



# Continuing Education



## New challenges in marketing

### Learning Objectives

**Explain** the impact of managed care on pharmaceutical marketing.

**Describe** strategies for marketing within the areas of disease management and pharmacoeconomics.

**Describe** the role of technology within the healthcare marketplace.

**Describe** recent pharmaceutical marketing trends.

**Explain** how the Internet is used in pharmaceutical marketing.

This final article in a three-part series discusses new influences and challenges in pharmaceutical marketing. Topics include the impact of managed care, disease management and pharmacoeconomic marketing strategies, the role of technology within the healthcare marketplace, emerging marketing trends, and Internet marketing.

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Over the past quarter-century, managed care has had a profound impact on pharmaceutical companies' marketing decisions. Companies are responding to managed care in increasingly sophisticated ways, developing marketing strategies that differentiate their products from others not strictly based on price but with an overall picture emphasizing superior cost-effectiveness, utility or patient outcomes.

Market research shows that managed care actually supports the growth of prescription pharmaceutical use. It has been found that new models of managed care organizations (MCOs), such as independent practice associations and preferred provider organizations, are much less strict about the costs of prescriptions than older models; they primarily provide incentives for using less expensive medications. In addition, administrators at MCOs are increasingly aware that ongoing treatment with medications for chronic conditions – such as asthma, diabetes or cardiovascular disease – can often be much less expensive than treating complications that result from untreated conditions.

Managed care, with its focus on cost control, has a significant impact on the decision-making process

and involves numerous decision makers; these include physicians, administrators, pharmacists and pharmacy directors, pharmaceutical benefits managers, group purchasing organization administrators, managed care administrators, fee-for-service insurance administrators, employers, hospitalists, physician assistants, nurses, nurse practitioners and nurse midwives, and patients.

The patient's influence on which drugs are prescribed is changing dramatically. Patients are increasingly seen as educated about their health, and managed care has encouraged patients to take more responsibility for preventive care and managing chronic diseases. A trend toward moving medications from prescription to over-the-counter status is also contributing to patients taking more interest in their healthcare.

Patients are also being asked to pay more for pharmaceutical products than in the past. Many insurance providers pass on increases in pharmaceutical costs to patients in the form of higher copayments. In addition, many patients receive no insurance coverage for outpatient medications. Patients who pay out of pocket for their prescriptions are likely to question their physicians about the need for specific drugs or to request less costly medications.

### RECEIVE CREDIT AND RECOGNITION

Continuing Education in Pharmaceutical Representative aims to provide reps with information to help them meet the needs of the people they serve and to contribute to reps' personal and professional development. Every third issue includes a self-assessment quiz covering the previous three Continuing Education articles. The quiz for this article appears in this issue. Reps who correctly complete the quiz and return it to the CMR Institute with a nominal handling fee will receive a completion recognition form showing that they have successfully completed the three-part educational series and earned .25 CEU (2.5 contact hours). The CMR Institute also will send a letter of recognition to reps' managers upon completion of a quarterly series. A Certificate of Achievement will be awarded to any representative who successfully completes four quizzes or has obtained 1.0 CEU.

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The Certified Medical Representatives Institute is an independent non-profit educational organization established in 1966 to provide a source of professional development and certification for pharmaceutical representatives. The institute provides an up-to-date, approved continuing education curriculum designed to expand and enhance internal company training and development in a cost-effective manner. The curriculum concentrates on providing a general knowledge base and avoids such areas as selling skills and specific product education.

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## New strategies

As part of the changing healthcare marketplace, new strategies have emerged for marketing within the areas of disease management and pharmacoeconomics.

**Disease management.** Disease management programs integrate all medical and support services to provide comprehensive care for patients. The objective of disease management is to provide protocols and interventions for costly, chronic diseases in a rational way to prevent complications and keep costs down.

Disease management approaches taken by MCOs present a good opportunity for pharmaceutical manufacturers. In many disease management programs, pharmaceutical products are seen as a means to prevent escalation of disease. In addition, many pharmaceutical companies have developed a strong expertise in specific healthcare areas, enabling them to market services and value-added programs to disease management programs. For instance, one major pharmaceutical company sponsors a disease management program for patients with Alzheimer's disease, their caregivers and physicians. Participants receive newsletters, an educational video and other materials that address the causes, diagnosis and treatment of Alzheimer's disease. Pharmaceutical companies see these programs as excellent opportunities to establish long-term relationships with important healthcare providers and patients.

