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AD-VENTURES IN MARKETING III

For the third year, *Med Ad News* has chosen three Pharmaceutical Marketing Ventures to Watch from a variety of young, creative venture companies that could change the way pharmaceutical products are marketed and sold.

By Joshua Slatko joshua.slatko@cancom.com

This past September, *Med Ad News* began its now-annual search for the future of pharmaceutical marketing. We sought out young companies to profile that are providing the most innovative and interesting products, services, or marketing opportunities to pharmaceutical companies and the healthcare community. After reviewing dozens of nominations, many of which were provided by our own readers, we narrowed the list to just three. Each of the three companies chosen by *Med Ad News* is very different in business model and products and services offered, but all of the companies do share one singular characteristic: that spark of creativity that makes frustrated entrepreneurs say, “Why didn’t I think of that?” Also, this year our three winners share another characteristic: a willingness to challenge the status quo of pharmaceutical marketing practices, one through a rethinking of advertising strategies aimed at physicians and the others through digging deeply into the realities on the ground among doctors and patients. In these companies, we see a little of what the future of our business might hold. Here are *Med Ad News’* three Pharmaceutical Marketing Ventures to Watch for 2009.

Friday Morning

In the words of its founders, Friday Morning is a reaction to the breakdown in promotional effectiveness and commoditization of ideas pervading the pharmaceutical industry. Branding itself as a promotional consultant to the pharmaceutical industry, this new agency venture plans to offer solutions on a project basis, through a combination of industry experi-

ence and insights into what physicians will and will not respond to as promotion; engaging them in productive interaction with peers and key opinion leaders; accelerating data acceptance, product trial, and adoption; and helping marketers become more successful internally at getting powerful work approved in a risk-averse climate.

This approach may not sound radically different from that of other ad agencies. But the philosophy behind Friday Morning is grounded in a very unusual promotional ethic – that slicker, catchier, and more iconic may not be better.

“The research that we’ve done has been very sobering,” says Bruce Nicoll, Friday Morning’s chief creative officer. “What we’ve found is that, the better the advertising, the less well it works, because physicians have reached this critical mass where their knee-jerk reaction is to reject anything that’s coming from the pharmaceutical industry. And the more polished it is, the worse that effect is. That’s going to be very difficult for agencies to counter, because it goes against their whole DNA, it goes against their brand distinctiveness, it goes against the skill sets that they’ve got internally, it goes against their value proposition. We feel that a new magnitude of creativity is necessary, because the physicians need to almost have the creative messages reeled back in, a little bit, in terms of their unbridled optimism. But at the same time they still need to be vividly portrayed. And that is a difficult challenge.”

Friday Morning (fridaymorning.com) and its unusual philosophy were born out of a roundtable survey of physicians hosted by the leaders of the ad agency S&R Communications in January 2009. The agency was seek-

ing the views of doctors to make their creative more effective. What they found, though, was well beyond the reach of a few creative tweaks.

“What we ran into that evening took us completely by surprise,” Mr. Nicoll says. “There was this outpouring of scorn from physicians aimed at the industry in general. It wasn’t that they didn’t think the creative was good; it was that they rejected it because it was good.”

At the root of the problem, S&R’s leaders found, was a fundamental distrust of industry claims, developed over years of hearing marginal differences being played up into, “Ours is the best.”

“There is no physician that will accept and believe any sales representative or any messaging from the company that says, this is the best product for all of your hypertensive patients,” says David Recht, CEO of North State Resources Inc., the parent of S&R Communications. “Nobody believes that. And yet, in the quest for expanding and gaining market share, that’s what everybody is doing. And it’s pissing doctors off, it’s unbelievable, and it just doesn’t get you anywhere with your customer.”

Hearing their panel of physicians bash away at industry sales and marketing practices pushed Mr. Recht, Mr. Nicoll, and their colleagues into a wholesale re-examination of their business model.

“We embarked on a philosophical examination of what [the roundtable] meant,” Mr. Nicoll told *Med Ad News*. “Because essentially we were looking at the impending obsolescence of the entire promotional industry, not just little old S&R Communications. This notion that you couldn’t advertise your way out of this problem, because the advertising was the problem, was difficult for us to come to grips with.”

