

A Horse of a Different Color:

CONDUCTING MARKET RESEARCH IN CONTRACT R&D MARKETS

Companies involved in conducting contract research for biopharmaceutical manufacturers focus their efforts in areas unfamiliar to most other market researchers. Unlike the product-focused research conducted by marketing personnel inside biopharmaceutical firms, contract research, manufacturing, and clinical technologies companies concentrate their efforts on understanding the opportunities for R&D outsourcing, the size of the various market segments, and how to best satisfy their clients' needs. The goal is to gather data that positions companies to best serve as a partner with their clients in clinical development.

Setting Goals and Objectives

Perhaps the most important facet of conducting market research in the contract R&D industry is seeking agreement from all internal stakeholders regarding the goals and objectives of a particular market research initiative. This effort is also the most difficult, as internal constituencies sometimes have different needs for research. For example, executive leaders often wish to understand the size of market opportunities and how their company can grow its market share. Salespersons may want more detailed account-level or client-specific information. And marketing professionals often have a wide range of issues they seek to understand, such as emerging industry trends, how purchasing decisions are made, understanding clients' needs, and competitive positioning. It is wishful thinking to believe that all such objectives can be achieved in one project. Thus, it is the role of the marketing research professional inside a CRO, CMO, or clinical technologies firm to serve as a consultant inside the company and balance the various needs of internal constituencies.

While there are many different appetites for information inside a company, almost all functional departments agree on one thing: market research must be conducted that supports the

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Methodologies

Beyond traditional practices such as in-depth interviews, focus groups, and surveys through third-party vendors, B2B research can be achieved by using an established organization, such as a professional association, educational institution, or industry think-tank to manage the research. Typically, such organizations can successfully implement panel or roundtable discussions, online focus groups, working groups, and other modalities that allow biopharmaceutical professionals to share information on industry matters. Such methods bring together respondents in ways that provide opportunities for participants to compare best practices and share information that will benefit their organizations as well as the contract research firm sponsoring the research.

To supplement some of the market research methodologies noted in the preceding paragraph, researchers who seek to gather information from biopharmaceutical R&D professionals also rely on a variety of secondary sources, such as pipeline databases, syndicated research reports, publications, company annual reports, regulatory filings (such as those published by the U.S. Security and Exchange Commission), Clinicaltrials.gov, company websites, trade association sites, and other industry sources. However, it is important to keep in mind that such sources have limitations. The methodolo-

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gies used to collect data are strained by the challenges of recruiting, confidentiality, and as a result, reliability. Hence, it is necessary to validate the data that are received from such sources through primary research and other methods.

Insights Gathered Through B2B Market Research in Contract R&D Outsourcing

To help set realistic numbers for sales and revenue growth, as well as estimate market share and select appropriate areas for sales efforts, contract R&D firms often employ market research to estimate the sizes of various market segments. Doing so requires gathering information from at least 30 R&D professionals via interviews and several dozen more data points through surveys with biopharmaceutical spon-

sors of R&D. Such data are collated with estimates of the prices of services, the number of preclinical studies or clinical trials active at a given period of time, growth rates in trials and budgets, and several other factors that can be inputted into a model for sizing a market. Once a market size is established, it gives contract R&D firms what they need to measure their progress in the market place and helps them determine which market segments they wish to engage.

But to succeed in the market, contract R&D firms must understand client needs and how sponsors of R&D set criteria to select vendors. Often clients' needs are much less tangible than a specific product or service. Through research we learn that clients have a variety of options for fulfilling a service need, but that their true "needs" are for high-quality work, scientific excellence, responsive customer service, global reach, and many other factors beyond the actual service itself. Gathering such information is very valuable to contract R&D firms in today's market because

large biopharmaceutical companies are reducing the number of vendors they employ and choosing a handful of strategic partners to achieve their clinical development goals. Hence, understanding sponsors' true needs is a very important aspect of conducting market research for contract R&D firms.

To obtain a comprehensive understanding of clients' needs requires gathering information about current and emerging industry trends. By gathering such data, we begin to realize the challenges that clients face and how we can best help overcome them.

Having a grasp on industry trends also helps contract R&D firms plan for future investments and organize their businesses in ways that will most benefit clients. For example, over the past five years, clinical technologies firms have had to re-invest in their technologies to better implement new study designs, such as adaptive trials. Moreover, the trend involving the explosive growth in amendments to clinical trials has forced many firms to re-evaluate their technologies, processes, and talent man-

agement to implement study changes quickly and correctly.

Finally, superior market research needs to help contract R&D firms gain competitive advantage over competitors. This requires conducting rather sophisticated business and competitive intelligence, the goal of which is to differentiate your firm from your competitors. Since contract R&D firms are primarily in a services market the key is figuring out how the organization can outperform the competition and position itself as the partner of choice for biopharmaceutical companies.

After all, the goal is to provide the highest quality service possible, because ultimately, that is what is most important to clients. ^{PV}

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