THE BOSTON CONSULTING GROUP

Brand Renaissance

Five Ways to Win Commercially in Pharmaceutical Markets

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AT A GLANCE

The challenges facing pharmaceutical executives today are myriad, including the intense efforts of payers and regulators to contain costs and the difficulties confronting R&D labs in producing next-generation products. But commercial teams often create their own headaches. BCG has identified several steps that are critical to commercial success in today's pharmaceutical markets.

Grasping the Critical Factors

Pharmaceutical commercial teams often make a series of missteps that curtail a brand's profitability. Focusing too heavily on physicians as the decision makers and failing to identify the best target patient population can waste critical resources.

Mapping Physicians' Influence

Understanding the true drivers of physician decision-making is key to realizing more effective brand messaging and market share gains.

Driving Sales Throughout a Product's Life Cycle

Pharmaceutical commercial teams should learn from the consumer goods market and become much more skilled at identifying the most critical sales drivers and allocating resources to them—throughout a product's life cycle.

Being an executive charged with overseeing the commercial activities of a pharmaceutical business has never been tougher. Competition within drug classes is relentless, and getting even a few minutes of face time with doctors is increasingly difficult, if not almost impossible. Regulators and payers continue to flex their muscles, showing favor to generic drugs or their most preferred brands. And R&D labs are failing to produce a steady stream of next-generation products to replace those reaching the end of their patent life. Add to this mix the risk of further health-care reform, and the pharmaceutical commercial market is likely to grow only more challenging.

A Case for Brand Renaissance

The myriad challenges facing industry executives are certainly daunting. But the fact is that winning in today's pharmaceutical marketplace—where winning is defined as gaining market share while spending the same or even less—is still possible. To achieve this, however, the commercial teams that oversee marketing, branding, pricing, and sales activities must think, act, and work together differently.

Evaluating the "health" of a brand's commercial performance often results in the identification of a host of performance gaps. In some cases, the brand messaging is not focused on the most critical factors driving physicians' prescription decisions, or the messaging targets doctors and doesn't take into account others who influence prescription decisions. In other cases, brand teams fail to effectively target specific patient types, or when they do, they are unable to create a compelling rationale for doctors to prescribe a therapy for a particular patient type. It is also common to see poorly executed account-based selling models. For example, companies often employ the wrong mix of sales representatives to call on medical practices, or they target the wrong individuals in a practice. We have also seen poor life-cycle management, especially as product patents approach expiration. Sometimes millions of dollars are wasted in pursuit of top-line growth with low-volume customers, or money is left on the table by reducing sales support for the best customers too far in advance of patent expiration.

The Boston Consulting Group has supported the development of new commercial brand strategies for nearly all disease categories over the past few years. In our work, we have seen the benefits companies reap when they fully and objectively analyze a product's commercial strategy and competitive position. For those that embrace the pursuit of what we call a brand renaissance, there is indeed a payoff in the brand's success.

Winning Commercially

What does it take to win in today's pharmaceutical commercial marketplace? In our experience, there are five critical success factors that form the basis of optimal operating performance.

Unlocking the Secrets of Prescription Decision-Making

Crafting the right messaging is one of the most critical elements of any brand strategy, yet it is surprising how frequently brand teams get it wrong. There are several common traps that brand teams fall into. For example, they often perform extensive market research only to find that a large number of product attributes are equally important influencers of a doctor's choice of therapies. This leads them to create messaging that focuses on too many attributes and is therefore ineffective. Brand teams also often decide to focus their messaging on an attribute that differentiates their product from the competition but is deemed less important by those making prescription decisions. Both approaches, although understandably tempting, usually fail.

Really grasping the most significant factors that drive physicians' prescription decisions is more challenging than it may initially seem and often requires in-depth qualitative and quantitative research. In some cases, multiple factors matter. But in the majority of cases, at most two factors are critical, and having a laser-like focus on these attributes is the best way to achieve better results.

A pharmaceutical company recently asked BCG to assess the performance of a leading brand that was losing market share to a competitor in the U.S. There were a number of internal hypotheses as to the factors driving the negative trend, including poor sales execution, an ill-conceived incentive system, and ineffective detailing aids. After spending several days visiting accounts with sales representatives, we suspected that one of the root causes of the decline in market share was the brand's messaging. The competitor's messaging seemed focused on one specific measure of efficacy, whereas our client's sales reps usually discussed multiple dimensions. It appeared that the competitor's targeted approach was enabling it to steal market share.

