

Misaligned Incentives and Broken Infrastructure Within PHARMACEUTICAL MARKETING

Those who “remain” on the brand management team are being asked to deliver more aggressive share growth with fewer resources. This is a healthy progression that will weed out inefficiencies and strengthen partners who deliver value to clients.

Traditional Roles

In a traditional brand planning scenario, there are often several agencies (strategic — traditional, digital or integrated, media buying, creative), and then there are numerous suppliers and publishers who execute and distribute media to a defined target audience. The challenge in the traditional model lies in accountability. Each party is held accountable for performance against brand goals but no party has control over the entire process. It is fair to demand more accountability from all parties, as long as the brand is also empowering each party in the process.

How Are Suppliers and Agencies Adapting and Changing?

For some time, when executed correctly, digital has delivered more value at a lower cost. This is why marketing dollars continue to flow from offline spending to digital spending. As a result of this decade-long shift, traditional suppliers and agencies are scrambling to offer “integrated” packages that leverage all media. Most are at a disadvantage due to lack of digital expertise, and a reliance on profitable offline vehicles that create conflicts of interest.

Agencies are also bringing their own “efficiencies” to a digital buying environment by creating Demand Side Platforms (DSPs), or online auction places — almost every large agency now has at least one owned and operated DSP through which they can “direct” client funds. Agency DSPs drive “transaction fee” revenue to the agency. The DSP serves as the agency’s own distribution channel, or an alternative to negotiating and buying from publishers. Clients should use caution around

agency-owned and operated DSPs (think fox and henhouse). At a minimum, brand stewards should question if the DSP is the “best” means of serving their interest and should insist on transparency of fees and transparency of sites where their brand messaging appears on the Web. Many premium publishers don’t participate at all in DSPs. For those who do, you get what you pay for — lower quality inventory. Additionally, tactics such as “earned media” — exposure gained not by paying for access but through tactics such as social media, blogs, and some native advertising (advertising that looks and feels like content), are on the rise. These tactics, along with owned and operated DSPs, cause agencies to look increasingly like publishers.

Suppliers and publishers are adapting as well and offering complete end-to-end solutions for solving a brand’s challenges which often disintermediate agencies. As more accountability for results is being demanded from suppliers and publishers, these partners are seeking an equal seat at the table with the agency to exert more control over the creative, the messaging, and the user experience. After all, this is what they do well — build products that attract, reach, and engage the brand’s customers. So suppliers and publishers are increasingly offering agency-like services.

Pharma Needs an Internal Make Over

Layered on top of these big industry shifts is the client infrastructure, which has simply not caught up with the demands it is asking of the market. While clients talk of being “nimble, flexible, creative, and adaptable,” most clients are still operating in a world where they are trying to simplify and consolidate their vendors, often driven by procurement, to have “one” partner in each category so they can leverage the most value and secure the best rates, which does not support adaptability. The unintended consequence of a procurement-driven organization is that the client unknowingly creates a monopoly by concentrating the power of “ac-



R.J. LEWIS, President and CEO
eHealthcare Solutions

cess” in the hands of only a few partners who have MSAs (master services agreements). Do you think nimble, flexible, creative, or adaptable when you think of a monopoly? On the contrary, partners with MSAs can leverage them to extort huge mark-up fees in exchange for access.

The other unintended consequence is the limited thinking that comes with working with just one partner on a problem. If the “preferred vendor” hasn’t solved it yet, what makes you think they ever will? So while procurement is well intentioned in trying to create efficiencies, the brand ends up paying far more for a service than they would have in a real “open market,” and they also get the same old recycled ideas. This misalignment is occurring exactly at the time when pharma needs more cost efficiencies, and new nimble, flexible, creative, and adaptable ways of thinking and approaching problems. **PV**

eHealthcare Solutions delivers innovative digital programs and targeted healthcare advertising for marketers seeking engagement with Physicians/HCPs and Consumers.

▼ For more information, visit eHealthcareSolutions.com.



Engage your target audience
no matter what they're up to.



At EHS, we strike the perfect balance of innovation, digital engagement, and reach. For great digital solutions from a different angle, call Rob Carmignani at (609) 882-8887 ext. 100 or visit eHealthcareSolutions.com.

