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## Market Research Roundtable

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### Using Research to Understand a Changing Marketplace

Mar 1, 2006

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Understanding how drugs are bought and paid for has always been a bit complicated. People used to say that pharma had two customers—physicians and patients. Only one of them used the drug, and neither of them knew the price. My, how times have changed. Now the industry has so many customers, it needs to stop and get to know them all over again. And that's at a time when drugs worth tens of billions of dollars are going off patent. To map pharma's shifting landscape, *Pharm Exec* convened a group of top market researchers to discuss the issues shaping an evolving industry. Topics ranged far and wide, from the advent of Medicare Part D, to the new focus on adherence, the role of international markets, even the brave new world of marketing to seniors' children.



Our panelists are using research to understand this complex marketplace. They are seeking to understand the confluence of factors that are reshaping pharma's business models as much as they are changing the research profession itself, including:

- A changing customer mix in which payers become one of pharma's primary customers, alongside physicians and patients. This complicates the network of influence, forcing companies to better understand their target audiences' patterns of interaction.
- The arrival of the Medicare Part D drug benefit for seniors, which compels the industry to find new ways to price and sell their products. Part D poses unprecedented coverage challenges, like mandated generic usage and step therapies, and, if not handled carefully, may bring about new restrictive pricing mechanisms.
- More competition, which requires companies to obtain better information about their customers faster. Market researchers must work seamlessly across the many silos of the organization, but serious questions remain. For one: Can the current talent pool deliver integrated insights?

Pharma sets sail into uncharted waters. Can companies turn unknowns into opportunities? Can they deliver a long-term strategy for their brands and chart the course forward for industry? Grappling with the industry's big questions, Roundtable participants share their thoughts and questions in the following edited transcript.

## The Customer Ecosystem

### Clinton: Who are pharma's customers? What are the new ways of thinking about them?

**Brodsky:** Historically, some have approached market research on stakeholders in a siloed way, trying to understand what doctors, patients, perhaps pharmacists, and managed-care decision makers are individually thinking about in isolation from one another. But we haven't spent as much time trying to understand the connecting arrows between those groups: doctor-patient, patient-pharmacist, and pharmacist-doctor interactions. The challenge is to think of it more as a system of interactions rather than siloed parts. Ultimately, it's those dialogues that you want to understand.



**Cooke:** You need to understand everybody that's involved, not only the connectors. In that way, the decision to purchase a prescription—and then take it regularly as prescribed—looks more like a matrix decision-making process.



**Sibley:** It's interesting that it's taken us many, many years to finally think of patients as "consumers." We have to understand them much better in terms of their wants and needs, just like in the consumer packaged goods industry: What are their media habits, what grabs them? How do they respond to different media, different messages?

**Slack:** This is a return to ethnography. Finding out and relating to the essence of our customers' world.

In addition to patients and prescribers, pharma must attend to new customers—and better understand the interaction between them. ImpactRx's Nancy Lurker (top right) says that applying more analytical information to customers will become a significant competitive advantage for companies.

**Lurker:** Getting your patients to stay on therapy longer requires a very deep understanding of all their motivations. It requires very sophisticated techniques, for which the industry has a learning curve. The ability to become more scientific and more



GFK's Richard Vanderveer (above) says pharma must help physicians better manage data on genetically targeted therapies.

analytical—and then applying that information— is going to become a significant competitive advantage.

**Cooke:** We all know that it's going to get even harder to get a patient to dole out more cash on a monthly basis to take something. If we don't change attitudes, the barriers will stay the same. The consumer packaged goods' industry may also provide some guidance here: How do they get somebody to eat the same potato chip for 20 years?

**Sibley:** Some of the agencies are doing very good work understanding all of those deep-seated emotional attitudes related to adherence. They're really starting to make an impact. For example, some are conducting in-use product tests of various little devices that click at a certain time to remind consumers to take their medication.

**Vanderveer:** We should also be looking at physician practices as



ecosystems—and as businesses. Some practices have patients concentrated on a certain prescription drug plan. That starts to touch on the spillover phenomenon, the critical point where so many patients are covered by a particular formulary that a doctor treats everyone like they're on that same formulary.

**BMS' Sanjay Bajpai** (center) says patients taking expensive drugs are already hitting the doughnut hole. Companies are working on how best to estimate those numbers, but the overall prognosis has some brand managers nervous about hitting their target goals for the year.

**Bajpai:** Traditionally, we don't really know employers. But they are pushing more cost containment through patients as part of co-insurance plans or CDHPs [consumer-directed health plans].

The Centers for Medicaid and Medicare Services (CMS) is also gaining in importance. Effective January 1, 15 to 25 percent of the business goes over to Medicare. Right now, we're tracking it and trying to understand who are the winners. But from my perspective, it's pretty much a given that CMS will be at the table negotiating prices with us.

