

# DATA CRUNCH

Pharma companies and their partners are under pressure to evolve the marketing research function through new technology and fresh thinking.

**James Chase** and **Marc Iskovitz** size up the threats and opportunities

**A**nyone who hasn't been living under a rock in recent times will know that the healthcare industry is undergoing some radical changes. A convergent powerhouse of forces, ranging from the positive to the unthinkable, is driving this transformation. Pharmaceutical companies are tasked with dragging their wilting pipelines through an increasingly challenging assault course of regulatory obstacles, attempting to balance science and discovery with demands for profit.

The top 10 manufacturers became nine, eight, seven, almost before you could say acquisition. The industry, it turned out, was not immune to the recession, and budgets have tightened like a lap band along the entire pharma food chain. Meanwhile, healthcare reform is now almost close enough to touch, and yet even the most prophetic visionaries cannot predict with any certainty what it will feel like.

What goes for pharma also goes for its massed ranks of marketing researchers, a fact that hasn't escaped Debbie Kenworthy, senior manager, market research, at Johnson & Johnson and chairman of the board at the Pharmaceutical Marketing Research Group (PMRG). "Healthcare is changing and that impacts anyone who works in the industry," she says. "So it impacts our ability to do research."


Where adversity and uncertainty lurk, however, opportunity invariably presents itself. And while many of the challenges facing marketing research are unique, Kenworthy's discipline—like other areas of pharma—has the chance to innovate, evolve and flourish.

## Join the evolution

The inherent complexity and diversity of marketing research make it difficult for the discipline to march as one, and so progression has occurred at different paces and along different routes. "Every organization has had a different set of competencies that were core and important," says Kenworthy. "Some focused more on project management than on strategic input while others focused more on qualitative than quantitative. So each organization has been going through their own evolution from a different starting point and I don't expect everyone to end up at the same place."

PHOTO: BILL BERNSTEIN



A portrait of Debbie Kenworthy, a woman with long brown hair and blue eyes, smiling. She is wearing a red long-sleeved top and a necklace with black and silver beads. Her arms are crossed, and she is wearing a ring on her left hand and a bracelet on her right wrist. The background is a blurred indoor setting with large windows.

**Debbie Kenworthy, senior  
manager, market research,  
Johnson & Johnson, and  
chairman of the board,  
Pharmaceutical Marketing  
Research Group**



Elizabeth Jeffords, senior director, market analysis and strategy, at Genentech, is another leading the charge from the client side. “Marketing research as an art form needs to evolve,” she says, citing five key drivers of change: the law/regulatory environment, evolution in execution of market research, constrained budgets, growing importance of secondary audiences and growth in the sophistication of marketing tools. “You have an art form that requires more, but is given less in terms of resources. Innovation is a necessity. We have no choice but to be creative.”

Richard Vanderveer, CEO of GfK Healthcare, says he sees marketing research departments evolving, but not nearly as rapidly as they should be. “Frankly, much of the game has now been taken out of the hands of pharmaceutical researchers and put into the hands of procurement departments, legal departments and other entities that, while making the marketing research process tighter from a business perspective, has done little to respond to the profound changes under way in the pharmaceutical marketplace.”

Roger Green, president and CEO of Roger Green and Associates, recalls how it used to be that you could realistically expect to achieve two of the following three objectives: speed, cost effectiveness and quality. “We’re now in an environment where people are trying to figure out how to get all three,” he says.

## Mixing the old with the new

Evolution shouldn’t come at the cost of losing sight of the core competencies, however, warns Debbie Kossman, SVP of National Analysts Worldwide and president of the PMRG. “Yes, some things have changed,” she acknowledges, noting in particular the speed with which results are demanded; the increasingly global nature of research; the scrutiny from senior managers, investors, legislators/regulators and public advocacy groups; and the unrealistic expectations placed on marketing research to reduce risk in a time of turmoil. “But,” she continues, “it was important 25 years ago to understand what market research can and cannot do well, to design it cleverly and cost-effectively, and to give research results life and relevance for those will learn from and use them. These same abilities are even more important today.”

