

BUSTING SILOS

As online-advertising standards get closer to reality, agencies and industry also need to learn to work together to orchestrate tactics such as social networks and mobile technologies. **Matt Giegerich** take a look at what's to come

The branded pharmaceutical and biotechnology industry continues to churn and change under the pressures of a rapidly evolving commercial environment. Patent cliffs, regulatory constraints and pricing and access challenges further intensify the rising risks and costs of innovation in the lab, challenging short-term business results and muddying longer-term prospects.

These issues, coupled with a slow-but-steady transition from a blockbuster brand model to a more targeted, specialty-driven marketplace, are driving industry transformations both large and small. Longstanding business structures, systems and loyalties are being challenged along the way.

The pressing need for full-scale reinvention has generated the industry catchphrase the “new commercial model.” This “model” offers hope for a more efficient, more effective approach to bringing new medicines to market and helping them achieve their true potential.

Within this quest for a new commercial model lies the quest for transformation of a truly vital area of health and healthcare marketing—communications—and the pressing need for a new communications model, with direct implications for industry and agencies alike. Of course, change in healthcare communications has been steady over the past two decades, including:

- New marketing research, insights, tools and techniques
- The declining influence of detailing and print-based ads
- The emergence of mass-media consumer communication and individualized CRM-based platforms
- The rise of digital channels

- The convergence of employer, plan, provider and industry interests in patient management and disease outcomes
- State-by-state variances in laws governing compliance, code-of-conduct, gift limits, annual reporting and certification.

While each of these subjects has been discussed at length in many forums, it is worth analyzing the collective impact of these changes and what it suggests for the industry and the agencies that serve them as they both work toward a new communications model.

A View of the Past

It is widely understood the effective practice of medicine requires effective communication. But the pace of change in healthcare communications has accelerated so rapidly that this area of the business must now be fully re-evaluated. Target audiences and channels have multiplied and blurred. Message control has collapsed. And the comforts of linearity—of uniform national approaches and projectable cause and effect—are now challenged on every front.

In the past marketers drew and managed tight circles around their target audiences: the financial community, KOLs, specialists, high prescribers and payers became increasingly easy to identify and reach. Each audience was considered distinct and deserving of different messaging.

While this audience expansion and fragmentation was under way, marketers maintained a great deal of message control. Multiple positioning exercises led to tactical campaigns delivered to each segment. Medical, regulatory and legal reviews kept tight watch over the process. The messages delivered represented exactly what

was desired and/or required. Delivering these well-controlled messages to tightly defined audiences was the role of the various media channels. Reach, penetration and frequency were the dominant yardsticks, and forecasting ROI was a reasonably linear affair: a thousand dinner meetings were better than 500. Two sales forces were twice as productive as one; doubling the media budget would double impressions and recall.

The Chaotic New World

The audiences and individuals involved in healthcare decision-making are many and multiplying. They can be thought of as both homogeneous groups and individuals. The threads of communication binding these audiences and individuals to each other—and to marketers and their brands—can be thought of as braided strands composed of interwoven content, channel and context.

The content can be marketer-generated or audience-generated. It can be positive or negative. Branded or unbranded. Simple or scientific. Formal or informal. The channels are similarly, mind-bogglingly endless: personal selling, live events, broadcast, print, digital, mail, social networks and mobile technologies offer millions upon millions of possible connections.

Communication context is increasingly important: is it a live or virtual experience? Is it real-time or time-shifted? Pushed or pulled? Individualized or socialized? Global? National? Regional? Local? In all forms, these braided communication threads form a dynamic communication ecosystem, a living conversation in the healthcare marketplace. And it is this conversation that ultimately determines a brand's success, or demise.

For marketers, this new reality can be quite daunting. The dynamic complexity, the lack of full control and the interwoven nature of the audience and communication threads do not fit well within established structures, siloes and processes. As the new commercial model—or models—takes root, new thinking in orchestrating healthcare communications must also emerge. We need a new industry model...and we need a new agency model.

It's time for the industry to come to terms with its siloed approach to managing brand-related communications. During the past two decades, the industry had the profitable luxury of establishing separate functional areas and agency partners to manage each audience and marketing discipline. As these functional areas developed and brands and budgets grew, it became all too common for a single brand to have a fully fractionated internal team, matched with as many as 20 separate external agencies—each vying for its piece of the pie.

This model has its benefits: brand teams get the benefit of competitive pitches in each area and the autonomy and comfort of selecting and managing “best-in-class” agencies; procurement departments get the benefits of intra-agency competition and the resultant downward pressure on pricing; and individual agencies can get at least a piece of the action.

The Way Forward

The following should serve as at least a road map, if not a detailed playbook, for the basic tenets of a new communications model, with implications for both industry and agencies alike.

When planning, consider the conversational threads connecting your audiences. Organize tactical planning to account for what you hope to achieve within each thread: Brand-building, Brand-buzzing and Brand-bonding.

Elements of Change

17% of MDs refuse to see sales representatives; 25% require an appointment (SK&A, 2008).

53% of all sales details in 2007 were self-led virtual details (Verispan).

97% of physicians use the internet daily and spend an average of 15.1 hours per week online; 83% of physicians watch video clips online (vs. 35% for consumers) (Manhattan Research, Taking the Pulse v8.0, 2008).

More consumers now log into **social networks** each day than watch network television.

Almost 30% of MDs only use the **online format of medical publications** (Nielsen, Physician Media Usage Study, 2008).

Seven states, plus the District of Columbia, now have laws requiring **disclosure of physician-industry relationships**. The Physician Payments Sunshine Act is currently pending approval.

Clinical trial participants now sway the financial community—and stock prices—by blogging, tweeting and posting their day-to-day individual results on therapy.

Perhaps the most **powerful opinion leader** in healthcare is a blogger, Dr. Kevin Pho, a board-certified internist residing in Nashua, NH. His blog, kevinmd.com, is one of the most widely read and cited sources of healthcare information in America.

One of the **greatest impacts of DTC** mass media (TV, print, radio) is with MDs who tend to increase prescribing long before patients begin inquiring about the advertised brand.

Long-term strategic planning, the need for big unifying brand ideas, and executional consistency should remain the foundation, but flexibility, speed and agility are critical new skills. Market research, insight and analytic competencies should be built directly into each team and budget because the new environment demands real-time awareness of marketplace changes.

Internally, marketing departments should aggregate as many skill areas as possible under common leadership and, when possible, physical proximity. Similarly, marketers should look for agencies fully steeped in the realities of the new world, have remodeled themselves accordingly, and can offer all requisite skills under singular, accountable leadership and proximity.

Specific mechanisms can vary, but agency compensation should support audience/channel neutrality, a long-term view of the relationship and a reasonable element of risk/reward.

Effective and efficient digital asset management is paramount. Migration of digital assets across audiences and disciplines helps achieve marketplace consistency and minimizes constant reinvention. Innovation piloting should command at least 20% of the budget. Failures should be learned from, evolved or allowed to expire.

Building and sustaining a positive communication ecosystem remains critical to every brand's success, but will require a total transformation of the way industry and agencies organize and behave. The industry does need a new commercial model, and a new communications model must be a critical piece of the reinvention. The future of brand health depends on it. ■

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