

Market research has jumped to the forefront by helping pharma negotiate with payers and analyze a tsunami of new data. **Marc Iskowitz** teams with the PMRG and TGaS Advisors to chart the biggest challenges and changes expected to shape the industry in the near term

QUANT LEAP

Over the past few years, pharma has seen an explosion of new data. It comes courtesy of an increased emphasis on managed care analytics, new metrics around measuring ROI of digital promotional channels and a general blossoming in the type and volume of information. Integrating it all is the responsibility of the market research (MR) professional. Across the industry, pharma- and vendor-based market researchers say they are being called upon to work in a more holistic fashion and to provide greater input in commercial decision making.

“The demand for insight in a dynamic, evolving marketplace continues to escalate, as does the expectations from MR,” says Derek Jones, senior director, managed markets & quantitative decision support, AstraZeneca.

Where this demand is being felt most among clients and suppliers and what the expectations will be in the future formed the basis of a survey fielded in late 2010 by the Pharmaceutical Marketing Research Group (PMRG) in collaboration with TGaS Advisors. Results of the inaugural State of the Industry (SOI) survey were shared exclusively with *MM&M* for this article.

Power to the payers

Perhaps the most significant finding of the SOI survey was the very strong agreement among manufacturers (187) and suppliers/consultants (133) that payer and government influence over therapy choice will increase (Fig. 4). While this trend has been

building for years, “Instead of a peripheral issue, market access and pricing are rapidly becoming the central issues, as it is in the western European countries,” explains John Kain, VP, management advisor, TGaS Advisors.

The trend manifests in tighter integration between the marketing department and the managed markets group. Companies are doing research with payers in advance of a product launch, and that has required MR professionals to add specialized techniques to their armamentarium. “The research methods and techniques used in managed markets are specialized, with a greater emphasis on analytics based on organizations, not individuals,” explains Jones, who is responsible for research and analysis to support AZ’s managed care efforts. “The context of the research is also different, as managed markets marketing is B2B and usually involves a contractual relationship, introducing respondent bias that requires interpretation.”

In today’s environment, with cost-containment pressures rising and fairly undifferentiated products entering the market, this kind of research couldn’t be more important.

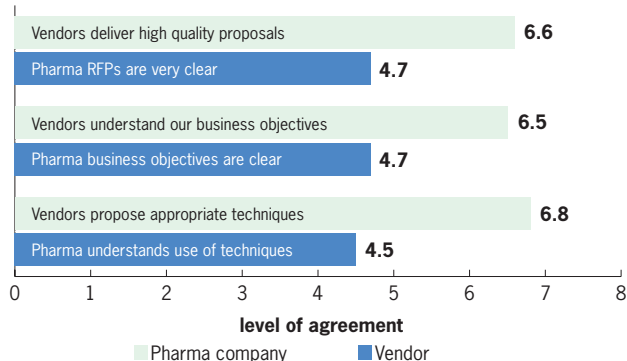
“More can be done in early product development to understand specifically whether there are specific patient groups for which the drug may be more applicable,” says Tjun Wong, senior director, global marketing research, Shire. “Of course, the downside is you’re looking at a smaller patient population for your therapy. But the upside is you’re more targeted and searching out patients

PHOTO RIGHT: BILL BERNSTEIN

**Derek Jones, senior
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markets & quantitative
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AstraZeneca**