### **Breitstein: How must pharma change its interactions with audiences?**

**Saatsoglou:** Certainly, our industry does not do a lot of research with seniors—not in terms of clinical studies or spending a lot of time talking to them as consumers. With Medicare, the challenge for marketing executives is to communicate a simpler message to seniors, which are maybe two or three generations removed from that audience.

**Kalb:** When you think about the elderly population, it's wise to think about their network of contacts. Most folks over age 65 don't use computers too much. It may actually turn out that companies' marketing efforts should be directed toward their children and grandchildren, at least for the Medicare enrollment.

**Huntsman:** As medicine becomes more genetically targeted, we're going to better understand which patients respond to what therapies, which patients will suffer from what side effects. What we need to understand about patients and providers is going to change dramatically.

**Vanderveer:** As we move in that direction, the amount of information that physicians must access and use will multiply. How they're going to manage that information is highly problematic. Rather than wasting their time with repetitive detailing, we're going to have to help the pharmaceutical industry help healthcare professionals to better manage information.

## **Unraveling the Medicare Mess**

### **Clinton: How are companies assessing Medicare's impact?**

**Brodsky:** We need to get the enrollment data quickly so we can track what's going on. I'm not convinced that accurate data exist at the patient level regarding who is a Medicare beneficiary and who is not. Misattribution of Medicare enrollment could make it seem much smaller than it actually is. It will take a while to sort that out.

**Slack:** One of the difficulties is in forecasting when and how many patients will enroll in the program, largely because the eligible patients may not be ready to make their decision. So we're trying to understand something that hasn't yet been decided on.

**Fox:** Companies can conduct risk assessment based on demographics like patient age and their current [prescription drug coverage] plan, not just enrollment. Assessing the risk of the market base—how many patients are on which products—is likely to determine if changes to the brand strategy are needed. The next step is to understand what doctors and patients will do when they hit the doughnut hole—that's a research question, not so much a data question.

**Bajpai:** Some people are going to hit the doughnut hole in February and March because they take very expensive products. But we do have some ways of estimating those numbers. Everybody is developing a scorecard, some kind of a flag identification system, some kind of support system. Everybody is looking at it from a forecasting perspective and lots of people are nervous about whether they will meet their business unit's targets and goals for the year.

**Saatsoglou:** The complicating factor is that, as we have seen in other countries, those with the highest level of need get into the program first. The cost per person is very high to begin with. And that's why everybody's striving to enroll as many people as possible in the program to leverage the cost. We all know there is a provision in the MMA bill that says in two consecutive years, if 45 percent of the bill is not paid out of general revenues...then the bill goes back to be re-evaluated by legislators. Which then brings us back to the questions: What is the cost of the bill? And what is the pricing that the bill assumes?

**Kalb:** Later in the year, it may turn out that AARP takes a position on whether or not that original vote should continue to be supported. The November elections could wind up moving one of the two houses or both houses to the Democratic side. If that were to occur it would be a precursor to the 2008 election. So you may soon see changes in the law that could have an impact on all the details you just described.

**Gallwitz:** If there is a change from the Republican to a Democratic administration in 2008, what will that do to the viability of Medicare going forward? How much change can we expect? Playing out those types of scenarios and getting ahead of the possibilities associated with a product-level perspective as well as franchise level will be very, very critical for companies.

**Breitstein:** **There's a lot industry doesn't know about the impact of Part D. What are some things companies can predict?**

**Bajpai:** We'll see more generic usage because of all the out-of-pocket costs and increased use of step therapy. It will be interesting to compare your drug versus the class, where the total class will shrink for the first time.

Mandated step therapy and preferred drug usage, those types of barriers, could make your market share go crazy. So we need to track many things—and that's just the tracking piece, not even looking more in-depth to decide how decisions will be made going forward: How confused are the physicians? How confused are the patients? Patients approaching pharmacists—a group pharma has abandoned for advice. Employers getting into the mix. It is very complicated. It will be interesting to see whether people engage in navigating the system.

**Clinton:** **What have you found so far?**

**Lurker:** It's not pretty. On the patient side, most seniors are confused.

**Saatsoglou:** Particularly because pharma companies cannot support patient programs for enrolled seniors. Once people make the move into Medicare, then they can't participate in a company's indigent program.

**Brodsky:** There are opportunities for Pfizer and other companies to provide information and expertise to CMS to help them develop messages and communicate with seniors. We all have a stake in trying to make this a success in terms of benefit to the potential enrollees.

**Breitstein: How will companies react?**

**Kalb:** Pricing freedom in the United States is possibly the single most important issue that faces the industry over the next 10 years. Although only 40 to 50 percent of sales come from the United States, around 60 to 70 percent of profits come from the US market.

