The influence of marketing factors and substance characteristics on pharmaceutical sales in a state-controlled prescriptions pharmaceuticals market

Michael Stros

2012

Aston University
MARKETING - Q1: What is the procedure when purchasing prescription drugs?

SA: Primarily pharmacists and physicians have access to prescription drugs (some give the drug directly to the patient). Pharmacists often give a generic substitute (even when not demanded by patient but allowed by prescription). There are several reasons why a product is preferred by the doctor: scientifically oriented physicians decide on the basis of the medical scientific documentation, clinical study results, independent studies; economically orientated doctors decide on the basis of a price to performance ratio and the best customer service. They prefer the products with the best margins (some distributors offer attractive price conditions e.g. “Zur Rose”)

BB: It is possible that a patient asks the doctor for a prescription of a drug that has been recommended by the pharmacists. The physician prescribes a drug usually on the basis of his personal experience, historical data (there is quite often no reason to prescribe a new medication when an existing medication has a good record (personal habits). The purchase conditions are also relevant.

SC: Physicians do have preferences. The patients’ profile is becoming more and more important. Patient are better informed nowadays (accessibility as a chance or risk?)

BD: It is essential to know which medication has been introduced first. Good previous experience will cause hesitation in changing the drug. The scientific medical documentation is relevant. It is also a disadvantage when a drug is seldom prescribed. Rare side effects will remain unknown. In case of similar products, personal contacts with sales executives are essential.

BE: The internet should also not be forgotten. Consumers purchase prescription drugs from abroad (without a prescription) via the internet as a grey channel (risk of faked products). The consumers often go to the pharmacy and ask for a drug they have encountered on the Internet.
Q2: What are the most efficient sales methods for prescription drugs?

SA: A prescription drug can only be prescribed by a doctor. Personal acquaintanceship with a physician is a major criterion for success. Many physicians do not accept any sales visits, especially from small firms. It is therefore relevant to meet the physicians, primarily at a congress. The multiplication effect is also a good approach. Opinion leaders are the main target group. Their opinion is accepted within their indication area (professor as an opinion leader for the head doctors in a university hospital).

BB: Convincing documentation is essential. Reasonable pricing is necessary. A regional relation network that endorses the medication and is able to justify its usage (for example in conversations in breaks) has a positive effect. It is important for a company to be in a hospital first. General practitioners usually have little reason to change the patients’ hospital prescription. Prescription habits may emerge.

SC: A clear positioning and target group analysis is relevant. The sales rep must know the market situation to be able to apply the given marketing strategy and to employ the appropriate sales policies: more frequent sales visits (remark: there is an upper limit of possible sales visits frequency, usually not more than one per year and firm), information of opinion leaders, price policies and good product presentation.

BD: It is important that the company is able to convince the relevant opinion leaders’ one or two years before a new product will be launched. The strategy has to be based on the target group. It is also useful to have opinion leaders recommending the product at appropriate opportunities. Promotion is an important issue but is probably normally unconsciously recognised. There can also be too much promotion. It is therefore important to promote adequately.

BE: The complete product information and sales strategy has to go via the doctor. Life style drugs, however, are better advertised via patients who ask the doctor for the preparation.
GD: Personal contact to doctors is relevant. Pfizer organises an event covering a non-pharmaceutical topic once per year (e.g. the search for luck as a door opener for lifestyle themes). This enables Pfizer to reach doctors who normally would not take part (contacts are made in breaks) because they might benefit more. Information “pushing” is another strategy. However, patients are increasingly gathering the relevant information and asking doctors for a specific medication. The customers do ask in the pharmacy for additional information about a product they have already heard about. Despite the circumstance that direct-to-customer advertising is illegal in Switzerland, this is becoming more and more popular. However, there are other ways a drug can be promoted. “Have you already talked with your doctor about your bladder troubles?” Physicians know what the topic on the previous night's health television program was, based on the reasons for patients visits to morning surgery; issues such as Viagra, Xenical, folic acid and vitamins are especially popular issues.