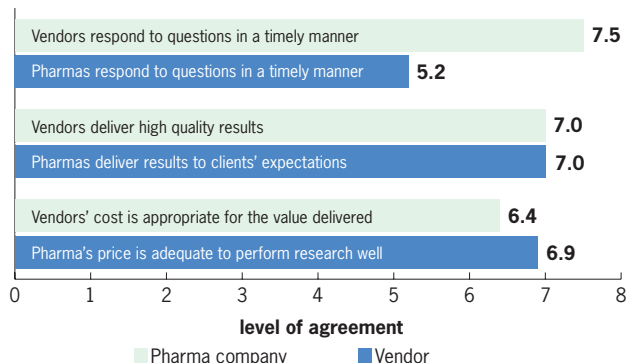


Fig.1: Suppliers and consultants may feel better clarity is needed



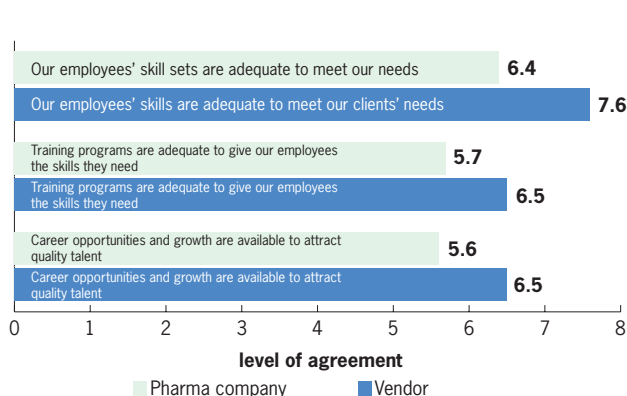
Note: Mean scores; respondents were asked to rate level of agreement on 10-point scale (10, totally agree; 1, totally disagree)
Source: PMRG State of the Industry Survey, 2011

Fig.2: There are similar perceptions about the quality and value of research delivered



Note: Mean scores
Source: PMRG State of the Industry Survey, 2011

Fig.3: Training and skill sets a concern



Note: Mean scores
Source: PMRG State of the Industry Survey, 2011

who can benefit from the drug, and hopefully that will have more favorable reimbursement.”

The best time to consider economic value is early in product development, agrees Jones. “Often this takes the form of advisory forums with key stakeholders, similar to clinical KOL engagement. This introduces economic value into the target product profile and claims.”

Advanced analytics

In line with the more rigorous scientific approach that will be necessary as payer research becomes more important, there will also be an opportunity to leverage advanced analytics, says Camm Epstein, PhD, VP, market access, GfK HealthCare. Epstein foresees a call to do more types of conjoint studies and discrete-choice modeling and to assist with payer segmentation. “All of this is going to be more and more important, not just for forecasting, but for clinical trial optimization,” he notes. “So further upstream there will be an increased demand for these analytics to predict payer behavior under different scenarios.”

Consistent with this, SOI respondents also generally agreed that promotion will increase and there will be a shift in the way it's conducted (Fig. 5). As sales force sizes decline, respondents said promotion will shift toward payers, and toward use of digital marketing techniques to reach patients and HCPs. This has implications for research. Digital analysis, for one, has its pitfalls, the biggest being the anonymous nature of most of the respondents, as well as the overall lack—observed by some who were interviewed for this feature—of convincing data showing that non-personal selling actually works. Such research challenges should be familiar to MR pros, says Brian Cain, VP of global marketing research & analytics, Merck. “These are similar kinds of questions we've had before: How do you go into a new market, how do you go into a new disease area? We usually do OK jumping in.”

Emerging markets

In much the same way, MR pros are getting up to speed with conducting research in emerging markets. As the world's largest drug market, the US is also widely believed to be the biggest for data spending and primary research. Yet survey respondents strongly agreed that there will be an increased focus on global emerging markets and the research needed to support it (Fig. 6).

“The positioning there is becoming almost as important, instead of just a derivative of the US positioning,” explained TGaS' Kain. “Our US-based clients have done a lot of global research over the years, but it's more challenging in some of the global emerging markets.” The level of secondary, audit data available from those markets is not as robust as it is in the US.

While there is an opportunity for a richer data set, “We're used to living with secondary data gaps,” observes Merck's Cain, who says that this situation is typical of certain European countries. “It's our functional strength and our leadership at the table to help our stakeholders understand how we work with limited data and how the company can still make good decisions not having the richness of data we might be comfortable with in a market like the US.”

The movement toward gaining global commercial insight requires that all internal stakeholders are aligned with the global strategy and, since it probably requires more of a regional research emphasis, the need for better coordination between the global office and regions and affiliates. Often, outside vendors can help to improve

manufacturer interactions with internal stakeholders.

