



The New Rules of Pharma Marketing

Basing marketing strategies on relationships with doctors won't suffice anymore. Sea changes in the pharmaceutical industry are prompting a total rewrite of the marketing playbook.

One doesn't need a thermometer to take the temperature of contemporary rhetoric against the pharmaceutical industry. The white-hot title of author and physician Ben Goldacre's 2012 book *Bad Pharma: How Medicine Is Broken, and How We Can Fix It* says it all. Bristling with outrageous examples of slanted or suppressed research and corrupt marketing and sales tactics, Goldacre's book paints a picture of a hopelessly wayward medical industry awash in dirty money.

"He shines a light on the more negative aspects of the industry, which do exist," says Marcel Corstjens, The Unilever Chaired Professor of Marketing at INSEAD. "Some marketing and sales practices are unethical; some research is misused." But the animus expressed toward Big Pharma these days is at an unfair level, Corstjens suggests. "No industry is snow-white. There are issues in the food industry, around obesity, in the tobacco industry, and in the financial services industry with the global economic crisis...The world would have been a worse place without big pharma."

It is out of that more constructive spirit that Corstjens and his co-author Edouard Demeire titled their new book *Good Pharma: How Marketing Creates Value in Pharma*. He warns, "If you keep emphasising problems in the industry and push for more controls, companies will be more risk-averse, which will

result in less innovation." Rather than tightening the reins, Corstjens and Demeire write, companies should intensify their marketing efforts while adhering to industry best practices. But they should do so with awareness of the fundamental changes currently underway within the industry, which are rendering the old rulebook obsolete.

Meet the New Stakeholders

Bringing a new product of any kind to market has never been easy, but the shifting centre of gravity within the pharmaceutical industry poses unique challenges. Broadly speaking, the industry has moved from being mainly driven by individual prescribers (i.e. doctors) to having to weigh input from a diverse set of stakeholders, including regulators, insurance companies, hospital administrators, managed care organisations, nurses, social media, and, of course, patients.

"Because pharma reps have many years of experience dealing with prescribers, they have built a personal relationship and many of them have deep insights about the perceptions, preferences and behaviour of these prescribers," Corstjens says. "The reps know a lot less about these other stakeholders." Therefore, Corstjens and Demeire write, "Getting 'under the skin' of the relevant stakeholders is a marketing and sales task whose

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importance is second to none.” (*Good Pharma* contains plenty of concrete tips and strategies for achieving this).

Further complicating matters is the fact that these newly empowered decision-makers have differing, often conflicting needs and wants. “How does a company then consistently position a product if it wants to satisfy all its stakeholders? That is a delicate and new job for marketing and sales in pharma,” says Corstjens.

But the potential rewards for getting insights right outweigh the difficulties. Corstjens cites the example of Eli Lilly’s erectile dysfunction drug Cialis, which initially faced long odds in its bid to take on market pioneer Viagra. Dose for dose, Cialis far outlasted Viagra, with a 36-hour window of effectiveness compared to Viagra’s four-hour one, but physicians considered this a meagre advantage. However, the Cialis team, by getting “under the skin” of its target audience, hit upon a compelling sales point: Having 36 hours to play with allowed couples to have a less pressured, more romantic experience. Contrasting Viagra’s positioning as a male performance enhancer, Lilly marketed Cialis as the “couple’s weekend pill” helping them to restore intimacy and reduce stress within their relationships. The creative positioning paid off handsomely: In 2011, sales of Cialis overtook Viagra.

Global Challenges

Insights are much harder to tease out when the cultural context is unfamiliar, which is why the rise of developing markets threatens to compound the challenges facing pharma companies. “Emerging markets should not be seen as low-hanging fruit,” Corstjens says. “The prevalence of diseases may not be the same, the stakeholders may be very different. In addition, the healthcare infrastructure is often not very sophisticated, and these markets can be rather volatile and difficult to predict. It’s not a sure bet; you have to invest.”

To win a foothold in a new market nowadays, companies need to commit seriously to building a heavily localised approach that is substantiated by a global reputation. Otherwise, they risk going the way of Procter & Gamble, which sold off its pharmaceuticals business in 2009 after failing to become a major global player in the industry. “P&G wanted to go into pharma, but it didn’t last long. One of the issues was that people weren’t sure they could trust a soap and diaper producer with their health. You have to build reputations, and that’s going to cost,” says Corstjens.

Finding Your Niche

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As the era of the “blockbuster drug” draws to a close, industry focus is shifting away from primary care and toward specialty and niche markets. In 2011, 15 of the industry’s 20 top sellers were specialty care products, a more than sevenfold increase since 1997. Rather than being marketed to a huge patient population from the beginning, the new pharma blockbusters will likely follow in the footsteps of Novartis’ Afinitor, which began as a treatment for kidney cancer but gradually has become adopted as a treatment for certain kinds of lung, breast, and brain tumours as well.

By far the most game-changing drilling-down trend in the industry is personalised healthcare (PHC), an approach that aims to match medicines to specific patient groups, for example, cancer drugs that target a subgroup of patients with elevated levels of a particular biomarker. “When you go to complex diseases, you tend to go in the direction of personalised healthcare,” Corstjens says.

The shift toward PHC is also necessitated by the increased importance of payers (for example, insurance companies and government health regulators) as industry stakeholders. Because specialty drugs brought to market by pharma companies are expensive and often work only for small segments of the patient population, regulators and payers are setting the threshold for reimbursement higher and higher. PHC is being put forward as the industry’s best bet for satisfying stricter effectiveness criteria not only by developing new drugs but also by investing in the magical trio of the future: “drug-biomarker-diagnostic”.

Companies are already adapting their marketing strategies in an attempt to claim their niche, but this can backfire if brand recognition is lacking. *Good Pharma* includes an in-depth case study of AstraZeneca’s Brazilian misadventure with Iressa, a niche lung cancer drug, which lost out to Tarceva, a similar product from oncology giant Roche/Genentech, despite AstraZeneca financing expensive eligibility tests. When the time came for the actual prescription, providing free biopsies to test for the biomarker didn’t generate enough goodwill to persuade Brazil’s stakeholders to choose AstraZeneca over the better-known brand.

“Category Captains”

For Corstjens, Iressa is an example of the importance of “category captainship” within the pharma industry. “The most financially successful company in the past 20 years has been Novo-Nordisk. They have specialised in diabetes, they’re extremely good at that. Roche specialises in oncology. The larger the company, the more ‘captive’ areas they can have,” he says. But the success of Novo-Nordisk, a relatively small

company, proves firms of all sizes have a chance to compete, as long as they stick closely to their strengths.

Spotlighting strengths could also be a way for the industry to shake the opprobrium of critics such as Ben Goldacre. “The lion’s share of the marketing and sales investments of pharmaceutical companies has indeed produced outstanding contributions to many critical fields,” Corstjens and Demeire write in the preface to *Good Pharma*. New markets and new stakeholders may hold opportunities for companies to put their best foot forward in a rapidly changing world.



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