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Quantitative research with hundreds of physicians confirmed our hypothesis. The competitor's messaging was indeed much more focused on one measure of efficacy—and that measure happened to be the one that doctors believed was the most important attribute for treating the particular disease. As a result, physicians were more likely to believe that the competitor's product was superior on this dimension, even as they believed that our client's product was superior on almost every other dimension. After the brand team refocused its messaging on the most critical efficacy attribute—ironically, an attribute that gave the product an advantage over the competition—market share trends shifted in the product's favor. (See Exhibit 1.)

This scenario has played out several times during our work with brand teams. In fact, virtually every time we have been asked to assess a brand's performance, its brand messaging has been misdirected. And in every case, addressing this issue has led to immediate performance improvement.

Exhibit 1 | Typically, One Brand Attribute Is the Most Important

Product attributes	Importance of product attributes in a particular disease category	Percentage of prescribers rating one product as better than the other[1]: Leading brand is losing market share	Percentage of prescribers rating one product as better than the other[1]: Competing brand is gaining market share
The ability to help patients reach their therapy goal	120	35	52
The degree of protection against adverse clinical outcomes	93	45	20
The long-term safety record	64	60	4
The side-effect profile	59	39	12
The cost for patients	52	32	26
The duration of action	30	19	36
The formulary status	27	38	18

0 50 100 150
Weighted importance of product attributes

Higher-rated product

Source: BCG analysis.
[1]Excludes physicians who ranked the two brands equal on each of the attributes.

Finding the Perfect Patient

The goal of most companies' branding strategies is to change customer behavior, and it's no different for pharmaceuticals. The behavior in this case, however, is an individual doctor's treatment algorithms for patients. Often changing this behavior is fraught with challenges. Product labeling, of course, is a major constraint. Another is that doctors are creatures of habit and are slow to change clinical behavior. Still another is payers' and regulators' restrictions on product use (for example, requiring a step edit, prior authorization, or a second opinion). Finally, for most disease states, physicians have the option to choose from a number of drugs or drug classes. The fact is that doctors usually find a therapeutic role for multiple products in a disease category.

For all of these reasons, choosing the right patients to target is critical. But brand teams can fall into traps here as well. If they target a patient group that is too broad, the sales reps lose credibility with physicians. If they target a group that is too narrow, they cede growth opportunities. Striking the right balance is key. And choosing a patient target group should be a dynamic process, evolving over the life cycle of a brand. Brand teams that select the most easily accessible patient populations for the product's launch and fail to reevaluate their targets later in the brand's life cycle, risk building a niche brand that is used only in special situations.

The critical first step in choosing the right population is to understand how doctors profile their patients in a specific disease state. Brand teams must determine the limited set of clinical and demographic factors that lead a physician to categorize patients and then develop algorithms for the best treatment. The next step is to determine which patient types are viable targets for the brand. There are a number of ways to assess this, including quantitative research. The final step is to target specific patient groups. For some brands, the list of viable patient groups will be extensive; for others, the best course of action is to be more selective.

In one brand-strategy effort, the team thought that its brand, which had been historically positioned and prescribed as a second- and third-line therapy, could be positioned as a first-line therapy. To test this hypothesis, we provided more than 400 physicians with a list of more than 20 patient profiles detailing a variety of common clinical and demographic traits. We asked them to rank the prescription therapies they believed were most appropriate.

The physician's role as kingmaker in the prescription decision-making process is evolving.

The findings from this research were surprising to the brand team. The results clearly showed that repositioning the brand as a first-line therapy would not be a sound strategy. The brand was much better positioned as a second-line product—in fact, more so than any other therapy on the market. As a result, the brand team chose to focus its energy on increasing its market share of second-line patients, a category representing more than half of the patient population. The brand had only 25 percent market share in this patient segment, but the research showed that physicians were willing to significantly increase how often they prescribe this second-line therapy.

Harnessing the Power of the Influencer Map

Health care systems dominated by sole practitioners are increasingly a thing of the past. Across all specialties, practice consolidation is accelerating. And new practice models are emerging, driven by changing regulations and the need for medical practices to increase their efficiency. As a result, the physician's role as kingmaker in the prescription decision-making process is also evolving. The doctor is becoming a critical orchestrator in an increasingly complex set of practice ecosystems. Unfortunately, the commercial activities of many pharmaceutical companies have not kept pace with these shifts.