If the government obtains a role in negotiating price, Medicare can trigger other public and private programs, and we commoditize the industry in the United States. Then there is a need to find other places to generate profit for the business, which may be Asia or other emerging markets.

**Brodsky:** The notion of the risk/benefit trade-off of drugs is going to drive pricing latitude. All the pieces of that system really need to be understood, again, more like packaged goods products where there is fuller information around how the alternatives are priced relative to what the benefits are. The more we can foster discussions about the benefits, total costs, and risks of the alternatives relative to one another, that's going to drive pricing latitude and ultimately affect the negotiations.

**Gallwitz:** From a researcher's perspective, does the MMA change the strategy associated with the R&D investment? If we have products that will be targeted to an elderly population, I now have to take into consideration a different set of rules, where the government is the largest payer.

**Fox:** Certain measures are going to become more important, like tracking switching of products to generic or to a lower-cost brand or a different formulary brand. Using patient longitudinal data combined with attitudinal data to understand—from the seniors' perspective—what they're going to do about Medicare. Linking that with their actual behavioral data. We'll need to use all tools available to us, like monitoring supply and overall persistency measurements, to predict if patients that don't switch to a generic cut their pills in half to make them last twice as long.

## Integration Now

**Breitstein: What's the biggest issue facing market researchers today?**

**Sibley:** I majored in French literature, so I read all the French existentialists. But this is not an existential question: How can we reduce the risk around not just business decisions, but R&D decisions? Or, if the decision has been made, how can we help to reduce the risk around the implementation of the action, or the reallocation of tools and resources?

**Slack:** You might argue that the more successful companies are looking at how marketing research can raise the batting average for their more strategic and impactful decisions—the decisions that make a meaningful difference.

**Saatsoglou:** Part of that risk remains because market researchers haven't been exposed to all the issues: managed care interests, overseas interests, over-the-counter interests, therapeutic interests, regulatory interests, or research interests. As we gather around the table, we have a very unique perspective to touch all

of those areas, but that's very rare within a particular pharma company.

**Slack:** The point you mention of research expertise is also one of leadership. Having the ability to pull different functional areas all together on a common page to conduct an integrated analysis. Leadership is vital.

**Brodsky:** All of this depends on the organizational structure of the market-research organization. If you've got a couple of people who are responsible for managed care and others who are responsible for the DTC market, they may or may not be talking to each other. But if one researcher is responsible for supporting the entire business, that individual is in the unique position to make some of those connections. From an organizational standpoint, they can be a knowledge repository.

**Barnes:** That's happening with some key players across all the different areas of information, but not consistently across the industry.

**Cooke:** Data should integrate all the learning—not just look at what a physician's attitude is toward that particular brand, but linking it with managed care concerns, and the patient's voice. Beyond that, if the market researchers are asking the right questions and building their research plans around the marketing objectives, it's our responsibility on the vendor/supplier side to make sure we're not just providing information. We have to push the envelope in interpretation, and provide business insights, consumer insights, and recommendations that are actionable, not just a data dump.

**Brodsky:** The question is: Where do you apply resources from an annual operating perspective? Unless you can lay out all of the pieces of the puzzle ranging from patient needs, doctor perceptions, risks/benefits, pricing points, and access issues, you're not really in an informed position. That is where we need to break down silos to ensure that these pieces of information construct a full picture of the patient flow and leverage points. Where are the barriers? Where are the opportunities?

**Kalb:** In many large companies, integration of the research function is becoming much more involved in early-stage decision making. It used to be there maybe three years prior to launch, one year after launch. But now with everyone focused on the high cost and failure rate of clinical trials, compounds in Phase I and Phase II generally have commercial forecasts associated with them. And that can play a part in the go or no-go decision.

**Lurker:** Medicare Part D also entrenches the need to integrate the contracting strategy with your brand strategy to execute the whole regional decision approach. There has been very little of that to date, but it's going to be increasingly needed in this market and that will set apart the winners from the losers in Medicare Part D.

**Breitstein:** How can researchers make this information more valuable?

**Slack:** The commonality that brings all of us together in our day-to-day businesses isn't about the analysis tools at all. Not the interviewing techniques, forecasting or data, etc. Our internal clients don't care about the tools or the lingo of the techniques. They want a timely and insightful answer that relates to the business decisions they face.

**Vanderveer:** We have to get away from doing projects to reduce risk of particular decisions and move more in the direction of collaboratively working to develop bodies of knowledge. A company like Pfizer or BMS should have a very thorough and easily searched body of knowledge on the adherence issue. They do a project here,

project there, but the major companies are not developing the kinds of knowledge bodies they should have.

