and outside the organization. Internally, the most vital stakeholder is the R&D department of the pharma company. The companies also have to staff a legal department to ensure they adhere to compliances. Apart from that, the internal stakeholders consist of the owners, shareholders, board of directors and the employees. The external stakeholder ecosystem consists of suppliers, partners, healthcare providers (including hospitals, physicians and nurses), health insurance companies, government, competitors and media.

External Stakeholders

The biggest challenge for pharmaceutical companies is external stakeholders over whom they have little to no control. For example, physicians are being challenged with driving efficiencies in their practices and are balancing a higher patient-to-physician ratio, leading to less time to spend on non-core activities such as meeting with a sales representative from a pharmaceutical company. Physicians, just like other consumers, have come to rely on Web-based information and interactivity. They are also well aware of the increased access to similar information that the patient community has as well, significantly changing their interaction with patients.

Armed with more information, patients today don’t just walk out with a prescription, but typically have a thorough discussion with the doctor about treatment plans, drugs and side effects, among many other issues. This change in behavior has directly impacted how purchasing decisions about drugs are made, which, in turn, requires pharmaceutical companies to constantly revisit their ability to market their drugs effectively.

Another critical stakeholder is the pharmacist, who is a main conduit between patient, physician and insurer. A pharmacist has to ensure timely processing of prescriptions, manage individual patient follow-up and continually ensure a smooth flow of inventory. They offer their expertise about drugs to patients, oftentimes providing choices between branded and generic drugs. Seeing the critical nature of pharmacists within the ecosystem, pharmaceutical companies have to find an optimal way to market to them.

Marketing Communication

Further, as a result of intense competition, pharmaceutical companies have to ensure that they orchestrate the necessary messaging for all stakeholders and through all channels to provide relevant information to patients. Pharmaceutical companies have to also ensure that they keep all stakeholders up to date with the latest drug and recall information through consistent communication.

The onus, therefore, falls on the marketing and sales teams at pharmaceutical companies to create effective messaging about their drugs to communicate the value proposition of a drug, while complying with government regulations on drug safety and effectiveness.
For a successful marketing strategy, pharmaceutical companies have to ensure that they optimize their messaging for both inbound and outbound content marketing.

In the context of marketing drugs, inbound marketing relates to creating engaging and targeted content around drugs and distributing it across various relevant channels. Such content would include call-to-action “triggers” that would drive interested consumers to a more controlled experience designed by the pharmaceutical company.

Outbound marketing helps companies blanket mass media channels with information about their products and/or services. These channels typically have revolved around billboards, TV ads, mailers, newspaper and magazine ads, and the list goes on. Due to the lack of interactivity, and the wide net that is cast through an outbound campaign, many have questioned its efficacy compared to that of inbound marketing. Outbound marketing still constitutes the largest amounts of marketing budgets and is just as critical for pharmaceutical companies as inbound.

Using technology available today, marketers can place triggers within outbound campaigns, such as PURLs in mass mailers or discount offers on drugs, through advertisements in mass media. These triggers help drive customer interaction and enable pharmaceutical companies to start building consumer profiles. Consistent messaging and the ability to segment audiences are critical to this approach.

Both inbound and outbound marketing have to generate sufficient buzz in the market so that they maintain “top-of-mind” awareness.

In this paper, we have highlighted the tremendous cost and complexity that characterize the pharmaceutical industry. We have also discussed the critical need for pharmaceutical companies to market themselves more effectively and efficiently to key stakeholders within the market. We have also touched upon how technology available today helps marketers in the pharmaceutical industry better engage with all these stakeholders. The next section will elaborate on how marketing automation systems help these marketers better engage with the key stakeholders and help overcome other market challenges.

Pharmaceutical companies provide numerous co-pay options by collaborating with health insurance providers so that patients may choose from a list of different brands and generic options. Pharmaceutical companies are also offering several incentives on the retail side, such as coupons at pharmacies, to leverage in-store loyalty programs.