“Sometimes it really does fall on us, the global supplier, to help all those pieces come together and help the conversation happen,” says Donna Kelly, PhD, chief consulting officer, GfK HealthCare.

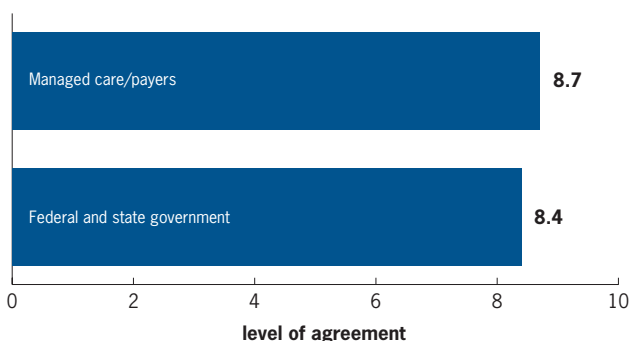
Data restrictions

Just as industry is beginning to look to analytics to solve more complex questions, there is serious concern that there will be further restrictions that limit the value of secondary data. More than 20 states have considered them but, currently, just three—Vermont, New Hampshire and Maine—ban data companies like IMS, SDI Health and Wolters Kluwer Pharma Solutions from gathering, analyzing and publishing prescriber-level data, in hopes of stopping pharma from using it as a basis to communicate with doctors. The Supreme Court is slated to deliberate in late April as to whether these statutes pose a First Amendment problem and, if so, whether they are unconstitutional. A decision is expected in June.

Some fear the worst-case scenario: data restrictions may limit manufacturers’ ability to work with payers, allocate and measure promotion, and assess sales quotas and incentives (Fig. 7). “The impact of being blind to data may have an increased cost effect,” because companies won’t know the relationship between the promotion and the response and may over-allocate resources in some areas, explains TJ Scott, director, marketing sciences, TGaS Advisors.

The Vermont law was overturned by a federal appeals court, prompting the high court to take up the case. Vermont wants to pitch

Fig.4: Influences on therapy choice will increase



Note: Mean scores; respondents were asked to rate level of agreement on 10-point scale (10, totally agree; 1, totally disagree)
Source: PMRG State of the Industry Survey, 2011

its law as being about privacy. “There is a big principle at stake here,” says Tom Goldstein, of Supreme Court litigation boutique Goldstein, Howe & Russell, who will be arguing the case on behalf of industry. “Can you ban the availability of truthful information to prevent marketing that is also truthful but which you don’t agree with, and can you do that in the guise of calling it a privacy statute?”

Even if the high court upholds the statutes, de-identified data has

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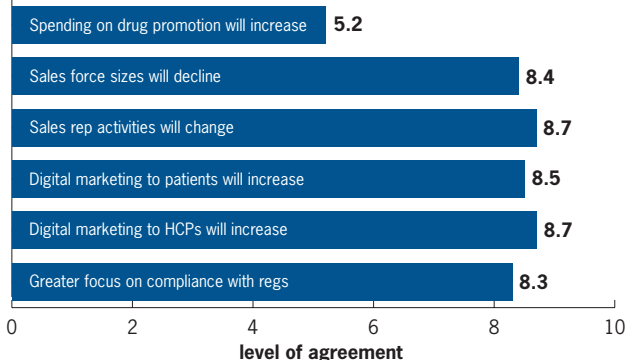
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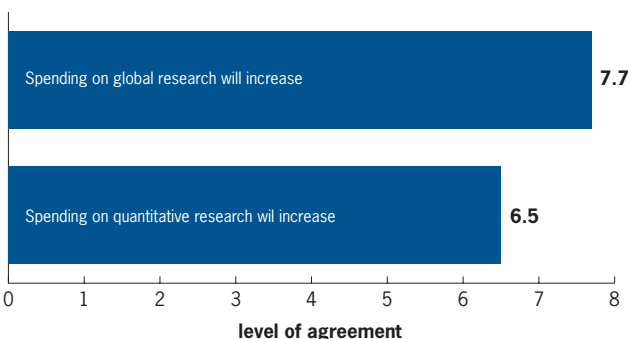
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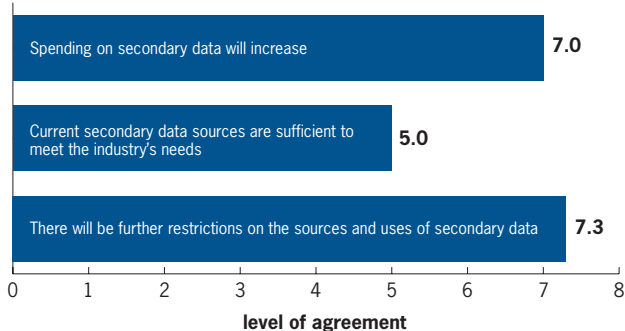


