

## Vertical Marketing Guide: The Leaner Drug Company *reprinted from BtoB Magazine*

Pharmaceutical executives are trimming the excess. The industry once known for the sheer size of its sales force is downsizing its face-to-face presence, a medium that information provider IMS Health reported made up more than half of spending on drug promotions in 2007.

Pharmaceutical companies are not doing away with face-to-face, but instead are creating leaner sales groups augmented by a new enthusiasm for analysis, segmentation and online tools, experts said. The goal is to develop multiple touch points that give doctors access to information and educational materials, while keeping budgets in check.

The move comes as pharmaceutical companies look to streamline processes and respond not only to the needs of time-strapped doctors but also to slowing revenue growth and a drug pipeline that will not compensate for the number of brands that soon face expiration of their patent protections.

“Nobody is announcing decreases in their earnings,” said Chris Colapietro, VP-marketing and strategy at HighPoint Solutions, a specialized IT service provider working with the pharmaceutical industry. “People are looking at how they can be more efficient.”

That means applying more analytics to the marketing mix, he said.

“People are now resurrecting the concept of closed-loop marketing,” Colapietro said. “[They’re saying:] We have to fundamentally change the way we do business.”

The number of pharmaceutical sales representatives stands at 92,000, down from a high of 102,000 in 2007, according to a report released last month by consulting firm ZS Associates.

That count is expected to drop as low as 75,000 by 2012, according to the firm.

Those numbers do not mean that the value of a sales call has diminished, marketers said, but that expensive face-to-face efforts are being better targeted.

“We’re seeing this start to be right-sized,” said Rich Levy, exec VP-client solutions at inVentiv Health, a marketing and sales services company serving the pharmaceutical industry. “Doctors have less time. They’ve got to see more patients because of managed care. [Non-personal promotion] has made it easier for physicians and health care providers to gain access to information than before.”

Non-personal promotion—everything from direct mail to white papers and electronic newsletters—can be deployed on a broad scale and has helped marketers reach out to doctors in remote areas.

As the recession forces the tightening of marketing budgets, the limited protection of a patented drug has put pharmaceutical marketers in a tough position, said Andrew Bast, senior VP-general manager at full-service agency Purple@Epsilon.

“Regardless of the economy, their life cycles cannot be put on hold,” he said. “They need to be out there promoting those brands. A lot of companies are looking at how they can leverage dollars smarter.”

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Such interactive media as social media sites, webinars and podcasts have proven to be valuable, he said, but are not always a good fit. A brand about to lose protection might choose not to explore new channels, while a brand debuting in 2009 would want a multiplatform campaign.

The same streamlining efforts that have driven pharmaceutical companies to overhaul their marketing mixes have created opportunity for companies that market products and services to the industry.

“Smaller companies tend to outsource more of their services,” said inVentiv's Levy. “The larger companies are moving that way because of tighter budgets.”

Tapping the market is no easy task, he said. Companies need to identify key audiences and develop a marketing plan around those targets.

“They're going to have to show a very sound improvement in their product or service, as well as cost-efficiency,” he said.

Marketers need to demonstrate a deep understanding of the industry, said Colapietro, who markets HighPoint's services to pharmaceutical companies. HighPoint relies on platforms that position it as a thought leader. Bylined articles, one-on-one conversations and white papers trump static advertising vehicles.

“We get our word out with our voices and through intelligent conversation,” Colapietro said.

Marketing tactics that build credibility are essential in this industry, said Jim Gorab, exec VP at Turchette Advertising Agency.

“Pharmaceutical companies are risk-averse,” he said. “When we market a company to [the U.S. pharmaceutical industry], we try to establish that they have the proper credentials. You have to let the industry know that you understand their needs. You have to speak from a knowledge base.”

Gorab recommends that his clients combine participation in industry events with public relations efforts, as well as print and online marketing. “It's a large market,” he said, “but it's a small enough market that they notice those ripples.”

Companies need to go after a cornerstone client, he said, and then build on that success.

Packaging company Nosco has established market credentials and focuses on maintaining a solid reputation in an industry where technology constantly evolves.

“We need to be thought leaders,” said Joe Tenhagen, VP-marketing and regional sales manager. The company promotes educational initiatives including a successful *Pharmaceutical Commerce* webinar cosponsored last year with Hewlett-Packard Co. Nosco's marketing efforts focus on engaging in a dialogue with an audience of engineers.

“We're trying to make it a conversational approach,” Tenhagen said, noting the company's use of blogs and Twitter. “If we find we're talking at people, we change it to be interactive.”

