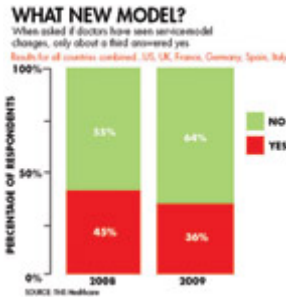


Why All the Bad Buzz?
 May 1, 2009
 Pharmaceutical Executive



There's a massive shift happening in how pharma companies interact with doctors. Tightening revenue, decreasing physician access, and increasing new media options and influencers are causing the industry to rethink how it provides value to customers. As a result, the vast majority of US and European pharma companies now report they are moving from traditional product-centric sales models to new customer-centric service models.

WHAT NEW MODEL?

But do doctors think companies are really delivering on their promises? Where do reps fit into this new picture—and what other services and information channels are most critical to driving results?

To understand the impact of service models from the physician perspective, TNS Healthcare performed an Internet survey in January 2009 with more than 1,500 primary care physicians in the United States, the United Kingdom, France, Germany, Spain, and Italy. This was the third year of research with US physicians and the second for European doctors, enabling TNS to capture key trends and changes. There was some dramatic findings.

- There's a disconnect between the value pharma thinks it is providing and what physicians see themselves receiving
- Pharma companies' relationships with physicians are weakening around the world
- These poor relationships are leading to more negative word-of-mouth from doctors, which for the first time has reached a tipping point in the United States.

This article will explain these key findings—and provide a guide to the services physicians in specific geographies value most. It will also reveal how doctors rate the industry's key players across an array of sales and marketing activities.

Service	% Using or Planning to Use	% Finding Service Valuable (Rating of 3.0 or 7)
Continuing Medical Education (CME)	83%	79%
Medical and healthcare expert	77%	67%
Webinars and discussion groups	63%	43%
Direct sales (one-to-one visits)	54%	33%
Access to pharmaceutical sales reps	43%	33%
Webcasts and other online assets	39%	33%
Education and online communities	42%	42%
Direct one-to-one from sales reps	35%	42%

WHAT DOCTORS WANT

Change, Change, and Less Change



We hear much news of the changing pharma sales paradigm. But overall, fewer doctors say they are seeing companies deliver service-focused models. In 2009, only about a third of doctors said they see changes in their interactions with pharma as a result of the new service model—a substantial decline from 2008, when 45 percent said they'd experienced changes.

MIND YOUR MANNERS

This decline may be the natural result of physicians simply getting accustomed to increased services, and therefore perceiving a slower rate of change. Many services that were new last year are now expected.

A more likely explanation is that the changed perception is a result of the major sales force reductions that took place last year. These reductions have the potential to disrupt longstanding physician/rep relationships at the same time that alternative channels, such as the Internet, don't yet appear to be fully compensating for the sharp cuts. The decline may also be a reaction to some of the new promotional guidelines that have prohibited more traditional "services," such as theater tickets, free lunches for office staff, golf balls, and other non-medically relevant gifts.

RELATIONSHIP STRENGTH
The decline in relationship strength is on the downward from 2008 to 2009. 13 out of 17 countries saw declines in their 2009 scores. This is a measure of relationship strength.

Country	2008	2009	Change
US	75	70	-5
UK	72	68	-4
France	71	67	-4
Germany	68	64	-4
Spain	51	35	-16
Italy	49	33	-16
Japan	47	31	-16
China	45	29	-16
India	42	26	-16
South Korea	38	22	-16
Brazil	35	19	-16
Mexico	32	16	-16
Russia	28	12	-16
Australia	25	9	-16
Canada	22	6	-16
South Africa	18	2	-16

RELATIONSHIP STRENGTH

The decline exists across all the surveyed countries, and is particularly drastic in Spain. In 2008, 51 percent of Spanish physicians said they witnessed service-model changes. In 2009, that number dropped to 35 percent. In Germany, the percentage of doctors who reported seeing these changes dropped from 41 percent to 28 percent. The US is in the middle of the pack, with only 39 percent of physicians saying they see their interactions changed, down from 45 percent.

