



Pharma Marketing 2020: Maximising product launch success amid complex legislative change

Successful product launches are crucial to pharma's future. Social media and online channels in theory provide a cost-effective way to reach physicians, yet in practice, only very targeted approaches work. As new data-protection legislation makes it harder for pharma to identify and communicate with the most relevant prescribers, firms must carefully select appropriate platforms through which to optimally connect with their audience.

The Challenge: drug launch success is becoming harder to achieve

Successful product launches are becoming harder to achieve. Nearly half of product launches over the last 8 years have underperformed; a quarter don't even get halfway to their sales target (Bain & Company). Continued pricing pressure, increased competition and more demanding consumers provide some reasons for these failures. Insufficient understanding of customers' needs and poor targeting have also played a role. Yet as returns on R&D investment dwindle, optimizing new product launches is becoming ever more crucial to pharma firms' sustainability.

The average cost of bringing an asset to market has increased from \$1.2 billion in 2010 to close to \$2 billion in 2017, according to Deloitte (Evolving the Product Launch Paradigm, November 2018). Yet average peak sales are falling – from \$820 million to just \$470 million over the same period. And those peaks are taking longer to reach, just as competition shortens the average exclusivity period any new drug might enjoy on the market. According to Bain, that window of opportunity has halved to four years, on average, from eight years in the 2000-2004 period.

Granted, these are averages. There are exceptions and outliers – notably the growing cohort of personalized medicines that enjoy higher development success rates, or the specialised treatments for rare diseases that may benefit from longer exclusivity. But these products remain a minority.

For most pharma companies, the importance of targeted, cost-efficient marketing and outreach campaigns during the pre- and peri-launch period has never been greater. Pharma need to effectively and clearly communicate the benefits of their product

to those most likely to prescribe it, and those with the greatest influence on usage and uptake. They must do so in a manner that engages their target audience, using channels that this audience trusts and is thus most likely to respond to.

Digital marketing has opened up many new ways to engage physicians, beyond the traditional sales rep visit. After a slow start due in part to healthcare-specific challenges, pharma firms have embraced these alternative channels, for two good reasons: they provide a lower-cost alternative to boots on the ground, and physicians prefer them.

Yet just as the pharma industry has fully embraced digital technology, and as evidence of its effectiveness builds, consumer privacy concerns have begun to limit its reach. New data protection regulations such as Europe's General Data Protection Regulation (GDPR) and the forthcoming California Consumer Privacy Act (CCPR) require pharma firms to have rigorous procedures and policies in place to ensure the data they acquire, rent or use meets regulatory standards. The result: effective physician targeting has become more difficult and risky, just as its importance to product launch success becomes clearer.

Pharma companies promoting late-stage (Phase III) drugs to physicians face a variety of challenges. Yet there is also good news: the growth of digital marketing and its effectiveness.

Multi-channel marketing is key to product launch success

Multi-channel marketing is the mainstay of successful campaigns and strong, sustained product uptake. An effective multi-channel approach is based on a deep understanding of the target customer, the

creation of channel-specific content, and on using a platform that offers physician-level engagement data – for instance, social networks used exclusively by healthcare professionals (PM360/Feiler). Successful multi-channel campaigns can help boost top-line sales growth by 10% and/or reduce promotional costs by up to 25%, according to BCG.

These figures are very meaningful in the context of greater R&D costs and aforementioned challenges to achieving expected uptake.

Physicians are increasingly selective in the sources and types of information they access and trust. Several surveys (DRG, Deloitte) show that they do not want to be overtly sold to; instead they are seeking a partner in care. Physicians seek transparent, objective and accurate information about product efficacy, clinical outcomes and related clinical guidelines. They increasingly seek out, and value, their peers' opinions and insights. They are more likely than three years ago to trust pharma websites – but only because these contain more non-promotional content. (DRG)

Avoiding Waste: quality over quantity

Not all digital campaigns succeed. Studies show a steep decline in participation the more communications a doctor receives; information overload, or the wrong kind of information, can be counter-productive. That can affect not just today's campaign, but the impact of any future messaging from a given organisation. Quality matters more than quantity; consumers see an average of over 5000 advertisements per day, take note of just 3% of them, and engage with a mere 0.2% (12) (Forbes, 2018.)

Almost three quarters of business-to-business marketing executives surveyed

in 2016 felt that their digital ads had failed to meet expectations, and almost all acknowledged that their digital campaigns reached people outside their intended target audience (WARC AdWaste Troubles B2B marketers, 2016). That is not just wasteful (for the sponsor) and annoying (for the unintended recipients) but is also more likely to fall foul of tightening consumer privacy laws. (See next section).

The pharmaceutical industry spends billions each year marketing to physicians – some companies spend more on marketing than on R&D. Yet much of this messaging fails to connect in a personalized, meaningful and thus effective way. The result is lost sales.