MARKETING AUTOMATION: THE CRITICAL ANTIDOTE

Having visited the changing face of marketing in the pharmaceutical market and addressed some of the key challenges, this part of the paper discusses how marketing automation comes to the rescue. Where Frost & Sullivan’s paper, “Marketing Automation: The Secret Sauce to Marketing-Driven Sales Growth and Empowerment,” discussed in detail the value proposition of Marketing Automation solutions, this section of this paper will highlight key parts of the value proposition that pharmaceutical companies can especially benefit from.
BRINGING INTELLIGENCE TO CONTENT MARKETING:

Technology has revolutionized most markets, and the pharmaceutical market is no different. Sales and marketing operations of pharmaceutical companies have especially been affected by the digital and information economy. And similar to other industries, for pharmaceutical markets, content is king because it helps to evangelize the usage of their products by targeting the key influencers and stakeholders mentioned earlier.

Content can include everything from a highly interactive online video presentation, to slideware and podcasts. Especially in the context of inbound marketing, this content must speak to the specific need of the stakeholder.

Marketing Automation Software (MAS) can capture the amount of time an influencer spends on each component of the provided collateral; for example, the time spent on a slide or video. This provides valuable information for marketers to constantly tweak and optimize their content, down to the individual level, to enhance the experience.

A MAS, for example, enables marketers to measure a physician’s interest in the outcome of a clinical trial and how far ahead it is in the production process. It also allows them to create highly targeted content, such as live presentations or on-demand videos, that give information on the various plans that are covering the drug and their associated costs.

Such a solution captures all this information constantly and provides reports that empower the marketing team to effectively track the digital body language. Marketers can progressively create engaging content and nurture the prospects that are the most responsive. MAS also allows marketers to run predictive analysis on the promotional content so that they may identify which marketing message resonates the most and with which prospect. They can modify their content to make it personalized based on the behavioral metrics that are collected through the MAS. They can identify which prospects need further nurturing through behavior-based marketing, which is discussed further in the section below.

NURTURE THROUGH BEHAVIOR-BASED MARKETING

Before we discuss behavior-based marketing in the pharmaceutical market, we first look at the types of communications that pharmaceutical sales and marketing teams engage in.

**In-person communication:** This includes drug sampling, detailing, live events/education and trade shows.

**Digital communication:** This includes awareness campaigns (formulary, clinical trial), traditional media, social media, Web and display advertising.

It is important for marketing and sales teams to understand how these channels intersect, and understand the content requirements for each channel. This is the first step in effectively engaging stakeholders in a personalized manner by understanding their motivations and then using their specific behaviors to build out nurturing capabilities.

Nurturing involves deviating from standard, non-personal communications to highly specific communication based on recipient behavior. By doing so, pharmaceutical companies can proactively create a marketing-driven sales model that involves relevant stakeholders, such as doctors, nurses, patients and pharmacists. Such targeted content can be consumed by relevant individuals well in advance of any future drug release. It is very important to nurture such critical influencers in order to understand their readiness and/or concerns about recommending, using, or prescribing a drug from the very onset.
The effectiveness of targeted content depends on the data collected through in-person and digital communications. This data helps develop individual personas and consumer segments that empower marketers to build targeted nurturing campaigns. To enable this data-driven marketing, pharmaceutical companies need to use behavior-based triggers within their campaigns that span different marketing channels. Marketers should include these triggers or calls-to-action in the information they provide to their target audience through engaging formats such as online video-based tutorials and webinars, online communities and social interaction, landing pages and microsites, to name a few.

Such triggers help measure and quantify not only the level of interest of the target audience, but also help in understanding the reasons behind higher- or lower-than-expected interest. Marketers need to understand which doctors will be the best influencers of the drug. The practitioners become the initial advocates of the drug and can be classified as prospects. Marketing Automation allows marketers to track the prospects, measure their loyalty by evaluating the prescription data, and constantly study their digital body language to identify the key brand ambassadors of the drug.

THE FINAL WORD

As pharmaceutical companies feel the pressure to transition toward behavioral marketing, they need to leverage MAS solutions such as Eloqua to reach out to the payers, providers and even to the consumers.

New healthcare reform has created a significant stir in the world’s most expensive healthcare industry. MAS solutions such as that offered by Oracle Marketing Cloud for Pharmaceuticals offer a tremendous competitive advantage to the modern marketers to adopt and master a new way of doing things. With evolving laws and reforms, the MAS vendor community has stepped up to offer a compelling and critical tool for pharmaceutical companies to engage and build relationships with customers in a market where relationships are now everything.
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