However, despite the fact that fewer doctors perceive service improvements, physicians still report some positive changes in physician-centric experiences, in line with pharma's move to become more customer focused. For example, 80 percent of doctors report improvements in professional Internet programs; 68 percent report enhancements in physician education services; and almost half report increases in practice and staff support.

Physicians also indicate major improvements in patient-centric service offerings. Two-thirds note positive changes in patient management, education, and support programs, while 60 percent report enhancements to Internet services. Overall, however, there's still room for improvement.

What Doctors Want

SELECTED SERVICES
TNS surveyed companies across a range of eight service areas. Selected scores are shown here. In the US, doctors rate Merck as their #1 service provider.

Country	Education	Physician	Product
Austria	4.00	3.88	3.92
Belgium	3.97	3.84	3.78
Denmark	3.94	3.77	3.81
France	3.93	3.75	3.81
Germany	3.93	3.80	3.85
Italy	4.07	3.94	3.97
Spain	3.97	3.88	3.92
UK	3.95	3.82	3.86
USA	4.09	3.97	3.98
Other	4.09	3.97	3.98
Sweden	3.95	3.79	3.78
Switzerland	3.95	3.80	3.80
Netherlands	3.94	3.87	3.87
Portugal	3.93	3.81	3.84
Poland	3.93	3.80	3.80

When it comes to what doctors value from pharma, there are some near-universal trends. For instance, doctors in all surveyed countries place the highest value on sales reps' personal and professional conduct. About three-quarters of doctors in the US, UK, Germany, and Italy—and an overwhelming 86 percent in France and Spain—say reps' personal and professional conduct is key to their relationship with pharma. (See "Mind Your Manners," page 107.)

SELECTED SERVICES

Around the world, doctors also place a high value on physician education and information. Globally, 77 percent say they value these services. In Europe, the percentage that cited physician education as important ranged from 73 percent in France to 83 percent in Italy. The percentage of US doctors who place high importance on education rose from 66 percent to 71 percent over the last year.

Interestingly, while doctors see education as extremely valuable, none of the companies measured received top marks in this area. That means that companies that can provide high-quality, distinctive education offerings have a real opportunity to differentiate themselves.

Country	Education	Physician	Product	Personal	Professional	Other	Health	Quality
US	74	82	66	77	74	73	71	73
Other	74	82	69	82	78			73

A "Quality" Sales Call

MARKET RESISTANCE INDEX
"Apostles," or industry advocates, used to negate the effects of the "rebels," or doctors that spread negative word of mouth. In 2009, this balance changed, creating a much more difficult environment for companies, particularly in the United States.

	2008 Rebels	2009 Apostles	2008 Rebels	2009 Apostles
US	29	40	19	12
UK	28	24	27	25
Germany	41	47	23	22
France	38	29	26	29
Spain	45	39	21	28
Italy	45	44	19	19

MARKET RESISTANCE RATIO: 1 = favorable; <1 = very favorable; >1 = unfavorable

MARKET RESISTANCE INDEX

Doctors are tight on time. So it's no surprise that doctors cite as the most important characteristic of a valuable sales call is "respected pressures on my time." Clear and comprehensive product information, strong scientific/clinical evidence, and acknowledgement of product weaknesses and limitations are also important—but all tie for second place behind that top attribute.

Some attributes that are critical to doctors in one country may do little to advance physician relationships in another. For example, "respected pressures on my time" is far more important to doctors in the US and France than it is to physicians in Italy. "Strong scientific/clinical evidence to support the product" is significantly less important in Germany than in other countries. And while physicians in most countries rate "involved me in the discussion" as important, that was not the case in France.

Offline Disconnect

In 2009, for the first time, TNS Healthcare asked physicians to specify their preferred non-rep information sources, requesting that they rate eight channels on usage and value. (See "Pharma's Service Channels," page 106.)