Brian Cain, VP of global customer insights at Merck, agrees that progress will come from integrating the conventional with the new. “It is imperative for market research departments to use proven research methods as well as identify innovative approaches that will proactively answer questions of global customers,” he says. Cain does see a shift to a broader set of responsibilities, however. “Today’s market researcher needs to be a business owner with a global mindset seeking business solutions for a broad set of customers,” he notes. “He or she must think about what a particular medication will do for a physician or patient and ensure that the best research approaches are used to deliver the insights needed. He or she must also be a leader that can be at the table to discuss and debate the impact of the research on an impending decision.”

But, akin to many other disciplines and industries, the opportunity to advance lies in technology, particularly at the execution end. “There are really only so many ways to ask a question,” says J&J’s Kenworthy, “so where the evolution is taking place is in the various venues or platforms where we can employ those techniques. It’s as simple as getting out of the traditional mold and moving online.” She adds that while there are certain types of research that will always need to be discussed face-to-face, technological innovation can still

## Nurturing marketing research talent



**Debbie Kenworthy on Johnson & Johnson:** My philosophy has always been for a very individualized development plan. I need to know where my individual folks want to go. Some are lifetime researchers, others aspire to management or sales leadership. At J&J, there are multiple opportunities to shadow and follow mentors in many different business areas, as well as external opportunities through conferences like PMRG (left) and webinars.

**Elizabeth Jeffords on Genentech:** I encourage our team to participate in industry associations, such as PMRG or PMSA, and external trainings and events. I also love to benchmark, to help us understand how we can do better. Internally, corporate and commercial training departments provide a wealth of general management development opportunities and some departments develop their own functional training. We cannot prepare for the future in a vacuum. We must tackle the bigger issues.

be applied. “There are opportunities to use webcams so we can still see reactions on faces of respondents.”

Kenworthy notes also the progress being made in replacing certain face-to-face techniques and “pencil-and-paper exercises” that have become too costly and/or time-prohibitive. “The options for good, quantitative predictive work are getting better—not necessarily because the statistical models are better or the method that the questionnaire is based on is better, but because the interface is becoming something that’s manageable for the respondent.”

Green goes a step further, suggesting that online research can actually improve responses. “We’ve found that the anonymity of the computer means we can foster discussions and get better answers than when we were using traditional methods,” he says.

But pharma has a reputation for being digitally challenged and Kenworthy thinks the marketing research function has some catching up to do. “I’m hoping that research organizations will start looking forward and realize that technology is a friend, not a foe,” she says. “As we do that more, I think that we’ll be able to adapt better.”

Innovation doesn’t have to end with technology, of course. Genentech’s Jeffords believes research could broaden its efforts into other areas, such as social media. “It’s fascinating, especially from the patient side of research,” she says. “While physicians are also online and engaged in panels, chat rooms and the like, it’s really the patients who are unique. To miss out on understanding the voice of these customers will be foolish in the years to come.”

Similarly, biosimilars. “Their effect on the industry is quite profound,” says Jeffords, “but the ability to predict timing and impact is tenuous. We have to provide our companies with traditional research on non-traditional topics, asking physicians how they would handle a similar-but-not-the-same product to treat life-altering or life-ending diseases. It’s not easy to estimate the impact, but we have to do it to ensure proper planning.”

Also receiving increasing attention, according to GfK's Vanderveer, are strategies to employ at patent expiry, how pharma companies should expand their offerings from drugs to treatments, patient persistency programs and other nontraditional areas. "Wellness is, very appropriately, also getting an increasing amount of attention and study in the overall health marketplace," he notes.

### Legislatively challenged

The pharma marketing research sector is no stranger to legislative battles and regulatory restrictions. Among current concerns are the pending Physicians Payment Sunshine Act, which would require companies to disclose all payments or transfers of value to physicians of \$100 or more—including marketing research. Jeffords is particularly concerned about the tenability of blinded market research, should the Act pass.