Q3: What are the criteria when appointments are given to the sales reps?

SA: The doctors’ specialisation is of relevance (e.g. dermatologists do give appointments at short notice, general practitioners once per year and company, a doctor might have every Monday from 1400 to 1415 reserved for sales visits). Appointments have to be booked months in advance (often when the free diary of a Swiss publisher house appears). Some doctors also run an internet booking platform. There are a couple of criteria for getting an appointment (personal relationship is important). Appointments are in general given by the doctors assistant according to an instruction that serves as a filter (entry can be facilitated by referring to a doctors’ conversation at a congress).

BB: I welcome a sales rep once per week. The appointments for the whole year are usually already arranged in October. I do not have any preferences when arranging appointments. This gives me the chance to get acquainted with a new medicine. There are also chances for meetings at a congress. It works by coincidence.
For general practitioners might apply: Will I like the main matter of the sales visit? Will I benefit from the sales visit? How will I interact with the sales person?

A general practitioner has to know such a large number of substances that a pre-selection has to be made. I welcome every sales person from any pharmaceutical company. I do not have any restrictions. I do want to learn about the activities of the pharmaceutical firms. There are colleagues in the field of psychiatry who do not welcome any sales reps, which I consider strange. They do not take the opportunity to receive information from sales reps. The sales person is in general quite well informed, also gives information about possible side effects, but is a little bit biased. If you listen to them on a regular basis, it is an easy way to gain further education.

A sales visit is attended by various members of our staff in rotation in my pharmacy. We do inform each other in case of interesting news after a sales visit. I try to reduce the time of a sales visit. The conversation might give me some first information. If necessary, I might seek better-founded information. A sales visit has to fit into my daily schedule. In case of medically less important issues, I cancel a sales visit.

Certain groups of specialised doctors more likely welcome sales representatives than others. There are some communication problems between the medical practice assistant and physicians. Some sales reps have been rejected even when they have been invited by the doctor at a congress. A reason for cancelling a sales visit might also be the doctor's fear of showing that he is not up to date. Some of my doctor’s colleagues do not welcome sales reps at all, but are informed by independent resources. Others advise their medical practice assistant only to welcome representatives from certain companies or areas of interest such as proton pump inhibitors, anti depressants, etc. Anything else does not interest them. It is very difficult to access objective information. Therefore, pharmaceutical representatives still remain an acceptable information source. Information from the relevant specialist literature is usually
too critical and deters from trying new medical approaches. For this reason, I do like to hear the producers view.

**Q4: What methods are applied in prescription drug sales?**

**SA:** Depends if the generic or the new substance is known. Physicians are the decision makers when purchasing prescription drugs. Financial incentives are relevant. Classical sales approach: influencing the physician: to show the benefit and make sure that the drug is being distributed at the pharmacy. All parties have to be included: physicians, pharmacists (product substitution). The patient has also to be kept in mind.

**BB:** Relevant criteria are: Sales person, printing material, presentations at scientific congresses (conflicts of interests), Sales rep is their most important contact.

**SC:** It depends on the product properties, application area and target group. The marketing strategy and especially the pre-launch activities have to be set-up accordingly. Access to identified target groups has to be gained (good positioning). Marketing performed after the market introduction phase has to be extremely target group orientated.

**BD:** Good scientific medication documentation is relevant. The marketing strategy has to last for at least five years. A good slogan mentioning the key therapeutic problem is also essential. It is important that the substance has been presented at a scientific congress previous to the market introduction. The lay press should be involved. Sometimes, patients ask the doctor for a specific medication (Viagra as a positive example). Levitra, as an example of a substance with similar properties to Viagra, was marketed by a relatively small company and therefore, one assumes, did not manage a market breakthrough.

**BE:** Good scientific documentation (the quality of medical information shows the company standard) is relevant. There is also a dependence on market customs. In Europe, advertising is performed via physicians whereas drugs are marketed via patients in America.
PRODUCT – Q5: Which criteria are applied when choosing a pharmaceutical product?

