



Striving for Customer Intimacy

In an increasingly competitive marketplace, sales representatives can distinguish the brand by becoming more intimately involved with the physician's practice as a whole. This can be accomplished only through observation and by understanding the issues facing the practice. This article discusses three "value disciplines" that pharmaceutical companies use primarily to guide themselves—operational excellence, product leadership, and customer intimacy—and makes a case for the latter.



Ed Siebert

*Principal
Integrated Marketing Associates, LLC
Bryn Mawr, Pennsylvania*

In the past, much competition for marketshare among pharmaceutical companies was defined and stimulated by product innovations. Companies offered improvements for the treatment of common chronic conditions with effective novel medications. In 1980, the FDA approved the first angiotensin-converting enzyme inhibitor for patients with hypertension. The late 1980s saw the introduction of statins for reducing cholesterol levels and selective serotonin-reuptake inhibitors for the treatment of depression. The introduction of triptans in the early 1990s provided the first true migraine relief for many patients.

Over the past decade, however, the nature of the competition between drug manufacturers has changed. Rather than providing therapeutic advances, many of the new products developed in the past few years have the designation of "me-too" drugs. Rather than changing how a disease is treated, as the medications listed above did, many new drugs today are in the same class as existing medications, and may offer a slight increase in efficacy, onset of action, or a modest improvement in side effects or adverse events.

Table I demonstrates, by showing the number of priority reviews for different years, the high percentage of applications for new drugs that offer benefits similar to products already on the market.

More Sales Representatives, Less Detail Time

As the amount of true advances in prescription medications has decreased, the number of pharmaceutical sales representatives has markedly increased. According to the National Association of Pharmaceutical Sales Representatives, St. Louis, as of March 2004, there were 103,000 pharmaceutical sales representatives in the United States. Each of the top pharmaceutical companies have significantly increased the size of their salesforces over the past few years (Table II).

From 1996 to 2002, the salesforces for the top 40 pharmaceutical companies more than doubled, from 42,000 to 93,000 sales reps, resulting in a 28% increase in product details and a 39% increase in sales calls, according to data from Verispan, based in Yardley, Pennsylvania.

Although most physicians rely on the product samples provided by sales representatives, they generally have little free time during office hours. Moreover, many physicians express frustration with frequent sales visits. With patient loads increasing and office hours remaining the same, physicians are often disinterested in taking time to hear product details about medications with which they are already familiar.

TABLE I: THERAPEUTIC POTENTIAL OF NEW DRUG APPLICATIONS APPROVED BY THE FDA, 1990-2003

Year	Total Approvals	Priority Reviews (N)	Percentage of Total	Standard Reviews (N)	Percentage of Total
1990	64	20	31%	44	69%
1991	63	19	30%	44	70%
1992	91	17	19%	74	81%
1993	70	19	27%	51	73%
1994	62	17	27%	45	73%
1995	82	15	18%	67	82%
1996	131	29	22%	102	78%
1997	121	20	17%	101	83%
1998	90	25	28%	65	72%
1999	83	28	34%	55	66%
2000	98	20	20%	78	80%
2001	66	10	15%	56	85%
2002	78	11	14%	67	86%
2003	72	14	19%	58	81%

Note: Priority review given for products thought to represent a significant improvement over present drugs; standard review given for products thought to be similar to present drugs. N = Number.

Reprinted from NDAs approved in calendar years 1990-2003 by therapeutic potentials and chemical types. FDA, January 2004 (www.fda.gov/cder/rdmt/pstable.htm).

TABLE II: ESTIMATED SALESFORCE SIZE FOR THE TOP 10 PHARMACEUTICAL COMPANIES, Q1 1999-Q1 2003

Company	Salesforce, 1999	Salesforce, 2003
GlaxoSmithKline	6,300	7,100
Pfizer	5,000	6,900
Merck	4,200	6,500
Novartis	4,100	6,200
AstraZeneca	2,400	5,900
Johnson & Johnson	3,200	5,300
Abbott	2,900	5,000
Pharmacia	1,900	4,600
Eli Lilly	2,800	4,600
Wyeth	2,800	4,600

Q = Quarter.

Reprinted from Sborlini K: *Pharmaceutical Salesforce Structures and Strategies*. Yardley, PA, Verispan, 2004. With permission.

Become a Market Leader

A large salesforce may indeed be an effective way to increase awareness of a company within the health care marketplace, but is it the most effective way to increase customer interest and loyalty? In *The Discipline of Market Leaders*, Treacy and Wiersema encourage companies to find a unique value proposition they can deliver to a given market. The book introduces and defines three distinct value disciplines, and encourages company leaders to focus on one of these disciplines in order to provide support and give shape to their business decisions.