One of the group’s first responses to this challenge of their long-held beliefs was the creation of the Website Pharmageddon2012.com. On this unbranded site, for which the agency built up awareness through social media such as Twitter and Facebook, S&R Communications staffers posted blog entries and videos they had created attempting to humorously explore many of the complaints that physicians had expressed about sales reps and the pharmaceutical industry.

“Pharmageddon was an attempt to explore the implications of both what we’ve found and what we thought might be a solution, and see what the industry as a whole thought of that,” Mr. Nicoll says. “And we needed to do it in an unbranded way, because if it sounds like it’s coming from an agency and there’s an agenda attached to it, that skews the response. We were also, quite frankly, on a learning curve like every other agency about how social media works within the pharmaceutical space. So we decided to kill two birds with one stone and experiment with our major issue using social media.”

From the response to Pharmageddon, S&R Communications’ leaders learned that the pharmaceutical world is of two minds regarding the problem the agency perceived from the physician roundtable.

“There is a lot of anxiety within certain sectors of the industry about this issue, but there’s also a lot of denial,” Mr. Nicoll says. “The average client, when confronted with the whole decline in the status of the pharmaceutical industry, is a little bit in denial because they think it doesn’t apply to them. They haven’t themselves been dishonest or lacked transparency, they didn’t launch a drug that had blatantly incorrect claims, they’re not Vioxx. So somehow they believe that the physicians are discerning and trying to make a distinction between what is a good claim and what is a bad claim.”

But that sort of differentiation only exists in the minds of marketers – not in the minds of their customers.

“What we need to come to terms with is that no one gets out of this alive; we’re all being tarred with the same brush,” according to Mr. Nicoll. “And so everybody needs to adopt a new approach.”

One of the problems, Mr. Nicoll believes, is the continued application of one very tried and true marketing tool, the use of iconic imagery in advertising. Ordinary consumers may still be reachable with iconic imagery, but a physician thinking scientifically and skeptically is another story.

“We can’t keep using the creative model that we’ve been perfecting and refining over the last 50 years, which is to be iconic,” Mr. Nicoll told *Med Ad News*. “The whole iconic approach to brand building, we believe, is dead. You may be able to do it if you have a fantastically effective molecule which hardly needs advertising anyway, or a gigantic budget where repetition works wonders. Very few people have those kinds of resources any more. But people are still throwing up an iconic image and a short, pithy slogan and hoping to build a brand. And the physicians just reject it out of hand.”

The executives behind the newly launched

Friday Morning are committed to finding new strategies for dealing with physicians’ lack of trust for the industry and disinterest in iconic branding. By their own admission, they have not quite figured out any definitive solutions yet. But a few strategic ideas are beginning to coalesce. The first is a revival of the ad agency’s old role of supporting brand managers internally at their companies.

“We want to become more valuable to our client companies internally rather than externally,” Mr. Nicoll says. “And sadly, that transactional model has been somewhat disordered over the last few years. The pharmaceutical companies, by throwing lots and lots of reps at the problem, needed a more and more abridged message and needed things to become more iconic. If we’re going to start the more difficult task now of building brands through being more detail-oriented, then we need to restore that valuable relationship that agencies used to have with their clients, where they would be deeply involved in a lot of the day-to-day internal discussions and battles. The pharmaceutical industry isn’t used to expecting to get that from their agencies any more.”

Another strategy taking form is a focus on transparency and truthfulness.

“I’ve been in this industry for 37 years,” Mr. Recht says. “I’ve been on both sides; I started out as a sales representative, I was a brand manager, and then I got over to the agency business and have been on that side for 25 years. And it’s the first time in my entire career that I would say that I’m ashamed of the industry that I work in. I say that not in a disrespectful fashion, but I believe that some of the things that we have seen the industry do, with the data dumps and the latest debacle that resulted in a \$3.8 billion fine ... I just don’t think that’s the way in which you gain the trust of your customer, by deception and by schmoozing.”