**Pharmacoeconomic marketing.** Pharmacoeconomics has evolved along with a disease management approach to healthcare. Basically, pharmacoeconomic studies identify, measure and compare the costs and consequences of pharmaceuticals, products and services to help ensure that healthcare resources are used in the most efficient manner. These studies can demonstrate indirect costs and the costs and benefits of specific treatments – important factors to consider when making decisions within restrictive budgets.


Pharmaceutical marketing departments may design and execute pharmacoeconomic studies, as well as evaluating and translating these pharmacoeconomic data for their customers. Marketing professionals use positive pharmacoeconomic data to create promotional messages, sales aids and advertisements. Customers should be influenced by outcomes studies demonstrating that a product is cost-effective when used appropriately over time. Since pharmacoeconomic information is often used to decide which products will be included in formularies, it is important to have these data as early as possible.

Research shows that the most important target audiences for pharmacoeconomic data are physicians and administrators paying for healthcare. These studies typically focus on the role of a pharmaceutical product within the total costs of caring for patients rather than just comparing the cost of one drug with another. Some pharmacoeconomic studies have also been used to highlight the advantages of one medication over another.

Figure 1

## Concerns of decision makers within managed care settings

The following types of professionals may now be involved in the decision-making process for pharmaceutical products.



Physicians and nonphysician clinicians	Administrative personnel within the MCO	Pharmacists for PBMs and other outside purchasers
Physicians will continue to be primarily interested in the efficacy and safety features of a product.	Administrative personnel may be more interested in descriptions of cost-effectiveness, outcomes data and purchasing decisions.	These decision makers may look to see if there are alternative drugs or treatments that may be better suited or less costly for their patients while offering equal or near-equal efficacy.

## Role of technology

Technology has applications both in providing information to potential customers and in providing value-added services. For instance, many disease management programs now incorporate outcomes tracking systems that help physicians evaluate the quality of patient care. MCOs may use outcomes data to recommend changes in practice guidelines that will improve patient care. As such, outcomes data can help pharmaceutical marketing departments understand the needs and concerns of MCOs. Outcomes data can also alert pharmaceutical marketing departments about potential new trends in healthcare.

Technology can also be put in place through the combined efforts of disease management programs and pharmaceutical companies to ensure that physicians receive up-to-date information about new pharmaceutical products and to ensure that patients are complying with their therapies. Interactive technology (such as the Internet) can also be used within a disease management program to encourage patients to adopt a variety of habits and practices that can improve their health. Programs can even reward enrollees for positive health behaviors, such as complying with therapy, blood pressure testing or cancer screening. Pharmaceutical companies are also forming alliances with technology companies to sell Internet-based software and services to physicians. By providing such services, the pharmaceutical company creates an opportunity to build relationships with physicians.

Point-of-care devices – computerized devices that employ software mounted on such platforms as hand-held personal digital assistants (PDAs) – are being used by an increasing number of physicians to identify potential medication-related problems for particular patients, send prescriptions to pharmacies and download patient histories. PDAs replace outdated paper versions of drug references with regularly updated information on drug options and diagnostic criteria and give physicians who practice even in remote areas access to the same guidelines provided at major medical facilities.

Marketing departments may find other uses for new technology. For instance, managers may increasingly rely on data gathered using improved personal computer programs to evaluate national and regional accounts so they can fine-tune and improve their marketing efforts. Data can also be used to quickly evaluate which accounts are performing well and which need improvement prior to negotiations for contracts.

## Marketing trends

Two important trends have developed in recent years: marketing directly to consumers (direct-to-consumer advertising) and cooperative marketing

between unrelated companies (copromotion).

**Direct-to-consumer advertising.** Pharmaceutical marketing departments realize that direct-to-consumer advertising enables them to reach many patients they would not normally reach through physicians. For example, campaigns that spell out symptoms of conditions such as diabetes or depression can often be successful in helping individuals realize they have a condition that can be treated. In addition, so-called “lifestyle” drugs aimed at improving appearance or enhancing quality of life depend largely on consumers asking their physicians for them. These medications almost always require direct-to-consumer advertising to be successful.