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"If physicians and companies need to report Market Research Honoraria, some to most of the value of a random blinded sample will be removed from the process," she says. "Execution will change in that more and more market research will happen at the point of decision, on mobile or portable devices. As company profitability drops in the era of patent expiry for large and small molecules, budgets will shrink correspondingly."

And only last month, the Minnesota Board of Pharmacy clarified a longtime rule that it does not consider payments to physicians illegal for bona fide marketing surveys, despite the ruling having been interpreted differently before. This was a big deal for Kenworthy. "For a number of years, Minnesota's been, for all intents and purposes, a fly-over zone," she explains. "But in conversation with the Board of Pharmacy at the end of 2009, we discovered that was never actually the intention. They were looking to safeguard against marketing activities disguised as research."

GfK's Vanderveer views regulatory and legal issues as important facts of life. "What used to be emergencies," he says, "like the bombshell dropped a few years ago pertaining to reporting requirements concerning adverse drug events encountered in the course of conducting marketing research, have now settled down and become a matter of course. The key principle is to get out ahead of these issues before they get ahead of you. The handling and reporting of physician honoraria, for example, has become an important issue on our agenda, especially because much of the action here is at the state level."

### The client-vendor relationship

"One of the best things happening from all the pressure on the industry right now is that manufacturers and agencies are coming together in unprecedented ways," notes Jeffords, "both to help defend the future of bona fide marketing research through the auspices of industry associations like PMRG, and also to innovate."

Jeffords also sees an explosion of smaller vendors, which she attributes to the advent of Web 2.0 and the downsizing of some major manufacturers.

She believes the economy has slowed the growth of many agencies, creating what she describes as "an amazing wave of solicitation" and making it harder for prospective partners to rise above the noise. "I get 3-5 emails or phone calls a day and you can imagine my ability to sift through," she says. "We always look to keep an eye out for new and engaging vendors, but this trend has made it harder."

There is little doubt that client companies would like more strategic value from their vendors. According to a 2008 study by marketRx, a Cognizant Company, pharma companies said the most important attribute they wanted to see in suppliers was their ability to be a partner, rather than simply providing data. Having a positive relationship also scored highly. However, while most companies generally viewed their experiences with suppliers as positive, they felt that most have considerable room to improve.

Merck's Cain concurs with these findings. "The better we align proactively on goals and objectives, the higher the likelihood complex questions will be ascertained from research."

The survey also found the "preferred provider" model—the bane of many vendors—to be the dominant model (used by 54% of companies) and would be used increasingly over the next five years at the expense of the "no restrictions on suppliers" model. Interestingly, while the "preferred provider" model scored highly on "knowledge of therapeutic area" and "cost to the client," the "no restrictions" model came out top on "quality."

But Cain cautions against commoditizing the value of providers. "The definition of a preferred vendor cannot be limited to the best price, but must include those who deliver action-based insights."

Kenworthy notes that the choice of supplier depends very much on the business in question. "There is no such thing as a one-size-fits-all research plan. Segmentation for a big brand in multibillion-dollar market is different than in a small biologic market with maybe three competitors. I would challenge suppliers that they need to be smarter than I am."



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### The future

One of the great strengths of pharma marketing researchers is the collective belief in the importance of what they do, and the pride with which they do it. It may not be enough to win every legislative battle or stave off the threat of contraction, but it's nevertheless a firm foundation for the future.

"I am very hopeful that our legislators and states will understand that market research is a bona fide science, which helps manufacturers make better decisions which at the end of the day help patients," says Jeffords. "I think market research will remain the best way to understand complex markets, the most efficient way to represent the voice of all customers. I see market research becoming more integrated and holistic, combining a broader set of forecasting, competitive, sales and business drivers. And I see good people from industry and agency continuing to drive innovation and evolution." ■