Not surprisingly, continuing medical education leads the list, both in terms of awareness and value. Webcasts, e-detailing, and PDAs fill out the bottom of the list, with only 42 percent of those surveyed using PDAs. (Interestingly, however, all 42 percent find them valuable.)

Several major companies have already initiated or expanded their online and video-detailing efforts, citing cost efficiencies, convenience for doctors (who can participate on their own schedules), and longer times actually spent with physicians. With sales forces continuing to shrink, several alternative channels will likely grow in importance as companies invest in them and make them even more valuable.

Top Service Companies

The TNS Healthcare survey asked doctors to rate how well each of the 17 companies covered delivered across the full range of service experiences.

Merck leads in the US Last year, Merck and Novartis were tied for first place in the United States, with both earning top marks across all service categories. But in 2009, Merck pulled ahead—based on its continuing strength in Web-based services—and was the only company to have a "clean sweep" of first place scores in all eight service categories.

GlaxoSmithKline and Pfizer tied for second place in the US, with top scores in seven out of eight service categories. Web services for physicians were the weak spot for both GSK and Pfizer—the one area where they missed getting a top mark. Novartis fell from first to third place, tying with Lilly, with lead scores on six out of eight service elements. Novartis' two weak areas were Web services—both for physicians and for patients. Lilly's were Web services for physicians and rep conduct.

Novartis tops on service in Europe In Europe, Novartis led on service delivery, with four out of the five major European countries giving the company top marks for effectively delivering key services. Pfizer, Sanofi-Aventis, and GSK also earned high scores across Europe.

Despite this, when it comes to Europe, scores for the new service areas were below average in most countries. Clearly there are major opportunities for European companies to enhance their brand support services.

One country where you can see the need for improvement is the United Kingdom. Ten of the 17 companies measured there tied for first place, with top ratings across all service areas. Unfortunately, that does not indicate high across-the-board performance. Rather, it shows that companies are undifferentiated in the UK market.

Deteriorating Relationships

It used to be that US physicians were considered allies of the industry. It wasn't that they always prescribed a company's brand, but pharma could count on them to understand and support the value of the industry at large.

Not anymore. In fact, in 2009, the number of US physicians who were actively speaking negatively about the industry crossed a tipping point, reaching 19 percent—that's up from 12 percent in 2008. That number is significant because when more than 15 percent of doctors are categorized as "rebels" (those deeply dissatisfied and actively generating negative word-of-mouth), it's difficult for companies to overcome the bad buzz and promote successfully. The US—traditionally the most pharma-friendly market—has never before shown such a negative pattern.

Globally, the picture is worse. Almost a quarter of docs (22 percent) are rebels, according to TNS's TRI*M typology, which measures the strength of a company's relationship with its customers. TRI*M findings show it takes three active advocates, or "apostles," to overcome each "rebel" detractor. In 2008, there were enough apostles generating positive buzz to neutralize negative word-of-mouth. But in 2009, the picture has changed: There are now just two positive "apostles" for every negative "rebel." (See "Market Resistance Index," page 109.)

European countries have traditionally had a high proportion of rebels. This pattern continues in 2009. All five major European markets—UK, France, Germany, Italy, and Spain—have a high percentage of doctors actively creating negative word-of-mouth. The situation is particularly bad in the UK and France, where there is one rebel for every apostle. Further evidence of this lies in the low British TRI*M relationship-building scores.

Spanish doctors go against the trend, however. In that country, the percent of rebels decreased from 28 percent in 2008 to 21 percent in 2009. Still, this rebel population is above the 15 percent that is considered desirable.

Which Company Has the Strongest Relationships?

Taken together, these markets show that pharma's relationships with physicians are weakening around the world. Still, there are some bright spots.