Meanwhile, other wasteful processes such as inefficient decision-making are also costing businesses hundreds of millions of dollars annually. McKinsey in April 2019 surveyed over 1200 managers across various businesses to reveal a potential 530,000 manager days wasted each year (worth about \$250m in wages) due in large part to ineffective use of data and an inability to separate signal from noise – the smaller volumes of quality data from the vast swathes of meaningless information.

Physicians are digital citizens

Physicians rely increasingly upon the internet and other digital tools to access information and insight about products and conditions. 80% use smartphones in their interactions with patients, according to McKinsey (Transforming Pharma Commercial Models in the Age of the Digital Citizen, 2016); almost the same proportion type keywords into Google to obtain medical information. Almost half of doctors share online videos and insights with their peers – a proportion that is likely to grow further as a younger generation of physicians begin their careers.

Digital campaigns are cheaper than traditional sales methods, and enable pharma to efficiently and quickly reach a larger, more geographically dispersed audience. According to a 2019 survey by Decision Resources, only 54% of doctors surveyed had met a rep in person during 2019; 39% said they had had no interactions with reps at all over the prior six month period.

A virtuous circle: effective targeting, relevant content, trusted channels

Against this backdrop, pharmaceutical firms need to ensure they are engaging with the most appropriate audiences, that they understand those audiences' needs and concerns, and that they use the best-suited channels to share thoughtful, adapted content. This will in turn generate quality metrics and feedback, informing future messaging and outreach, and future product development.

Alongside careful physician targeting, pharma must also ensure they use the most effective messaging to ensure launch success (Bain, 2017). Doctors are most likely to respond to information delivered via trusted channels, backed up by strong clinical evidence. By building their messages around reliable, clear clinical data supporting the particular efficacy, safety and/or convenience advantages of their product, pharma companies can maximise the impact of their therapy on patients' lives and build healthier, more trust-based relationships with prescribers.

If pharma firms can establish effective communication channels with prescribers, they can also gain insights into the most effective post-launch tactics. For example, what kinds of studies are required to fill in remaining gaps in the data? How to ensure that the flow of supporting data is more compelling and relevant than those

underpinning competitor therapies? Once such studies are published, they can use digital channels to assess the impact they have on doctors' prescribing behavior.

From then on, it becomes a virtuous circle. Establishing trusted engagement platform with physicians in turn enables industry to address any challenges most directly and effectively. For example, if a product requires a complex diagnostic, comes with tricky reimbursement requirements, or presents compliance hurdles, pharma can direct their resources to appropriate solutions. According to Bain & Co., 40% of physicians' brand preference is attributable to factors beyond the product itself, such as support services, patient-identification tools and to services that facilitate connecting physicians with trusted peers.

Digital channels and related health tech solutions are also enabling pharma to engage with other stakeholders, including payers and patients. This helps companies build a more complete picture of its various customers' needs and priorities, and, ultimately, to develop more valuable solutions.

Legislative and governance challenges

Careful customer segmentation and a deep understanding of the target audience are now well-recognised requirements for a successful drug launch. Yet it is now much harder to obtain and use physician contact information, thanks to increasingly stringent consumer data privacy rules.

The California Consumer Privacy Act (CCPA), which comes into effect in January 2020, sets out how companies may gather and use consumers' data. Designed to protect all consumers from unwanted or inappropriate messaging and marketing, these rules will have a profound impact on digital advertising.

The CCPA requires companies that collect consumers' (including physicians') personal information to easily and clearly allow those consumers to request the specifics of that information, understand how it will be used, and to opt-out of the further sale of that information. Importantly, those rules apply not only to personal information collected directly via a website, for instance, but also to names or lists purchased or rented from third parties for marketing purposes.

The CCPA is already impacting pharma's communications with physicians and other stakeholders, since companies will be required to have tracked personal data usage since January 1, 2019.

The CCPA is broadly similar to the General Data Protection Regulation (GDPR) introduced in Europe in 2018. Small differences exist, though: CCPA contains no Europe-style 'right to be forgotten', and requires consumers to 'opt-out' of data collection if they wish, rather than a GDPR-style 'opt-in'.

Some of the Act remains vaguely-worded and confusing, experts say (Fast Company). But the direction of travel is clear. Consumers have more control over their data and how it is used; at the extreme, the CCPA allows individual citizens to sue a company for misuse of personal data. That means any of the 43,000 physicians in the California Medical Association could sue a pharmaceutical company following an email campaign.

Nor is the CCPA likely to remain limited to California. As the public grows increasingly

concerned about the security of their personal data, experts predict similar moves among other US states. At least 20 are already considering legislation of their own (2019 - eMarketer) In a bid to avoid a complicated patchwork of state-level data protection legislation, the Association of National Insurers and related groups are attempting to create a nationwide data protection initiative setting clear rules around personal data protection (Privacy for America initiative).

Privacy laws' impact on pharma

Most pharmaceutical companies already work with personal health information under the HIPAA Act of 1996. This governs clinical trial data, and would, in some instances, supersede CCPA.