Although, it is important for a company to maintain competitive standards within all three disciplines, decision makers should focus on a single discipline if they hope to become leaders in their chosen markets. The three value disciplines mentioned in the book are (1) operational excellence, (2) product leadership, and (3) customer intimacy.

Operational Excellence. Companies that focus on the discipline of operational excellence direct their resources and strategies toward delivering an acceptable product, selling that product at a low price, and developing systems and efficiencies that allow them to produce that product at a low cost. The primary goals of these products are to improve or maintain the health and quality of life of the customers who use them.

Generic drug companies follow the value discipline of operational excellence. Generic manufacturers are not product innovators, nor do they attend to a broader range of their customers' needs. Generic drug companies compete on price. These companies attempt to maximize their profits by bringing to market only products that allow them to achieve operational efficiencies, producing these products at an acceptable level of quality, and selling these products at low prices.

Product Leadership. The book defines product leaders as companies that consistently introduce new products that deliver real benefits and performance improvements; in other words, companies that meet the needs that no previous product has met. Ideally, pharmaceutical research and development produces life-changing, life-saving discoveries on a regular, predictable basis. However, scientific discovery is unpredictable, and the time, resources, and care necessary to conduct medical research do not necessarily lend themselves to producing a dependable stream of health care innovations.

Customer Intimacy. Companies that provide customer intimacy do not usually have the best prices or the newest innovations. Rather, customer-intimate companies try to provide the best total solution for their customers by attending to a broader range of needs. They get to know their customers, as well as the underlying problems that accompany their needs for a particular product or service. Customer intimacy means helping customers make the most out of the products or services they use.

With large salesforces, pharmaceutical companies have the potential to provide customer-intimate services. Since drug manufacturers must keep pace with their competitors in the areas of cost and product development, the salesforce affords them some control over how their company relates to their customers and serves their needs.

Faced with large forces of pharmaceutical sales representatives vying for a few moments to present their product details, physicians admit that they prefer to spend their limited time speaking to salespeople who have shown an active interest in their practices. Like anyone else, physicians are more interested in taking time out of a busy day to talk with a friend than they are with a salesperson. As one pediatrician noted during research: "Sometimes it's the people who visit us. If there's no reason to choose this brand over another, we will go with the person who is supporting our practice."

How is that support for a physician's practice best expressed? Pharmaceutical sales representatives report that it is often a challenge to speak more than a few words to a physician, let alone show the physician that they care about their practice. In addition, recent changes in Pharmaceutical Research and Manufacturers of America (Washington, DC) guidelines regarding exactly what "perks" a sales representative can provide to physicians make scheduling time with them more difficult, since the guidelines limit potential meeting places, as well as incentives that might persuade physicians to spend time away from their families or their practices. Nevertheless, pharmaceutical companies continue to use their salespeople to develop the discipline of customer intimacy.

Since sales representatives regularly have personal contact with physicians and their office staff members, their

training should place as much emphasis on relationship building as it does on sales techniques. Physicians and their staff see many sales representatives come to their office each week, and they divide their time among a chosen few. In many offices, the representatives will have more sales opportunities if they concentrate on the relationships first.

Building Relationships

To build relationships, salespeople should get to know and understand the day-to-day issues faced by the practices they visit. For example, they should speak with the office staff, seeking ways that they might help beyond providing samples of their own products. Sales representatives can go a long way toward distinguishing themselves by identifying needs and providing services that have little direct relationship to the promotion of their companies' products, such as providing bins for organizing the sample cabinet, providing an on-site disease-specific nurse educator, providing disease-specific patient educational materials, and offering disease screenings.

Pharmaceutical companies that are interested in getting to know the business issues that physicians face could utilize market research methods that would actually allow them to observe the daily routines of a physician's office. Ethnographic, or observational research, would allow a company to get inside an office and even allow staff members to share details of issues faced by the practice. Such research

could provide drug manufacturers with a clearer picture of what their salesforce will encounter when attempting to contact physicians.

Conclusion

Companies using a customer-intimate approach focus on understanding their customers' broader needs, with the goal of helping those customers improve their overall job performance. By familiarizing themselves with the specific needs of physicians' practices, pharmaceutical sales representatives can distinguish themselves from competitors. They can find ways to serve physicians' practices beyond just providing samples of or information about, a particular product. By training their salesforces to first build relationships, rather than simply providing details for the products they hope to sell, pharmaceutical companies can help their representatives to become valued supporters of physicians' practices, rather than another face in the ever-growing crowd of salespeople.

**Ed Siebert, Principal,
Integrated Marketing Associates, LLC
848 West Lancaster Avenue,
Bryn Mawr, Pennsylvania 19010
Phone: (610) 527-5500
E-mail: esiebert@imalink.com**

Reprinted from Product Management Today December 2004. Copyright 2004 by Product Management Today.

