Prescriptions for better marketing of pharmaceuticals

IESE's Stefan Stremersch examines message content, strategy and timing to offer a practical model for improving communication -- and sales -- in a competitive arena.

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The sales call is a useful tool for marketing pharmaceuticals. Explaining the benefits of new drugs to the doctors who prescribe them makes sense. And strategic reminders can help differentiate incumbents from new competition.

But sales calls are often the most expensive kind of marketing there is. Are personal visits to doctors' offices always worth it? When is it best to visit? Are busy doctors worth waiting for? What kind of detail should be provided? What information helps a drug hold up against new competition -- branded or generic?

An empirical study by Eelco Kappe of Smeal College of Business and **Stefan Stremersch** of IESE provides some answers. The professors study the impact of pharmaceutical sales calls on prescription volumes, while taking into account what was said and what else was happening on the market. The result is a model that shows that strategic messaging matters, which may help inform marketing decisions in other industries, too.

How to lower your cholesterol

Selling brand-name drugs is about the product, but also about communication and timing. Drugs are judged on their indications, including how well they perform on the symptoms and diseases for which they are approved. They are also judged on their contraindications,

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including negative side-effects and interactions with food or other drugs. Another significant factor is cost.

Once a drug is on the market, it faces competition from other branded drugs (which may be incumbents or subsequent releases) and, once a patent expires, from the generic version of the same active compounds.

This study looks at nearly 60,000 sales visits and the subsequent prescription volumes of the top statin drugs (meant to lower cholesterol) between 2002 and 2008. Crucially, this period covers the brand names Crestor and Vytorin entering the market, and generic entry after patents expired on Pravachol and Zocor. This context meant that sales-call content could be examined in a variety of circumstances: when branded competitors entered the market and when generics did.

Generic decisions

When a generic enters the market, many brand-name manufacturers stop their sales call spending. However, the data shows it may be better to simply adjust the content of the sales pitch.

The authors identified some key findings relating to time and competition:

- **Hit the ground running**: For a new drug, early is the right time to get out there. Sales visits are most effective in the first six months of a drug's life cycle, and they should aim to differentiate the new drug from incumbents. Although sales calls are expensive, companies are wise to make the investment at this point.
- **The generics are coming**: Following a generic launch, sales calls may be less effective -- unless they focus on the branded drug's superiority. Although generics cost less, data indicates that doctors remain receptive to pitches that emphasize branded drugs' performance. (Doctors may be dubious about generic drugs' quality in many instances.)
- **Branded clutter**: In the six months following a new branded drug's release, having many companies pushing their products simultaneously leads to sluggish results for incumbents. In other words, incumbent sales calls with detailed messaging may be less effective at this time.
- **Pill pushers**: The doctors who are most receptive to incumbent sales visits are

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those with a high prescription volume for the category and those who receive the most visits
overall. That is to say, the busiest doctors are still worth targeting because they tend to put what they learned from a call right into practice.

Communicate better, sell better

It's not enough to have a smiling sales rep show up at the doctor's office to provide samples and answer questions. In fact, steering the conversation to deliver a strategic message is already standard practice: a small survey by the professors -- questioning 20 U.S. doctors with over 10 years' experience each and 15 sales reps with at least two years' experience -- found conversations are led by the sales reps most of the time. This suggests that drug companies have a good degree of control over the message they send.

Strategic messaging helps launch a product. It also helps prop up sales when rivals enter the market. Looking at nearly 8 million prescriptions written, the professors show that the content and the timing of the calls is significant: They build a model that is predictive of subsequent prescription volumes. For example, their model shows that the cumulative effect of emphasizing the benefits of Lipitor in the first six months after a generic competitor launched was 1.44 times as effective as discussing its contraindications, 2.86 times as effective as discussing its cost and 4.22 times as effective as the average discussion (without taking specific information content into account).

Starting strong and emphasizing indications at the right time is their Rx for sales-call success. This message may carry over to the auto industry, for example, where companies may position their cars as cost-effective (Prius) or high performance (Porsche) and tailor their pitches and timing accordingly.

Methodology, very briefly

From the healthcare information services company IMS Health, the authors obtained monthly doctor-level data on sales-call content and prescriptions for the top five statin drugs. Sales-call detailing included information about drug efficacy, dosing, indications, price, side effects, interactions and the mechanism of action. The coauthors then analyzed a representative panel of 4,622 doctors from across the United States from August 2002 to July 2008, which included 59,814 sales calls and 7,900,440 new and refill prescriptions. A small survey of doctors and sales reps with experience was conducted to understand who led the

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conversations.

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