I think we're missing the big picture. Our side of the business is increasingly beleaguered with paperwork, contractual negotiations, and pressures from purchasing departments. This is a bad time to be wasting time and everybody ought to start to look at new ways of working together to deal with some of the important uses for marketing research. Because most of the old stuff we've been using for decades is not dealing with these issues.

**Lurker:** The industry needs to find people who can think at a higher level and bring that level of insight to clients. That's tough to find. Some companies need to upgrade their talent. But there are other companies that have a great talent pool already and are applying a lot of these learnings.

**Slack:** Properly training market researchers with an eye for the underlying business issues is an increasingly important issue facing the profession. While the more successful researchers talk of integration to the business issues and objectives—connectivity to the clients—the universities and other researcher-training programs are overly oriented to the tools and techniques of the trade. There's a real opportunity, and a pressing need, for market researchers at all levels and on both sides of the business, to step up their leadership skills, and help their clients through the changes ahead.

**Kalb:** The issue is not only access to talent, but access to talent on a permanent basis. There is a tendency in this profession to dip in and dip out after a couple of years.

**Sibley:** But one of the biggest changes in the last 20 years is that marketing research has come to be seen as a career opportunity rather than what it was. It was absolutely assumed to be a stepping stone. I think that is a good thing for companies, and a good thing for the industry.

## Changes Ahead

**Clinton: Researchers are asked to convert their findings to quantitative outputs that can predict the future. But how do you think about the intangible issues that surround the industry?**

**Kalb:** A good place to start is the discussion centered around therapeutic intervention after people are sick. What about before they're sick? There is now research with vaccines that show certain cancers may actually go away as a result of pediatric vaccination programs. The industry needs to move in a direction of getting out its message that we can make a big impact early, even if it isn't actually seen until later in life.

**Fox:** We should probably look at other healthcare professionals, dietitians and nutritionists, nurse practitioners, and physicians' assistants to help send that wellness message.

**Kalb:** The difficulty is facing the issue of refills, which quite frankly, is the source of the business in the long term. If we move from a system whereby compliance is linked to refill after refill, then we come up with a vaccine that eliminates the need for refill, we then have an economic conundrum.

**Sibley:** When you are talking multiple sclerosis medications, why do you need to take it now to prevent something 20 years from now? This is a long-term effort, but we do need to start somewhere. And the more we can conduct real-world outcomes studies, the better opportunity we will have to make that the case.

**Brodsky:** We talked a little about what is siloed in the market research world. But the information can be siloed in the cost world, too. Pharmaceutical costs are too often viewed by access decision makers in an isolated way that's not necessarily linked to long-term outcomes. What's the true total cost of treating a diabetic patient?

**Breitstein:** In this time of belt-tightening, how can market researchers prove their value?

**Kalb:** Visit the C-suite folks and ask the following questions: What keeps you up at night over the next 12 months? What keeps you up at night over the next three to five years? What keeps you up at night over the next 10 to 15 years? Then your agenda for the next year is set because your objectives are there. You don't wind up answering the wrong question—the one that doesn't matter—because it was passed along from the top down.

**Sibley:** The first thing we need to do is be out there much more in terms of helping them craft the marketing objectives. Our insight should drive that. I don't know how one can put together a marketing research plan if you haven't done a situation analysis to digest everything you've already done.

One of the other things we must do sometimes is to push back and say when we should *not* be conducting research.

**Clinton:** Like where?

**Sibley:** Red versus green backgrounds of a visual aid. The value from testing yet another visual aid versus really understanding drivers in the market and what's causing consumers to behave one way or the other.

**Cooke:** Or if the error around a decision is minimal.

**Fox:** Another example would be a trade-off analysis for compound development, when a compound is already far enough long that you can't change the course. At that point, just go into a possible forecasting study.

**Barnes:** On the other hand, there's a lot less wasteful research being done now. Most of our pharmaceutical clients are less involved in spending the budget, and more involved in using the budget.

**Clinton:** Has that made market researchers more accountable for their recommendations?

**Cooke:** Accountability is difficult, especially when manufacturers hire several agencies, because you are not coming up with the end decision. You are developing the guidance to help minimize the risk around the final decision.

**Brodsky:** I would argue that in some respects, we are accountable for those decisions. Obviously some are out of our control. But you need to try to shape the issues, to have appropriate appreciation for what marketing research can and can't do. Ultimately, we're equal shareholders responsible for making these decisions, which are more often right than they are wrong.

**Kalb:** Look outside the pharmaceutical industry for a moment. The United States government said they had research that showed there were weapons of mass destruction in Iraq. The intelligence team gave that advice to the chief executive to make a decision.

Now it's later. Where does the blame reside? Is it with the executive or the intelligence department? It's probably a shared accountability.