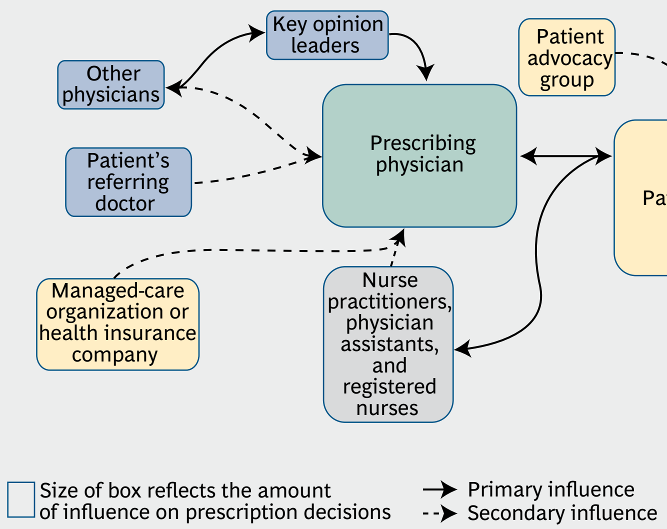
The *influencer map* is a tool that brand teams can use to graphically represent the relative importance that various actors within a health care ecosystem have on the prescription decision-making process. (See Exhibit 2.) Although an influencer map can be helpful in identifying opportunities to leverage influencers other than physicians, we have found that few brand teams invest time in developing formal influencer maps.

We have developed these maps for a variety of primary-care and specialty disease categories, and they are revealing in two important ways. First, they show that the influencers vary significantly by disease category. In most cases, the prescribing physician is still the dominant decision maker; however, the relative influence of this physician varies. Payers are important influencers of product choice for some diseases, such as hypertension, but less so for others, such as cancer. For some disease areas, nurses, social workers, pharmacists, caregivers, and patients all play meaningful roles in influencing product choice.

The second point that influencer maps show is that influencers vary also by practice setting. This is important for brand teams to grasp, especially when targeting

Exhibit 2 | Who Is Influencing Whom?

The prescribing ecosystem of a group practice for a specific neurological product



Source: BCG analysis.

disease areas such as multiple sclerosis and certain types of cancer, where there are a variety of clinical practice models.

The benefits of understanding the prescribing ecosystem was readily apparent to brand teams creating their first influencer maps. In one case, we developed a map for a primary-care category after interviewing dozens of physicians first individually and then with their medical staff. We discovered that nurses had a greater influence on product choice than the company had originally believed. In another case, a brand team discovered that on-site pharmacists had a meaningful influence on product selection in some larger accounts. In both cases, the teams developed materials and programs that sales reps could use with a broader set of stakeholders.

The need to understand the prescribing ecosystem will only become more important over time. Many forces—physician group consolidation, payer policies, practice-wide sales-rep-access policies, and the increasing perception that sales visits do not add value to the practice of medicine or the receipt of care—have made it more difficult for sales reps to visit doctors. Although each of these challenges must be addressed using a different strategy, they all tie back into the common theme that the locus of decision-making authority can shift. The commercial strategies of pharmaceutical companies must shift in tandem.

Determining Your Sales Drivers

Leading consumer-goods companies have become especially adept at identifying and then focusing their spending on the most important drivers of sales. Awareness, distribution, product quality, promotion, and price are critical sales drivers for many consumer-goods categories. But for pharmaceutical companies, the relative importance of these drivers varies not only by disease category and brand but also by the life cycle stage a product is in and the channel through which the product is sold. Determining the right drivers and optimizing the spending mix are the most critical activities a consumer marketing team performs.

Pharmaceutical commercial teams need to become much more skilled at identifying the most critical sales drivers and then allocating resources to them, usually through specific tactics. In theory, the vehicle that teams should use for this process is a brand plan. In reality, many brand teams don't invest the time and effort to identify and prioritize sales drivers, nor do they have an objective, rigorous process for allocating resources to them. Some of the more common pharmaceutical sales drivers include increasing brand awareness, educating physicians on the clinical attributes that differentiate products, increasing trial and use, improving reimbursement, and delivering higher adherence through superior patient-support services.

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There are traps that pharmaceutical commercial teams commonly fall into in this area, too. For any disease category and brand, there are only a limited number of sales drivers that influence prescription decisions. Prioritizing too many sales drivers usually results in spreading resources too thinly. Prioritizing too few can be just as problematic, especially in disease categories where practice ecosystems are increasingly complex.

Of course, the importance of different sales drivers evolves over a product's life cycle. For example, at the product launch stage, boosting awareness and increasing trial and use are probably the most critical sales drivers, but these factors are much less relevant later in a product's life cycle. Then, gaining access to payers can be a much more important sales driver, as we discovered for a client with a primary-care brand in a product class that had a large number of relatively undifferentiated products. The client increased the amount it spent obtaining contracts with payers and reduced its spending in other areas. This spurred superior performance and market share growth, demonstrating just how critical this sales driver can be.

