

A MORE COMPLETE VIEW OF THE PATIENT

A new approach that moves beyond physician prescribing data and promotional share-of-voice battles is needed to sustain growth.

That new approach is anonymous patient-centric data, which is derived from claims data and tracks a patient across the entire continuum of care.

EVEN WITH THE ADVENT OF CONSUMER PROMOTION, pharmaceutical marketing continues to be physician focused. About 80% of the industry's promotional spending is aimed at persuading individual physicians to consider a particular drug maker's product.

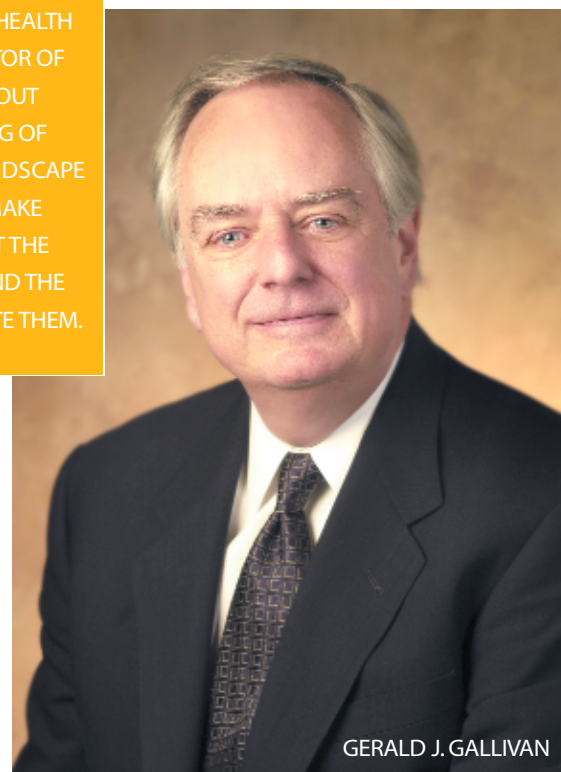
After decades of promotion to this audience, the industry now knows a great deal about the prescribing habits of physicians, including prescribing volume and market share within a drug plan and by therapeutic class. While changes in prescribing behavior remain an important measure of marketing success for the industry, these data no longer hold the same advantage for targeting they once did because everyone in the industry has the information and everyone targets the same high-prescribing physicians. Although market research has provided some insights into consumers, very little is known about patients and how they are treated.

This knowledge offers the industry a great opportunity for growth, Mr. Gallivan says.

"When companies do market research, what they get back is a very narrow snapshot of what's going on at a global level," he says. "That information is useful, but what companies really need to be able to observe is the variability around prescribing and patient treatment trends. This variability represents an opportunity for the pharmaceutical industry to better position its drugs and potentially gain much more market share and revenue."

He says an understanding of the patient-treatment landscape will help marketers make better decisions about the positioning of drugs and the messages used to promote them to physicians. By focusing on specific patient-use opportunities, marketers could expand

IN AN EXCLUSIVE TO PHARMAVOICE, GERALD J. GALLIVAN, RETIRED SENIOR VP OF SALES FOR MERCK & CO.'S U.S. HUMAN HEALTH DIVISION AND NOW DIRECTOR OF PHARMETRICS, TALKS ABOUT HOW AN UNDERSTANDING OF THE PATIENT-TREATMENT LANDSCAPE WILL HELP MARKETERS MAKE BETTER DECISIONS ABOUT THE POSITIONING OF DRUGS AND THE MESSAGES USED TO PROMOTE THEM.



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the treated population and develop or refine messages about specific groups of patients.

To fully exploit these opportunities and to provide a complete understanding of the patient landscape in any meaningful way, new types of information are needed. This new information is meant to enrich, not replace, the traditional physician-prescribing information that has been the basis of pharmaceutical market research.

According to Mr. Gallivan, the emergence of longitudinal-linked medical and pharmaceutical information, known as anonymous patient-centric data (APCD), has for the first time made it possible for marketers to dig deeper into the treatment behaviors of physicians. With this new information resource, marketers can understand how patients are treated over time and what groups of patients or patient behaviors have a disproportionate effect on market results.

Mr. Gallivan says an approach based on an APCD model allows marketers to quantify and characterize real market potential, major patient and environmental drivers of brand use, high-value patient segments, and patient behaviors that impact drug usage patterns.

