



Creating Successful Service Models

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Pharmaceutical companies have begun a dramatic transition from product-centric sales models to physician-centric service models. More than 90% of company executives now say they are adopting service models, expanding their focus from measuring internal sales processes to motivating external sales drivers: the physicians writing prescriptions and the stakeholders influencing them.

To understand this shift, consider that, of every 100 reps visiting a practice, just 20 see the doctor. Clearly, just throwing more reps into the field isn't the answer to generating business.

Add to that today's dwindling pipelines and tightening revenue squeeze, and it's easy to see why companies are radically rethinking where they spend promotional dollars. It's no longer enough for reps to deliver sales messages. To have an impact, they must coordinate value — providing a range of services to doctors.

To understand service models from physicians' perspectives, TNS Healthcare, performed new research with 1,500-plus primary care physicians across the United States, the United Kingdom, France, Germany, Italy, and Spain. Following are some key findings:

1. Fewer Doctors Perceive Changes from the Move to Service Models

In 2009, only one-third of doctors report seeing changes in their interactions with pharma, due to the new service models. This represents a decline from 2008, when almost half of physicians said they were experiencing changes. The decrease holds true across all countries and is particularly dramatic in Spain and Germany.

2. Physicians Value the Sales Force But Also Place High Importance on Education and Practice Support

In all countries, physicians place the greatest value on sales force attributes, including reps' conduct, knowledge, and expertise, as well as call quality. Even though reps remain critically important, other experiences are gaining in value, particularly physician education, practice support and patient services. For example, more than three-quarters of doctors place a high value on physician education.

3. Falling Rep Relationship Scores Reveal Challenges across the US and Europe

In the United States, four companies share the lead, based on their reps' ability to build strong physician relationships — GlaxoSmithKline, Merck, Novartis, and Pfizer: Even for companies earning high marks, however, TRI*M™ scores — TNS's measure of relationship strength — have fallen since 2008. In the United States, TRI*M scores fell from 78

to 75. Relationship scores also fell in Germany. Scores in France and the United Kingdom remain low, showing continuing challenges in those countries. Spain bucks the trend, as the only country showing a significant jump in its TRI*M score.

4. Novartis Takes the Lead on Service Delivery in Europe, While Merck Takes Top Honors in the United States.

In addition to assessing relationship strength, the survey asked doctors to rate 17 companies from 1 to 5 (with 1 being poor and 5 excellent) on a range of experiences: rep conduct; rep knowledge and expertise; sales visit quality; patient management, education and support; physician education; practice and staff support; Web services for doctors; Web services for patients; brand experience; and corporate reputation.

In the United States, Merck is the leader with first-place scores in all service categories. GSK and Pfizer ties for second place, and Novartis and Lilly for third. In Europe, four out of five countries — the United Kingdom, Germany, Spain, and Italy — give Novartis top marks. Sanofi-Aventis takes the top spot in France and ties for first place in the United Kingdom and Germany.

5. Pharma Faces Negative Word of Mouth (WOM) around the World

TRI*M identifies four customer segments:

- **Apostles:** Customers who are satisfied and actively generating positive WOM.
- **Rebels:** Customers who are dissatisfied and actively generating negative WOM.
- **Hostages:** Customers who don't want to stay with a company but feel they have no other choices.
- **Mercenaries:** Customers with low loyalty who will move on quickly to what they see as the next "best deal."

TRI*M reveals a new and unsettling trend in the United States. The percent of U.S. doctors now classified as "rebels" has risen sharply in the last year, from 12% to 19%. For the first time, U.S. companies face a negative market environment. All five major European markets have traditionally had a high proportion of rebels and that trend continues in 2009.

Conclusion

Although many companies receive high ratings for their service experiences, increasingly negative word of mouth and declining relationship scores show there is still improvement needed. Successful companies will be those that remember service models, first and foremost, are about strengthening relationships. ■

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