

A Datamonitor report

Sales Force Effectiveness

From Sales Effectiveness to Efficiency

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Product Code: DMHC2434

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Providing you with:

- **An overview** of the current drivers behind the evolution of sales force effectiveness
- **An analysis** of current and emerging sales force effectiveness models
- **A focus** on how to optimize sales force effectiveness through a variety of mediums
- **An evaluation** of key customer targeting and segmentation strategies

Use this report to...

Understand why sales force size and structure in the pharmaceutical industry is changing

Introduction

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The traditional sales force model is no longer effective as doctors are no longer the key prescribing decision makers. Governments and payers are implementing cost cutting initiatives and promoting generic use in an attempt to control escalating healthcare costs. This has made it increasingly difficult for sales representatives to promote expensive branded drugs to doctors.

Pharma companies are implementing new sales models to adapt to the current market dynamics. In an effort to increase sales force effectiveness, companies are streamlining their sales functions, making them more efficient and moving away from the traditional large sales forces that are no longer effective in a cost conscious market.

Key findings and highlights

- Optimizing sales and marketing resources, and identifying influential stakeholders is critical, as decision making around prescribing choices becomes more complicated following the emergence of additional stakeholders such as government bodies and payers.
- Most emerging models appear to be moving from the sales representatives working in silos, to a key account management (KAM) style role; treating local healthcare economies as an account.
- eDetailing is becoming an increasingly attractive marketing tool for Pharma. However, pharma companies have been slow to adopt the practice. This is possibly due to the difficulty in measuring ROI and most importantly, the unimaginative format of eDetailing to date.

Reasons to buy

- **Understand** why sales force size and structure in the pharmaceutical industry is changing
- **Identify** the opportunities to improve promotion through targeting emerging stakeholders
- **Assess** new sales models that Pharma companies are now implementing to improve sales force effectiveness

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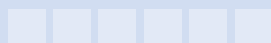


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EXECUTIVE SUMMARY

- **Scope of the report**
 - summary
- **Key findings**

SALES FORCE EFFECTIVENESS IS EVOLVING

- **Promoting branded pharmaceuticals is increasingly difficult**
- **Current drivers of the sales force effectiveness evolution - why traditional models no longer work**
 - Doctors are closing their doors to pharma sales reps
 - The US Prescribing Data Restriction Program may force Pharma to use new physician targeting models
 - Poor public perception of the pharmaceutical industry is hindering sales and marketing efforts
 - Government and payer cost-cutting is putting pressure on Pharma ROI
 - P&R restrictions impact Pharma's sales and marketing operations
- **Pharma must address the needs of emerging stakeholders**
 - KOLs endorsement is key to a drug's survival
 - As pharmacists' responsibilities grow they should be considered as more than simply drug dispensers
 - Nurse practitioners have the power not only to prescribe but also to influence drug formulary inclusion
 - Patient-centric healthcare is the future

SALES FORCE EFFECTIVENESS MODELS

- **Evolving practices in sales force effectiveness**
- **Establishing a new model that is both efficient and effective**
 - Network intelligence is a key factor in designing new sales models
 - Key account management, the new buzz word in SFE-based selling models
 - Service model - offering value-added services

Tools that add value to sales force effectiveness models

- eDetailing is underused in its current format
- Reaching physicians through electronic Continual Medical Education (eCME)
- PDAs and tablet personal computers - the new sales aid?
- Social media strategies focused on increasing share of voice

OPTIMIZING SALES FORCE EFFECTIVENESS

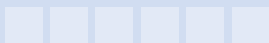
- **Sales forces are becoming leaner and more efficient**
- **Adaptation of sales force effectiveness to a rapidly changing healthcare environment**
 - Scientific/Medical Liaison Officers - a much-needed role to address widening stakeholder needs
 - Accurate segmentation is a key factor in the effective deployment of sales and marketing resources
 - Optimizing sales force size
 - Product lifecycle sales strategies need to be realigned to consider current SFE conditions
 - Cost-cutting and lack of adequate resources has led to co-promotion and outsourcing agreements
 - Optimizing return on marketing investment

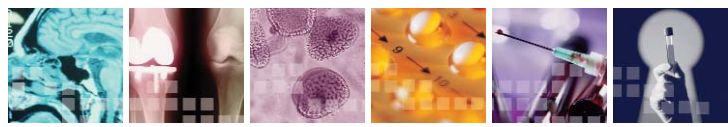
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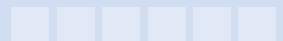


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“...I have seen examples of eDetailing, and I think it’s a fantastic idea. At the minute it has not really worked because there are not many companies that have taken it up...”





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Sales Force Effectiveness

Sales efficiency over effectiveness

Pharma companies are implementing new sales models to adapt to current market dynamics.

In an effort to increase sales force effectiveness, companies are streamlining their sales functions, increasing efficiency and moving away from the traditional large sales forces that are no longer effective in a cost conscious market.