Defining APCD

Anonymous patient-centric data are derived from claims data and therefore track a patient across the entire continuum of care. Data are collected regardless of patient practices, for example going to different pharmacies, to different doctors, or to different hospitals. APCD have significant value to marketers because the information allows them to quantify their market opportunity and develop effective strategic positioning, as well as to understand variability among physicians to drive promotion in the direction of new opportunities.

The industry knows that significant variability exists between the pharmaceutical products physicians prescribe. But physicians also vary significantly in their approach to almost every aspect of patient care, from the actions they take with newly diagnosed patients to how aggressively they pursue treatment goals.

Significant variability even exists at the level of patient persistency, which is typically thought of in the pharmaceutical industry to be a patient-centric issue. For example, in the statin market between the top-third of the high-prescribing physician population and the bottom-third, there is a three-fold difference in the rate of patient persistency, a staggering difference when measured in terms of product sales. Identifying treatment variability in the physician population and targeting promotional efforts to narrow the differences is a significant opportunity, Mr. Gallivan says.

When the variability of treatment decisions is known, pharmaceutical marketers are able to know which doctors can benefit the most from their messages.

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“Persistency refers to patients who begin on therapy and for unknown reasons disappear,” he says. “About 50% of all of the patients who start on a medication drop off after about 18 months. The pharmaceutical industry has ascribed persistency to patient issues, and aside from some DTC advertising, has done little to address this challenge.

“By using APCD, the industry can start to look at rates of persistency at the individual physician level, where there is a great deal of variability,” Mr. Gallivan continues. “Doctors and their office staff can have a significant impact on improving persistency.”

He says companies now can determine what the variability drivers are and can create campaigns that address those issues and which doctors benefit the most from the message.

APCD, Mr. Gallivan says, provide pharmaceutical marketers with the ability to understand how physician-prescribing choices vary by patient type, which reveals what is working and not working in messaging to the marketplace, as well as what key patient behaviors, such as compliance, persistency, and switching, are impacting market performance.

“The longitudinal feature of APCD is compiled from the patient’s health plan, so no matter how many different providers, pharmacies, or specialists a patient sees, all of the information is relayed back to the health plan and subsequently reflected in the APCD,” he says. “The patient data are anonymous and tagged by an encryption technology that can be used to build historical models.”

A Whole New Game

The industry some years ago began to increase the intensity of its promotional efforts, adding more and more sales representatives in the quest for promotional advantage. Each attempt by one company to gain advantage through salesforce growth was met in time by competitors’ similar efforts.

“With 93,000 sales representatives now employed by the industry, it’s hard to imagine how further significant increases in salesforce size could result in any kind of sustainable advantage,” Mr. Gallivan says. “Increases in salesforce size do not produce corresponding increases in the time spent with physicians overall. On average, high-prescribing physicians grant only a total of about 40 minutes a week for sales calls from reps, no matter how many knock on the door. This metric hasn’t changed much over the past few years. In short, face time with physicians is a zero-sum game. This further calls into question the merits of continued salesforce expansion.”

He says new product launches, the real driver of growth, are declining with just 17 new chemical entities introduced in 2002. And raising prices to drive revenue growth is absolutely a blocked opportunity: price increases represented just 3.9% of revenue in 2002.

A broad marketing mix and intense levels of promotion are the price of market entry today, but not always the marketing advantage that many companies hope for. The traditional approaches to marketing may no longer be good enough to achieve market-leading growth rates. New approaches that move beyond physician drug prescribing data and promotional share of voice battles are needed.

“Having more complete information about the treatment behaviors of physicians and the patient drivers triggering their behavior allows marketers to more precisely identify the opportunities for growth; this leads to more focused promotion, more refined messaging, and better resource-allocation decisions,” he says.

While existing market intelligence tools are necessary and provide good value, they do not — and cannot — provide marketers with detailed insight into the complete context of a patient’s experience with the total healthcare system. Having this insight expands the understanding of the market dynamics. Franchise and brand managers, along with market research and outcomes scientists, can benefit from more comprehensive data to identify opportunities for growth to meet the challenges faced in today’s increasingly competitive marketplace.

“Patient-level data began to find their way into the pharmaceutical industry several years ago,” he says. “But the data were incomplete and not representative. Now these data are far more mature. Pharmaceutical companies have a much better idea of what to do with these data and are able to mine the data to look for the opportunities.” ♦

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