Of the three types of product advertisements used to reach consumers – product-claim, reminder and help-seeking – the Food and Drug Administration regulates only product-claim and reminder ads. Product-claim ads, which make claims about drug benefits, must be balanced with information on the risks and limitations of efficacy, a practice called “fair balance.” Reminder ads disclose the name of the product and certain limited descriptive information (such as dosage formulations) but are not allowed to give indications for its use. Help-seeking ads discuss a disease or condition and advise consumers to “see your doctor” for possible treatments. There is no mention of drug products or risks, so the FDA does not consider them to be drug ads; thus, they are not regulated.

Marketing departments are taking an increasingly comprehensive approach in direct-to-consumer advertising. In addition to television, print and radio advertising, companies target specific consumer groups by encouraging them to respond to television inquiries or print offers.

**Copromotion agreements.** A copromotion agreement typically occurs when a smaller company develops a new drug with the potential to become a blockbuster but does not have the resources to launch and market the drug nationally or internationally. Often, these small companies will turn to large, established pharmaceutical companies that have the ability to test these new agents in large clinical trials, devise large-scale production processes and market the drugs worldwide. A number of copromotion agreements have led to joint ventures among larger and smaller companies.

Copromotion agreements require organizations to focus on cooperative marketing efforts. Marketing departments play a key role in providing expertise to launch these drugs and must be sensitive to the needs and cultures of both participating companies. They must also be clear on the need for representatives from both companies to work as a team. When carried out successfully, these efforts enable both groups to improve their market reach and penetration.

Large pharmaceutical companies have found that these partnerships enable them to diversify their risks and promote new products as their blockbuster drugs’

## Article Summary

- **Pharmaceutical companies are responding to managed care by developing an overall marketing picture.**
  - Market research shows that managed care supports the growth of prescription pharmaceutical use.
  - Numerous parties are involved in managed care decision-making.
  - Patients have more influence over which drugs are prescribed.
- **New strategies have evolved for disease-management and pharmacoeconomic marketing.**
- **Technology has applications both in providing information to potential customers and in providing value-added services.**
- **Direct-to-consumer advertising and copromotion agreements are recent marketing trends.**
- **Individuals are increasingly looking to the Internet for health information.**
  - Internet marketing encompasses far more than creating Web sites for products and companies.
  - Internet pharmacies are increasingly common, providing product sales directly to consumers over the Internet.

patents expire. However, a growing number of the small biotechnology companies now have the skills and desire to bring their products to market directly by using contract testing, manufacturing and sales companies.

### Use of the Internet

Another significant marketing trend is the public’s use of the Internet for health information. Most pharmaceutical companies now have Web sites where patients and physicians can learn more about products, disease states and research efforts. These sites commonly provide a page specifically geared to consumers, with information about diseases and conditions treated by medications produced by the company. They often provide quizzes that individuals can take to see if they are at risk for developing these diseases, as well as brochures and other literature consumers can access. These Web sites also provide comprehensive information about the products the company manufactures and sells, with complete prescribing information for each.

Internet marketing encompasses far more than creating Web sites for products and companies. For instance, the Internet helps healthcare representatives build close one-to-one relationships with physicians and other healthcare providers by facilitating communication. Such personalized interactions can help increase customer loyalty. Pharmaceutical companies may also use the Internet to transmit relevant information to target audiences.

Internet pharmacies are increasingly common, providing product sales directly to consumers over the Internet. While many of these pharmacies are reputable sites, often affiliated with established chain drugstores, others are less trustworthy. Some of these sites will prescribe medications following an online consultation with an “e-physician,” and there are many reports of sites – typically outside the United States – that will sell pharmaceutical products without a prescription. Pharmaceutical companies and the FDA are keeping a careful eye on this development. The FDA has a consumer-oriented Web site that includes tips and warnings about buying prescription drugs over the Internet, and the agency encourages consumers and others to report fraudulent sites.

The next series of articles will focus on business ethics and the pharmaceutical industry.