But the broader-reaching CCPA laws mean pharma must ensure they employ only high-quality, carefully sourced data and personal information across all their activities, including marketing and outreach. They must have transparent, clearly-worded data privacy and governance policies, and must build the resources necessary to audit personal data collection, storage, use and sharing, both internally among digital marketing teams, and among partners.

Companies must think twice about who they partner with. They should become choosier in their collaborations, and have a further incentive to work with smaller volumes of high-quality, targeted data rather than broader data-sets that may be more likely to fall foul of the new rules.

The Solution: targeting healthcare professionals within a trusted, peer-to-peer social network

Faced with the dual challenge of achieving more efficient, targeted marketing amid tighter privacy laws, pharmaceutical firms preparing for a drug launch need partners that already reach highly relevant audiences, and are trusted by them. They need partners that understand and can help overcome the challenges to effective communication in the digital era.

Skipta is the leading social network for verified healthcare professionals, organized into 25 specialized communities covering over 700,000 verified healthcare professionals in the US. This represents a 78% of all US physicians. These communities are focused around specialists, such as cardiologists, paediatricians or dermatologists. Discussions may also extend to particular disease states, such as diabetes, or migraine, bringing in a range

of domain specialists. The Skipta Diabetes Network, for instance, reaches 300,000 healthcare providers involved in the care and treatment of diabetes, including primary care physicians, endocrinologists, cardiologists, neurologists and pharmacists.

The Skipta platform provides a secure, private space within which verified physicians and other verified healthcare professionals may collaborate and learn from each other. Physicians use Skipta to keep up to date with industry relevant information, to educate themselves and to advise on or share experiences with their peers. Skipta fosters clinically-driven conversations and collaborations amongst physicians. These peer-to-peer discussions may be among specialists within a particular community, or focused on physicians treating a specific disease.

WHY PHYSICIANS USE SKIPTA

- To stay informed of current issues and developments in their field
- To consult with colleagues on challenging case studies – in real time
- To engage with medically-relevant content from leading organisations and biopharma companies

Skipta was designed for healthcare professionals seeking education and engagement with their peers. It also helps pharmaceutical marketers to promote their products, and their brand, to the physicians or healthcare communities that matter most. It reaches physicians where they are most

engaged, through tailor-made multi-channel tactics created to suit their campaign objectives.

Skipta is easily accessible across a range of connected devices – smartphones, tablets or desktops. This enables pharmaceutical firms and healthcare marketing agencies

to optimize their multi-channel marketing approaches, creating product packages that are tailor-made to meet clients' campaign objectives.

An integrated, tailor-made campaign may include banner ads, branded emails, messages within e-newsletters or broadcasts,

or a feature within "Showcase", dedicated to content around a particular brand. Physicians are engaged with interactive content 'in stream' - within their community's social feed. Pharmaceutical firms may choose to sponsor a quiz or competition, or a topical discussion, leveraging a particular community's brand equity (e.g. 'Cardiology Connect').

SKIPTA ADVANTAGES AS PHARMA'S DRUG-LAUNCH PARTNER

- Highly relevant, captive audience of healthcare professionals – covers 78% of US physicians and 60% of US healthcare providers
- 25 clearly organised healthcare communities enable precise targeting. ICD 10 Data allows further narrowing to target physicians that are treating the same condition
- Foster and analyze conversations about relevant disease states and treatment options within various healthcare professional groups
- Analyze perceptions of, and barriers to, particular treatment options and how these compare across discussion groups
- Explore which topics garner the most attention among physicians in peer-to-peer discussions
- Understand which healthcare professionals are engaged in particular campaigns

Further, Skipta already meets the stringent data protection standards introduced by CCPA. In choosing to become part of the Skipta community, physicians opt into clear rules around data privacy and security. Pharmaceutical firms choosing to communicate within that community thereby minimize or eliminate the risk of contravening data protection laws, and reduce the need to conduct detailed personal data audits of their own.

Skipta can also help pharma companies measure the impact of their multi-channel campaigns on prescribing behavior within particular specialist or disease-focused

communities. This can help refine the messaging or channels in order to achieve maximum impact.

The platform allows drug manufacturers to narrow down their target audiences, to the level of individual or small groups of influential HCPs. This helps deepen pharma's understanding of customer needs.

Messaging early to maximise launch success

Understanding how physicians want to be engaged, and the particular pain points they and their patients are experiencing, provide pharma firms with a huge advantage in preparing their drug launch.

Skipta offers a unique opportunity to target precisely, with minimum waste, the most relevant audiences. By engaging with these professionals when a drug enters Phase III trials, pharma companies can optimally position their product to best meet physician needs, thereby supporting strong sales and sales growth. During and after launch, the messaging and channel mix may be continuously adapted and personalized according to evolving market dynamics, needs and clinical evidence.

The result: the best possible chance of a drug launch that meets, or exceeds, expectations.

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