When it comes to having strong and valuable relationships with doctors, Novartis holds the top position globally, according to TNS's TRI*M scores. Physicians in four of the six countries surveyed rank Novartis at the top. AstraZeneca, Pfizer, and Sanofi-Aventis also rate highly, with first or second place finishes in three countries. In addition, Merck, Boehringer Ingelheim, and Takeda—new to the survey this year—show strong performances, with lead scores in two countries each.

In the US, four companies—GlaxoSmithKline, Merck, Novartis, and Pfizer—share the lead based on their reps' ability to build strong physician relationships. There is no statistically significant difference in their TRI*M scores, showing that these reps are forging strong bonds with physicians.

But look closer and you can see cause for concern in the United States. Eleven of the 17 companies measured have seen scores fall between 2008 and 2009. Overall, the ratings have declined from 78 to 75, a significant drop (though still a solid score when compared with other industries). Even Novartis, while it ties for first place, dropped sharply in its TRI*M score, falling from 89 to 81. Pfizer and Merck scores also fell in spite of their first place standings.

Relationship scores fell in other countries as well. For instance, nine of the 17 companies measured saw their scores drop in Germany. Meanwhile, even though TRI*M scores are fairly low in the UK, individual companies are seeing mixed results. GSK and Novartis, in first and second place, respectively, in 2008, have dropped out of the lead. In contrast, Boehringer Ingelheim, BMS, Merck, and Pfizer are witnessing substantial improvements in their physician relationship scores. For BI, this improvement put it among the lead UK companies this year. In 2009, Spain's TRI*M score improved by eight points. Meanwhile, the significant TRI*M score improvement across companies in Spain reflects a strong relationship between the industry and physicians in that country. Novartis' scores, for example, have soared to 94 in Spain—the highest TRI*M score achieved by any company in any country. Pfizer places a close second in the Spanish market.

Service and Relationships: The Path Forward

So why are physician relationships weakening—and what's driving the uptick in anti-industry sentiment?

There are several theories, including the Presidential election, which shone a spotlight on the industry, as well as the publicity around tightening promotional controls on pharma. Additionally, slashing sales forces may be disrupting relationships and weakening morale, which in turn may be hurting the quality physicians believe they are getting from their reps.

Whatever the case, our research confirms the strong connection between word-of-mouth and customer relationships. The US, which shows the greatest increase in negative word-of-mouth, also has the greatest decline in its TRI*M score—a significant three points over the last year. Conversely, Spain, the only country experiencing a substantial decrease in negative word-of-mouth, is also the only country to see its physician relationships grow stronger.

Among the most common questions pharma companies ask is: "Do corporate and brand reputation—positive or negative word-of-mouth—drive customer relationship strength, or does customer relationship strength drive whether word-of-mouth is positive or negative?"

The answer is that each drives the other. Strong relationships and positive sales experiences certainly enhance positive word-of-mouth and reputations. On the other hand, the investment companies make in creating a positive reputation can pay off in better relationships and higher sales results. However, as the results of this study show, companies still have far to go in providing many services—and in providing the things that doctors want.

Although physicians acknowledge that companies have made major strides in many service areas, increasingly negative word-of-mouth and eroding relationships around the world show there is still much work to be done. The companies that succeed will be those that remember that service models are, first and foremost, about building relationships. In addition, they will integrate new metrics, such as Brand Commitment, to support the relationship-building behavior they want to encourage, and they will set performance objectives around their relationship-building goals.

A key takeaway from the TNS Healthcare research is the realization that even the best performers have weaknesses in some markets and are not uniformly effective in moving to a service-model approach. Those weaknesses are, in fact, key opportunities to improve performance on the sales and service experiences most important to customers—opening up powerful chances to differentiate themselves and drive results. Success depends on sales and marketing joining forces to tailor the right mix of services to strengthen relationships and maximize outcomes in every target audience and geography.

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Pharma's Service Channels

- Rep conduct
- Rep knowledge and expertise
- Sales visit quality
- Patient management, education, and support programs
- Physician education and information services
- Practice and staff support services
- Web-based services for doctors
- Web-based services for patients