The Friday Morning strategy is still decidedly a work in progress; the new agency officially launched just a month ago, in mid-October. But the agency’s leaders hope that asking and not avoiding challenging questions – “Why is it that physicians are not giving sales representatives time and even the courtesy and respect that should be earned if you are doing a good job in bringing value to the physician?” as Mr. Recht says – will start them along the road to repairing a dangerously fractured relationship between the industry and its most important customers.

“We just cannot continue to do business in the old way,” Mr. Recht told *Med Ad News*. “I wish I could tell you 100% that the model we’re talking about here is going to be the end all and be all for how things should go forward. But what we do know is, what is going forward now, what has happened and continues to happen, isn’t being well-received. If we’re going to be part of this industry on a continuing basis, I believe we need to do things differently.”

Rivermark

Just like the leaders of Friday Morning, the executives behind the next Pharmaceutical Marketing Venture to Watch believe that the pharmaceutical sales and marketing model is breaking down – and that they may have found a way to hold things together. In this case, however, the solution is not about creative communications tools; it’s about developing a heretofore unseen level of knowledge about the realities of physician communities.

Rivermark is a strategic consultancy that specializes in the use of sociometric research to drive improved commercial effectiveness and efficiency for its clients in the life sciences sector. The company’s primary tool, sociometrics, is the study and measurement of interpersonal relations within a group of individuals. By using this tool to develop relationship maps,



The Website Pharmageddon2012.com was a humorous attempt by Friday Morning’s leaders to explore the complaints they had heard from physicians about the pharmaceutical industry.

Rivermark is able to trace the pathways of how physicians teach, learn from, and influence each other from the local to the international scale, thus allowing pharmaceutical marketers to see more clearly what and who is driving physician decisionmaking.

“What we do is provide our clients with new insight into the markets that they are interested in through an understanding of the way that physicians, who are the key focal point of those markets, interact and learn and exchange information from one another and therefore shape each others’ behavior,” says Bruce West, principal, Rivermark (rivermark.biz). “This is true for all of us – all human beings operate in the context of social environments, where they are engaged with other people that they choose to be engaged with, and their behavior is very much shaped by those other individuals that they choose to interact with. What we do at Rivermark is focus on the relationship linkages that individuals, in our case physicians, have with one another, to better understand how new information travels and how physicians learn from one another; or, put differently, how products and information diffuse throughout a marketplace.”

Exploring physician relationships at this depth makes the popular industry buzz-phrase “key opinion leader” look positively obsolete. In fact, Mr. West disdains the term.

“At Rivermark we don’t even use the term KOL, because we believe that there are leaders at every level in the marketplace, and that they can be tied to different points in the adoption process,” he says. “The notion is that there are leaders at all levels in the market, and they all play very important roles in that whole behavioral process of awareness all the way through to change my behavior, I’ve adopted the product, and now I’m going to ingrain it in my daily activities.”

Rivermark’s research digs down below the so-called KOLs to the normally invisible influencers at a regional and local scale, helping clients focus their targeting efforts.

“How can I refine and improve your sales targeting from the traditional approach of just looking at IMS volume data and calling you an ‘A’ physician because you write a lot, and sending six reps your way?” Mr. West says. “Obviously you don’t throw the baby out with the bathwater – high-volume prescribers are very important – but what’s really interesting to find out is, who is that high-volume prescriber learning from and listening to? Often, it’s not a high prescriber, or somebody you might consider to be a ‘C’ physician, because they’re a local endocrinologist and don’t write that much, but they have a lot of peer influence with the PCPs in that particular area.”

Rivermark’s research process begins with

a definition of the target market, either supplied by the client or derived by the company itself. Once this group of physicians – “The people that really matter to the client,” as Mr. West puts it – are defined, Rivermark sends each member of the group a survey, with a combination of profiling questions and attribute questions.

“What’s your specialty, what practice environment are you in, what kind of hospital are you affiliated with, when did you graduate, where did you do your fellowship?” Mr. West says. “And we might even get into some volume questions specific to that patient type – how many of these patients do you see, how often do you refer, how often do referrals come to you. We’re gaining an understanding of the response pool and what they look like.”