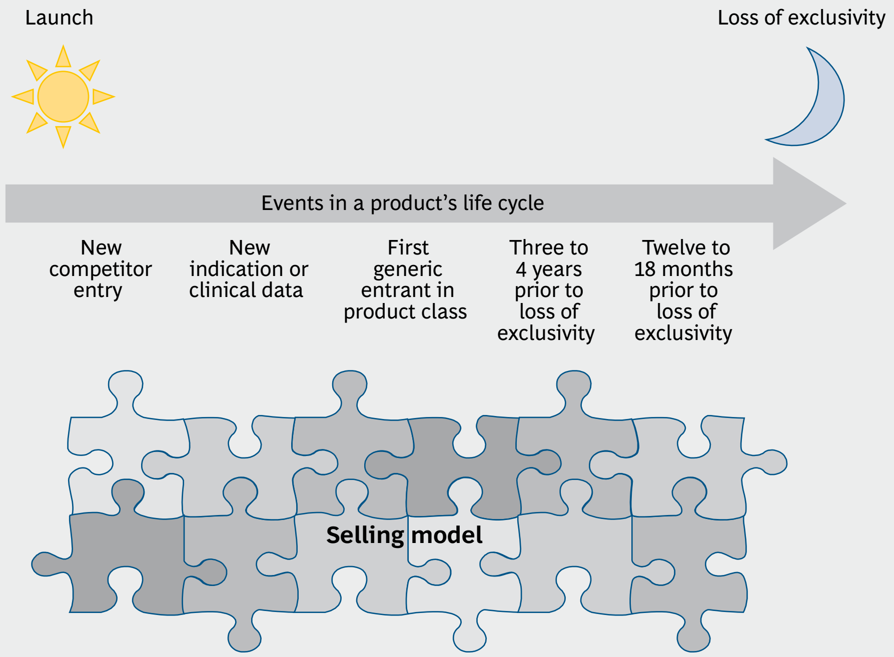
Maintaining the Winning Sales Model

Keeping pace with the evolution of your customers' practice ecosystems and regularly reprioritizing a brand's sales drivers also require that you regularly refresh your selling model. Too often, commercial teams let their brand's selling model stagnate, leading to lost opportunity and wasted resources.

Selling models should change over a product's life cycle. (See Exhibit 3.) For example, in most cases, the reach and frequency of calling plans that are appropriate for a product's launch should steadily evolve as the brand matures into ones that are more focused on increasing loyalty among customers. For many brands, this evolution happens too slowly today.

There are several elements of a selling model, including call planning, targeting approach, the mix of field-based personnel, and detailing approaches. Brand teams must fit these elements together much as they would the pieces to a puzzle. Depending on the stage of the product's life cycle, brand teams must determine, for example, the proper breadth and depth of call planning, the appropriate frequency

Exhibit 3 | The Selling Model Should Evolve Deliberately During the Product's Life Cycle



Source: BCG analysis.

and duration of account calls, the right sets of prescription influencers for details, and the correct mix of field-based personnel (for example, traditional sales reps and key-account reps) and alternative detailing approaches (for example, e-detailing and other multichannel tools).

Working with a client's brand team, we discovered not only that 50 percent of its current list of targeted physicians was driving relatively little volume but also that these same doctors had not increased their prescribing level in the previous two years despite significant sales investment. Within six months, we eliminated 40 percent of the targets. The following year, the brand P&L not only delivered more than $15 million in annualized incremental profit as a result of lower sales costs but also saw top-line sales growth accelerate, owing in part to a greater focus on the most loyal customers.

Assessing Your Brand's Health

Is there a real payoff in focusing on these five success factors? The answer is a resounding yes. Pharmaceutical companies in many categories have zeroed in on these issues and improved financial performance. And this is not work that takes years to yield results: meaningful improvement can be delivered in less than six months.

But to make this sort of shift, companies must first face some hard truths. Commercial teams must be truly objective about their sales and marketing strategies and willing to face up to areas where they are not delivering. As the pharmaceutical market becomes ever more challenging, neglecting to develop strategies and tactics that are properly focused, well aligned, and cost effective is a prescription for failure.

What are the signs that something is amiss? If you answer yes to any of the following questions, a more detailed diagnostic is probably in order.

- Is your brand losing market share for reasons that your marketing and sales teams cannot explain?
- Is your brand team regularly changing the brand messaging without having a positive impact on the brand trajectory?
- Is your brand losing market share to a competitor that you believe is clinically inferior?
- Has your sales growth slowed with specific customer types or segments?
- Are competitive dynamics about to change? (For example, has a new competitive product been launched, or is your brand about to face generic competition in its class for the first time?)
- Have you *not* changed your field-based resourcing model in the past two years?
- Have reimbursement restrictions stalled the growth of your brand while other similar brands have exceeded expectations?

It is best not to ignore these warning signs. The pharmaceutical marketplace is becoming a lot of things, but forgiving is not one of them.

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