Fig.5: The nature of product promotion will change significantly

Note: Mean scores (pharma and vendor), n=320
Source: PMRG State of the Industry Survey, 2011

Fig.6: Research spending may change

Note: Mean scores (pharma and vendor), n=320
Source: PMRG State of the Industry Survey, 2011

Fig.7: Secondary data sources may need to evolve

Note: Mean scores (pharma and vendor), n=320
Source: PMRG State of the Industry Survey, 2011

a multitude of uses. “Without being able to use it at the granular level of physicians, it’s still of great value,” says Randy Frankel, VP of external relations, IMS. “Market share, market dynamics, product performance—all those things are readily doable at an aggregated level.”

Vendor-supplier relations

Turning to vendor-supplier relationships, suppliers and consultants—when asked about the clarity of RFPs they receive—assigned RFPs a relatively low rating (Fig. 1). Manufacturers didn’t see this as an issue. This disconnect raises questions about quality. “There’s room for improvement in how we put together RFPs,” acknowledges Wong.

Most survey respondents also agreed that use of preferred vendors is increasing. While this helps control cost, it can box out boutique shops and make it harder for some suppliers and consultants to determine either future number of employees or income. But several people interviewed said these relationships can be leveraged to increase the efficiency of the process. “When we do a good job with our procurement teams explaining the business problems, they see that it’s not a one-size-fits-all,” says Merck’s Cain. “It’s time for us to really partner with our procurement people, because we need our vendors to be partners, not transaction brokers.”

Manufacturer-based MR professionals strongly agreed that they will provide greater input on commercial decision making going forward, while vendors were less positive about MR’s impact on the business. One area where clients and vendors saw eye-to-eye involved their perceptions about the value and quality of research delivered (Fig. 2). There’s a lot more substitutability in the market nowadays, and managed care is driving more of the decision process. In this environment, what will make the difference for many companies is how they are able to leverage customer insights and data in the commercial activities they face day to day.

Pulling it back together

AZ’s Jones says he sees MR pros getting more involved in strategy like opportunity identification and direct decision support. “This will require the MR professional to have greater business context, increased synthesis skills, and improved structured communication ability,” he says.

Shire’s Global Business Insights and Commercial Operations department is a good example of where the industry is headed. “We try to add value by integrating the insights across different functions within the business analysis area,” explains Wong. “You’re tying MR forecasting, business analytics, field analytics and competitive intelligence into a matrix to help brand teams solve problems.”

He adds: “In 1995 when I first started my career at Eli Lilly, a market researcher was expected to do all that.” Slowly, all of those functions were parsed out into silos, “and now we’re trying to pull it back together more in a team fashion.”

This change process requires strong leadership, and MR professionals have an opportunity to step up. Career paths and skill sets (Fig. 3) could stand to improve, though. “As a marketing research professional, it’s a fun time,” Cain observes. “Our companies need us to be on our game and to really deliver to help guide the company on what the voice of the customer is as we go through this different path. That’s what we must do for our companies—to make sure we listen to our customers. This is a time when we need people who really want to be in our game to step up.” ■