But the real meat of Rivermark’s research comes at the end of the survey, where the company asks a series of open-ended nomination questions, in order to tease out the kind of social network relationship data that will be meaningful in terms of the adoption cycle. The first question Rivermark asks is centered around trust and friendship. The survey asks who, among the physicians’ trusted colleagues, is the physician likely to turn to discuss the management of the patient. The respondents are given seven open nomination opportunities.

“That question links to the most fundamental part of the behavior change process, which is basically the decision just prior to ‘I’m going to try this,’” Mr. West says. “Because what all of us do in that last step of the adoption process is look around to people who are very similar in profile to ourselves. We go close to home and find out, what is my peer group doing?”

The second question moves from friendship to advice and mentorship. The survey asks, if there were a new innovation in the physician’s particular specialty or if the physician is faced with a particularly challenging patient, who does the physician turn to for expert clinical advice?

“That’s a different kind of relationship the respondent has than with one of their immediate peers,” Mr. West says. “It’s more someone they respect, who they turn to, who is someone they have an actual relationship with, but they consider to be more skilled, more expert at that particular category. That might be a local specialist, and it often is.”

The final question moves up the ladder once again to discern who the physician considers to be a national or an international leader in that particular disease category.

“That’s more of a fame question,” Mr. West says. “It often is a question that helps to validate whether the company’s understanding of



national opinion leaders within the category is in fact being validated by their target market – because, remember, all these physicians are people they consider to be critically important to their sales organization.”

Once responses to all these questions are received and tallied, Rivermark’s researchers map the data – first separately, to look at the discussion, advice, and national fame networks independently, and then jointly.

“When we bring all that nomination data back in-house, we aggregate it, and certain individuals receive numerous nominations from a lot of different respondents, and they’re obviously important people, then,” Mr. West says. “But we can get a lot deeper than that, and understand, for example, what are the ZIP codes of all the people that did nominate that leader, and there are 17 of them. What’s the scope of that leader’s range of influence? We can begin to understand exactly what the sphere of influence is for that individual. You can do it at any level in the marketplace, from the local to the regional to the national. We can challenge, and we do challenge, our clients’ preconceived notions of who is a KOL, as to whether that KOL actually has national influence, or is actually someone that’s just a super-regional leader in the West only, for example. In most categories, it’s quite revealing to see how many people truly are national leaders; it’s usually less than 10.”

Rivermark’s researchers are aiming to isolate what they call communities of practice. These communities of practice are naturally occurring smaller groups within the national and regional network of target physicians that are highly linked, by either one or two degrees of separation.

“We call these learning groups, because the physicians in them really do interact with one another on a naturally occurring basis,” Mr. West says. “They learn from one another, they exchange information, they may do clinical work together, they teach each other, they may socialize with one another. But the point is that they are naturally occurring groups in the marketplace. And what we’re able to do is literally isolate and identify these communities of practice, and then lift them out of the broader regional network map and analyze them as discrete units.”

Beneath every doctor/node in every community of practice is an amalgamation of data, which allows Rivermark to interlay a whole variety of characteristics on top of their relationship maps, such as sub-specialty, city of residence, or ZIP code. Rivermark can also



Verilogue provides healthcare companies with online access to a fully indexed and searchable database of physician-patient conversations.

ing clients to listen to their customers' natural voice, rather than recall data mined after the fact. This approach was inspired by a famous healthcare marketer: A.G. Lafley, the former CEO of Procter & Gamble.

"I read a lot about A.G. Lafley, and he was telling his people to stop doing recall-based research, to get out of the focus-group facilities and start living with the customers, immersing themselves into how the customer uses their products and how they interact with each other," Mr. Kozloff told *Med Ad News*. "That was the light bulb for me; we don't do enough of that in the healthcare industry. Both my partner and I have more of a technology background, and so we thought the human researcher sometimes can bias the research. So we created a technology solution to flip the whole model on its head and remove the researcher from the equation so that we could capture the most natural data that we possibly could, and then insert the researchers on the back end after we had built up a corpus of information to analyze and derive what was truly driving our customers to act one way versus another."