SA: The indication (application area), compliance (once, twice or three times daily) and possible side effects are key criteria. The safety and producers’ reputation are other relevant issues. Large companies have an advantage over small companies because the consumers believe that their medication will have fewer side effects.

BB: The effectiveness, side effect profile, 'my own experience' and the medication documentation are relevant criteria.

SC: Safety and side effects.

BD: The drug will only be successful when the adequate type of drug delivery is chosen. It is more likely that a medication with a modern image will be prescribed.

BE: The compliance is relevant. The less the drug has to be taken the better.

Q6: You have a choice between two similar products. One is from a well-known producer, the other one from an unknown.

SA: In a case involving two similar products, the personal relation to the sales person is a key issue. In case of an unknown producer, the larger one will be chosen.

BB: I will choose the company me and the patient has more confidence in. In case of problems, the larger company will be more likely able to pay (in case of a possible law suit).

SC: In a case of two similar products, the branded product will be chosen.

BD: Personally, I would definitely choose a product from a well-known firm. Despite this, I would recommend a generic product to my patients because of lower price.

GD: The sector of generic drugs is still in the growth phase. There are not any well-known generic producers at the moment. The patient generally knows the producer. Especially major producers are known. A frequent query is whether the drug has been produced in Switzerland.

Q6SA: Are there differences between drugs (angiotensin inhibitors)?
GD: No, the difference is usually exaggerated by the competitors. The medical substances also do not react in the same way when applied in-vitro or in-vivo.

Q6BB: Therefore, the conclusion would be that the market shares would remain the same, but they are not

GD: The medication has to show good effectiveness at first and will then be prescribed afterwards. A habit seldom changes. Viagra, as an example, was a new drug in contrast to the angiotensin inhibitors. The market introduction of Viagra would have been very difficult without the laymen’s involvement and an enormous marketing effort. In contrast, Serotonin inhibitors were unsuccessfully introduced because of their wrong positioning and a poor marketing performance. Their potential has not been realised.

Q6SC: Does branding also play a role?

GD: The sum of the experience you have of a firm also gives a certain impression. This is very important when you have to choose between two similar substances.

Q6BD: What is a good company?

GD: For me, a good company is one where I know that their employees will continue working until pensioned. A good company also has a social responsibility towards its employees. However, some firms, because of their exploiting working conditions, do have a very high personnel turnover rate. It is not very favourable for the companys’ sales success, when the customer learns about a negative company employment policy.

PRICE - Q7: What is the influence of price on the purchase decision?

SA: Until recently, the price did not have any relevance. However, since the government has implemented a new regulation, that 20% of the price has to be paid directly by the patient, the price is more relevant. Drug prices have been reduced twice in the last year. This has fuelled the price discussion. However, because of the unclear governmental information, pharmacists
have become afraid of possible stock depreciations. I would consider the price as the main
issues at the moment. The new regulation has raised the patients’ price sensitivity.

Consequently, physicians are also confronted more frequently with this issue. This
development is also supported by the fact that big firms such as Pfizer made losses, generic
firms made profits. There is a switch to generics; however, same substances usually have
similar pricing.

**BB:** The price plays an important role for me. This is also caused by the fact that I look after
elderly patients. Their medication costs are usually between 200 and 500 Swiss francs per
month. Prices are continuously being reduced at the moment.

**SC:** There are differences in price sensitivity worldwide.

**BD:** In my opinion, there is still a huge potential for further price reductions. I have a patient
from Tadzhikistan. He pays ten times less for the same medication than we do.

**BE:** Until recently, the price was not a huge issue. However, a medical drug without a generic
substitute still has a high price. The patient considers the price when he has to pay out of his
own pocket. Patients know that generics do exist and are increasingly asking for them when
purchasing medication. There are differences between over the counter (OTC) and
prescription drugs. Customers are asking especially for generics when purchasing over the
counter drugs.

