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Marketing to the New Physician Corporation

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The times certainly are changing—perhaps nowhere more evident than in the U.S. healthcare delivery system. The traditional share-of-voice model employed by the life sciences industry to commercialize its products no longer suffices. Instead, the industry must meet the demands of a complex, diverse audience while reducing costs and improving patient outcomes. Selling in this environment is complicated, but not impossible. By re-examining its go-to-market strategies on three levels—customer, channel and content—the industry can effectively adapt to this highly complex, heterogeneous landscape.

Defining the New Customer

Life sciences companies once targeted the healthcare practitioner (HCP) most likely to prescribe its brand and reinforced marketing with discount programs to payers—fairly straightforward. However, today, finding the correct target is not so easy. The HCP practice has changed dramatically in the past three years, continues to evolve, and is literally making the life sciences customer a moving target.

Large independent delivery networks (IDNs) are replacing traditional two- and three-person, physician-owned practices as more and more HCPs consolidate offices or sell them to hospitals and insurers. Think University of Pennsylvania's Network in Philadelphia or Kaiser Permanente in Fresno.

A 2013 study by IMS indicated that 65% to 70% of practices will include three or more physicians by the end of 2014—a 27% increase since 2000.¹ Further, 90% of newer physicians opted to join organized health systems, according to a 2013 study of 3,000 primary care U.S. physicians and specialists by

Capgemini Consulting, rather than seek employment in mid-sized practices.² Individual practice size is also trending up, with 63% of these groups having greater than 20 physicians per practice. In a new survey of 300 physicians, 34% reported that over the next three to five years, they would “explore different business models,” which could include “mergers [or] becoming part of a hospital system.”³

Today, only 36% of physicians are considered truly independent, meaning individual physicians are now overruled by the group or “corporation”—an entity that is usually controlled by payers.⁴ More often, the degree of treatment and/or prescribing autonomy varies based on who owns the group or corporation, how physicians are incentivized and how the group is managed.

Location plays a major role, too. For example, much higher payer influence is found on the East Coast where HCPs are incentivized to deliver the lowest possible cost and highest possible quality of care. In the Mid-West, payer influence is less evident. These local market dynamics have to be accounted for to drive prescription volume just as much as who owns the IDN.

While most acknowledge the importance of IDNs and other groups like accountable care organizations (ACOs), their significance to the prescribing process is just becoming evident. Almost 1,000 mostly for-profit IDNs exist today that own, or are closely affiliated with 80% of U.S. hospitals. IDNs also own more than 60% of group practices, with 388,000 affiliated physicians.⁴ IDNs greatly influence physician prescribing choices and patient treatment. However, the key decision makers are typically non-prescribers and include quality review boards, medical directors and pharmacy directors.

This complex network of prescribing influencers is further complicated by an emerging trend reported by the American Academy of Family Physicians: A predicted shortage of 40,000 primary care physicians in the U.S. by 2020. That shortfall means that nurse practitioners, physician assistants, community health workers and pharmacists will become even more important in drug choices. Couple these changes with the solo practitioners and small practices that still exist, and the incredible level of market complexity crystalizes. How to handle this challenge is still being considered.

Today’s HCP environment now includes multiple types of customers—from solo practitioners to large group practices with many different physician influencers and small practices to C-level executives managing multi-specialty, multi-location IDNs. More challenging: Physicians working within organized health systems are far less likely than their private practice counterparts to access pharmaceutical representative information, according to Capgemini, due to restrictive organizational policies, as 80% of physicians who never see reps indicate it is due to a centralized decision.²

Targeting the New Customers

So how does a life science company efficiently target its promotional efforts? Complete customer profiles of all customer types, cross-referenced by institutional affiliation and payer influencers are imperative. Companies can no longer segment customers based on number of written scrips. Instead they must examine market opportunity from the ground up: Define the customer, recognizing there are many different customers, each with different decision-

making authority. The physician, physician's assistant, nurse practitioner, pharmacist, C-Suite all have different influences within the practice/IDN/ACO. Once customer types are defined, strategize the best approach based on analyses of these key questions:

- Does it make sense to promote a brand that was knocked off formulary in a certain region? And if so, who makes the best target?
- How many patients within a practice/territory might benefit from the brand?
- Who makes the ultimate decision on patient treatment?
- Is it cost effective to reach that decision maker in person or via non-personal channels?

Answering these questions and recording them within an integrated, accessible customer relationship management (CRM) system so information collected can be usable by all stakeholders is critical.

Data captured in the CRM system allows reps and marketers to assess individual target potential based on healthcare delivery models, the customer role within this model, the patient's role within the system—and geography. Using this analysis, companies can define a promotional approach to cost-effectively reach and impact individual target segments.

Integrating Channels for Optimum Reach

Channel integration is key to reaching today's HCP, not just in profiling the customer but also in designing promotional outreach. One size does not fit all, even if the target profiles are identical. Each prefers his or her own means of contact, and life sciences companies are moving towards meeting those needs more quickly. Multi-channel promotion—sales rep, telesales, digital outreach—is increasingly implemented by Big Pharma and smaller biotechs alike, and for good reason.

Personal access to physicians continues to decline dramatically, particularly among those in organized health systems and younger physicians just entering the field. Although sales reps still are key to fostering personal relationships with a brand, their ability to meet with prescribers or influencers is waning. The Capgemini study shows 67% of physicians prefer digital media (email, website, webinars, etc.) for accessing information, versus 20% who prefer reps. And, of those surveyed, 64% indicate they restrict rep access.²

However, most marketers and physicians say the rep should drive these communications, or at least, the rep's feedback should factor into all channel analytics. Sales tools are available that integrate multi-channel data. The desired result: To totally integrate all response data from promotional channels used on behalf of a brand. CRM and closed loop marketing (CLM) data, website interaction and email response data should be incorporated to create a digital profile on each customer, clearly defining learning preferences

and their place on the learning spectrum.

Although most companies have used multiple channels for years, they have not targeted customer types in a coordinated way to measure response—and measurement plays a key role in demonstrating where a company wastes its time and provides insight into a more efficient (and effective) outreach plan. For instance, using a non-personal promotion strategy for a low-value target might also work for a high-value customer who also desires non-personal promotion. A tactic of sending a high frequency of personalized emails using new compliant email tools might be pursued, thereby tailoring the sales and marketing mix to the customer's preferences. In creating robust customer profiles based on channel preferences, companies will know the best tactics for reaching each customer—the where, when and what—to efficiently drive brand sales.

Tailoring the Message—Even Regulated Content

Today's industry must acknowledge the need to satisfy each target individually. Life science companies cannot afford to push through their message via the “tell and sell” model with one detail version, but must tailor content to be pushed out directly with a personal message to different customers.

To do this effectively and efficiently, companies must work far upstream with marketing teams, tapping customer profile databases to understand what content will resonate before it is designed. This is where systems that integrate CRM and CLM functionality play a significant role in helping organizations determine which marketing communications are working and which are not. Once the appropriate messaging for each target audience is understood, a repository of relevant, engaging content that can be personalized and delivered through multiple channels must quickly be created to address today's digital, immediate content delivery platforms.

And, the life sciences sales rep will need to be the maestro of all these channels, directing multiple information sources and customizing personalized, relevant and physician-centric outreach.

Looking to the Future

The life science industry knows it must change its commercial models to adapt to this new and highly complex landscape—but how? No silver bullet currently exists. But by developing integrated multi-channel CRM systems that address targets with meaningful content where and when they wish to receive it, companies can take a giant step forward.

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