Less than three years since the company's launch, Verilogue has already built up a substantial database of searchable information for clients: more than 35,000 unique conversations across 14 physician specialties and 50 therapeutic categories, with thousands more coming in each month. The company recruits physicians to participate for a term of 12 months and pays an honoraria for participation; patients are not compensated, but Verilogue takes great trouble to inform them of the value of participation.

Patients receive a brochure that explains the medical marketing research program. They are told how the program gives them the ability to share their voice with healthcare companies,

so that the next patient with their condition will hopefully receive better support materials, better communication materials, and potentially better products one day as a result.

Verilogue gives almost no guidance to the physicians who are being recorded; the company's primary goal is to build as large a database of conversations as possible across multiple therapeutic categories. And a single conversation may wind up landing in several different categories – a distinct advantage of the natural conversation over more traditional research.

"You might be collecting data in diabetes, but part of that conversation might talk about some mood issues, or it might talk about over-active bladder issues, or it might talk about erectile dysfunction," Mr. Kozloff says. "That's where our clients really value us; we help to ground them in the reality of what's going on."

While a typical office visit typically lasts less than 10 minutes, that visit can comprise small talk and discussion of multiple topics. What matters to a specific pharmaceutical brand may only comprise 30 seconds of a particular doctor-patient interaction. In recall-based research, on the other hand, marketers may spend 45 minutes with a physician or patient going into specific details.

"But that's not necessarily the reality of how it plays out in the doctor's office," Mr. Kozloff says. "[Verilogue's system] helps to identify for clients how a subject comes up, was it up to the doc or the patient, and how can we better support both of those audiences so they can have the most productive conversation possible."

For Verilogue's staff, the real heavy lifting goes on after conversations are recorded. The company has a team of linguists trained in medical discourse and conversation analysis, as well as groups of market researchers and analytics experts with healthcare industry experience, all analyzing conversations for the benefit of clients. But computers play a large role as well.

"The challenge of our business is that we're taking unstructured data and have to structure it and pull meaning out of it," Mr. Kozloff says. "So we use computer algorithms, a form of natural language processing and computational linguistics, to help us do the analysis. We have a patent pending for our process for gathering of data across the country and securely dropping it into our database and analyzing it."

Mr. Kozloff's goal for Verilogue was to achieve for attitudinal research the same thing companies like IMS and Verispan have achieved for behavioral studies – get marketers closer to the individual patient.

"We get patients at all different points in their treatment journey," Mr. Kozloff says. "We're getting the newly diagnosed, the newly



initiated on therapy, the switch conversations, they've maybe had the disease for 10 years, in oncology maybe they've been disease free for a couple of years and maybe it pops back. We get this great raw dispersion across different patient types. We have chart information and dialogues for very specific patient cases, to better understand what's going on between that type 2 diabetic who has failed two products, who is morbidly obese, who has a family history of other CV events. What does that unique conversation sound like with the PCP or the cardiologist, versus that more generalized type 2 diabetic patient? It's a nice complement for where the industry is headed around personalized medicine and segment-based marketing and getting a better understanding of who these unique patient types are and how to better support them along that treatment continuum."

Mr. Kozloff encapsulates Verilogue's philosophy in a quote by Mr. Lafley. "If you want to understand how the lion hunts, don't go to the zoo, go to the jungle," he says. "If you really want to understand and support physicians and patients, or whoever you are doing research on, you don't want to rely on recall. You don't want to sit behind the glass. You want to go to their natural environment. That's what we do – we allow people to be that fly on the wall in a very secure, anonymous, and appropriate way, to truly understand what's working today and where the gaps are, and the opportunities for improvement."

Mr. Kozloff believes that the physician-patient dialogue is the epicenter of the healthcare continuum and the starting point for any effort to improve medicine.

"Whether it's pharma, whether it's disease management and education companies, whether it's payers, whether it's the government, or physicians and patients themselves, we all need to look at this interaction and ask, how can we make it more meaningful, level the playing field so that the outcome is both within the office and, just as importantly, when patients leave that office, they understand the treatment recommendations, they're following through on those recommendations, and they're appropriately communicating back to their care providers when they come back for their next office visit what's going on," Mr. Kozloff says. "That's what's going to lead to a more efficient and more productive and effective healthcare process."