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ABOUT DATAMONITOR

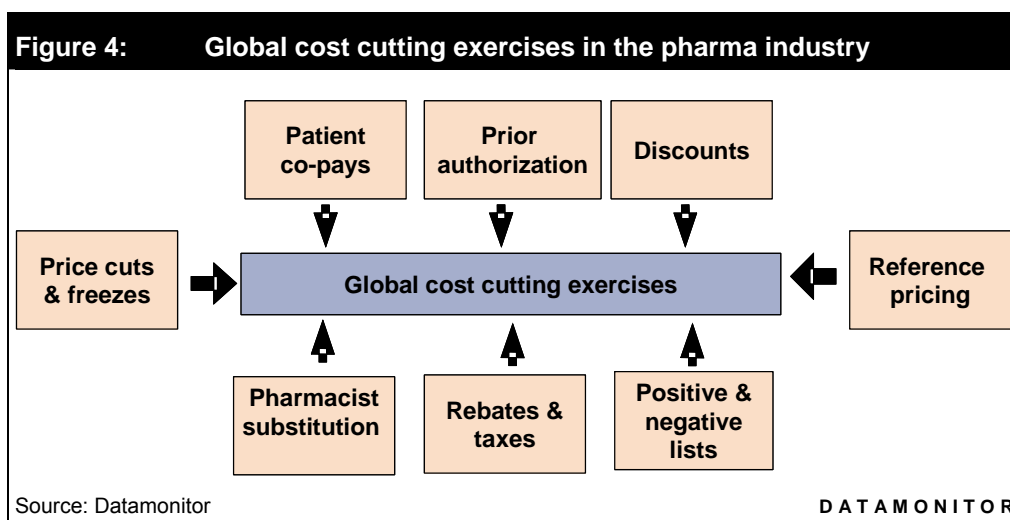
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organizations (CSOs) to provide the extra market weight they need, and at a lower cost than existing internal sales forces.

CSOs also allow Pharma to reach physicians they would not ordinarily be able to call on, providing additional sales coverage tailored to a specific need, whether it is territorial or therapeutic. In fact, outsourcing of sales and marketing activities is not only confined to product launch, but is also taking place throughout the drug lifecycle (Rogers, 2008). However, outsourcing sales forces means that contract representatives will not have the same attachment or loyalty to the brand and company as a nurtured in-house sales team would.

P&R restrictions impact Pharma’s sales and marketing operations

Tightening pricing and reimbursement (P&R) controls globally is putting pressure on pharma companies to maximize their sales and marketing (S&M) endeavors (Figure 4). Companies invest heavily in both the R&D process and subsequent S&M activities of approved products. However, unfavorable P&R decisions can seriously jeopardize drug companies’ ROI.



In order for Pharma to justify high prices for novel products, strong safety, efficacy and cost-effective data must be presented. This is frequently achieved through targeting a given therapy towards a specific niche patient population which has an enhanced response to the drug. However, identification and treatment of such patients will typically be the responsibility of specialty physicians. Consequently,

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A survey conducted at a SFE conference in Barcelona Spain 2008 revealed that the majority of pharma companies were still focusing on detailing physicians and operating product focused business units within specific geographical boundaries, as opposed to establishing customer-focused business units with a national perspective. Some respondents, however, suggested moves towards using the internet to bolster Pharma offerings such as eDetailing (Miccoli 2008).

This implies that Pharma is beginning to look at alternative ways of selling, with a number of pharma companies implementing KAM on some level, such as Pfizer, Bristol-Myers Squibb, AstraZeneca, GlaxoSmithKline (Pfizer, BMS, AstraZeneca, GSK, Bayer to discuss latest tactics and strategies to achieve sales excellence, 2008: www.medicalnewstoday.com). However, this is happening slowly as the industry knows it must change but is hesitant to take the necessary steps to do so.

“The trend is far from widespread”, according to Peter Cheverton of INSIGHT Marketing & People (Key account management, 2008 www.jacobfleming.com).

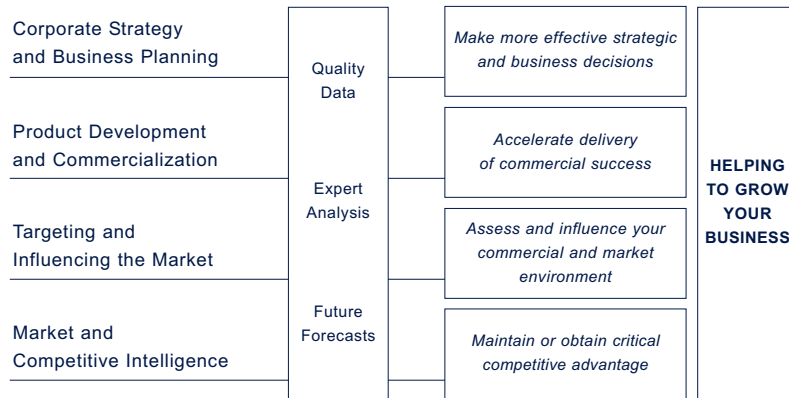
However, in order to implement and run a KAM model, Pharma must first train its reps in their new role, instilling new mindsets and approaches to targeting key prescribing physicians. To optimize the effectiveness of KAM, this new breed of rep requires significantly greater analytical support than before. This support can be provided by a capable analytical team, which can supply accurate up-to-date information on physician prescribing habits, with the ability to measure and respond to trends and changes in the pharmaceutical market and regional healthcare systems, in order to optimize the effectiveness of KAMs in the field.

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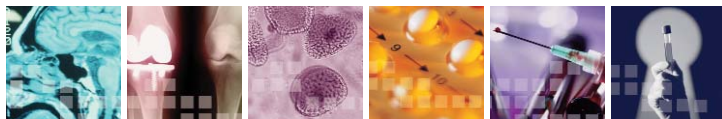
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