**PROMOTION – Q8: What is the sales persons’ influence on the physicians’ decision?**

**SA:** This depends on the physicians’ frankness. In some situations, there will be quite a big
influence, in other situations there will not be any. It depends on the substances and their level
of innovation. In the case of a good product, the sales person has an influence on the doctor in
terms of fulfilling his mission as an information supplier. If the sales person knows something
about the product but is being tripped up all the time, the physician will be influenced, but negatively.

**BB:** I do expect reliable information and a convincing personal appearance. However, this influences my decision only to a minor extent. I do read clinical studies, attend seminars, and exchange information with colleagues. I do also consider the opinion leader’s point of view. These factors are very important for me; nevertheless, the sales representative does also have an influence.

**SC:** As more products for a certain treatment are on the market, sympathy for and or antipathy of a sales rep becomes even more important.

**BD:** The pharmaceutical representative cannot provide me with any new vocational subject orientated information. I am an expert at Swissmedic and know the complete medical documentation of the substance. The companies are not obliged to publish the complete medical documentation in America and Europe. The companies can decide what is to be published. Almost every piece of information provided by sales reps is biased. A sales visit is only useful for me when some helpful information is given. I do not look at the accompanying documents.

**BE:** I have a similar opinion. The sales reps only give me some inspiration. I will seek additional information in cases involving interesting information. The representative has relevance as an information provider. The sales do not have any impact if there is no news.

**Q9: How do you gather product information? What are the most important sources?**

**SA:** I usually search for information about a competitor’s product in the internet. The sources are: Compendium, Pharma Vista, Red list (Germany), different journals and databases such as Medline, etc.
BB: I do have to consult the producers’ information. However, I do not know if the complete information has been provided. Additionally, I read the critical pharmaceutical information from Etzel Gisling (I see this as a very objective source) and consult the Compendium and also ask colleagues on congresses.

SC: I check the share prices. The online trading platforms usually provide information

BD: The sales figures of a substance are a very important indicator. A rise in share prices is usually related to the product. This is official, unbiased information.

BE: Compendium, Internet and companys’ information.

Q9SA: What is the role of the sales persons’ personality?

GD: In todays’ sales, there are more women in charge then men. I have known many of the sales staff for more than thirty years. It should always be the same sales person you are in charge with. The good sales reps have usually been with the company for more than twenty years.

Q9BB: What is a good sales representative?

GD: A good sales person is competent in vocational matters, knows the medicines’ documentation, has a good appearance and appropriate communication skills.

Q9SC: How important are incentives such as organised journeys, leisure activities and seminar offers?

GD: The Swiss government has introduced a new regulation (Heilmittelgesetz Art. 33) that includes criteria such as the duration of breaks in a seminar. In the next year, the congress fees will have to be paid by the visitors. Invitations will only be given for scientific educational seminars. The amounts spent by a company pro doctor per year should not exceed 300 Swiss francs. There have been cases recently, where managers of pharmaceutical firms have been charged with high penalties. It is also in the interest of the pharmaceutical industry that the
physicians cannot be bribed. In general, this regulation has quite a negative effect. For example, the maximum I will get for a presentation at a congress is 200 Swiss francs. Taking preparation time into account, this is far too little. I also not earn anything when attending a congress. These rules will reduce the scientific standard dramatically.

Q9BD: How will this regulation be introduced?

GD: The pharmaceutical companies betray each other on principle. In such cases the physicians and the company will be fined automatically. A report is not necessary. A hint to Swissmedic is sufficient. I find this regulation quite dubious, especially because of the practice of customer incentives (giving away things such as Aida concert tickets, dinner invitations, etc.). That is quite common in the banking sector. This is an unfair treatment. Megalomaniac senior physicians do not allow their members of staff to attend certain congresses. This is a very bad trend.

Q9BE: What are regional opinion leaders?

GD: It can be a head doctor in a regional hospital providing regular seminars or a specialist.

Q9f: Who is recognised as an opinion leader?

GD: The person that has shown exceptional vocational competence.