

Contributed by Howard Ziment

MESSAGING: THE TONIC FOR BIG PHARMA'S MARGINS



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Today the pharmaceutical industry faces the challenge of deploying products in an increasingly competitive and cut-throat environment. As a result, there is enormous pressure to achieve maximum return on investment before patents expire. In addition, as patents on mega-blockbusters expire, the pharmaceutical industry must efficiently develop new products and new indications to fill the gap.

THE NEXT GENERATION

The next generation of mega-blockbuster pharmaceutical products must have the right intellectual underpinning to appeal to key audiences. More importantly, it is essential that these products have a fail-safe strategic marketing plan that ensures they are launched with the exact message that will resonate with their targeted customers.

An evaluation of the top 14 U.S. pharmaceutical companies found that in 1998, for every dollar the industry spent promoting drugs, there was a return on investment of \$22. But, by 2001, that return on investment had fallen 23% to \$17. It is clear that pharmaceutical companies today are finding it more difficult to achieve the level of profitability that they once did in the mid-to-late 1990s. Indeed, drugs today have to have an ever-greater impetus to account for the huge financial cost, time commitment, and high risk of bringing them to market.

Greater competition, increased pressures from managed care, the need to provide increased services to support pharmaceutical products, and increasing costs of supporting the salesforce all have contributed to a reduction in the return on investment and threaten the healthy profit margins to which the pharmaceutical giants have become accustomed.

THE OPTIMUM MESSAGE

With drug companies facing an over crowded, highly competitive marketplace and saturated media environments, it is more imperative to market drugs with the optimum message that will get through to customers. Message optimization research is an area of specialty that traditionally has been undertaken as a routine step in the marketing of consumer packaged goods, but remains relatively under-exploited in the realm of marketing prescription pharmaceuticals.

The "marketization" of pharmaceuticals only began to develop in the late 1980s, with the advent of direct-to-consumer marketing to patients. Since the 1980s, as drugs have become more expensive and competition has increased dramatically, it has gradually become ever

more difficult to come up with marketing strategies that cut through the clutter.

In response to a daily bombardment of advertising, today's consumers, whether physicians or patients, have shorter attention spans and have become oblivious to many messages, making it harder than ever to connect with them.

IS CREATIVE THE ANSWER?

Marketers and their agencies keep saying better creative is what's needed to connect with this increasingly cynical consumer. But "better creative" alone will not guarantee a product's success. Imagine if messaging could be made to be more precise, with language and strategy that resonate with customers. Then agencies and their clients could be assured that the message that they are communicating is indeed the very best message to carry the product. Wouldn't that help?

The critical nature of message optimization research and other research approaches can potentially help brand managers find the edge they need to succeed in today's marketplace. First, it assures the creative process starts with the largest set of message elements available. Then, it differentiates among these elements using a paired comparison technique to establish a prioritized list of message elements such as product benefits. Critical characteristics of the product messages, such as appeal, motivation, uniqueness, and believability are separated out using a quantitative decision modeling technique to assess all possible message combinations. The final phase is execution testing, a qualitative measure to determine the most compelling message for the market, which ensures that brand teams are working from the strongest possible message platforms.

By improving the process by which product messages are built and then communicated to customers, pharmaceutical companies could find the helping hand they need to keep a firmer grip on the profit margins to which they have become so accustomed.

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