

You Know What Your Customer Prescribes, But Do You Know Why?

How Integrating Sales and Marketing Strategies Can Improve Your Bottom Line

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With renewed focus on profitability and efficiencies, the old pharmaceutical mantra of “More sales from more sales people” is fading away. New promotion and sales models are being studied, tested and implemented. Current versions—such as the “quarterback” or the “specialized” sales model—are designed to deliver more value and better performance. But deployment success will be rooted in a practical understanding of what each physician cares about and how he or she characterizes a valuable interaction with a sales representative.

The playing field is simple. Sales forces have grown significantly over the last 20 years, far outpacing the growth in the number of physicians. Today, physicians spend as little as

two minutes with each sales rep. Too often, the rep is unable to deliver an effective message or, far worse, delivers the wrong message for that particular physician.

Pharma sales executives are realizing that more may actually be less. The good news is that there is a new vision that integrates sales and marketing strategies, and the solution can be just around the corner. They are facing the same customer—sales and marketing need to use the same lens when looking at him or her. What is the right mix of promotion channels for that customer? What is the most effective approach for a maintenance or growth strategy? What message would support that strategy for that specific segment?

Integrated segmentation

In many cases, the tools to succeed are already in-house. Pharma companies spend considerable dollars on market research—a valuable exercise but, taken as is, one that yields general

incremental market knowledge specific to that sample size, difficult to adapt to the whole customer universe. The key to ROI from market research spending lies in the process

With a special contribution from Chris Nickum, Practice Leader, Sales and Account Management, IMS Management Consulting, Americas

of integrating this primary market research with the data from sales and business intelligence, thereby accurately segmenting the customer universe into like-minded groups beyond the sampled customers. The critical qualitative information derived from the small

primary research group can be accurately extrapolated to divide the entire client population. This process is called integrated segmentation. Although the methodology is sophisticated, the outcome is evidence-based and practical.

Transforming average reps into top reps

For the pharmaceutical industry, a strong improvement in sales occurs when you can design an organization that serves the different segments of the client population more efficiently. A physician's prescribing decision is a function of the opportunity to prescribe, his or her attitude toward prescribing and outside influences on prescribing. By overlaying these multiple dimensions onto information relating to a group of physicians, it is possible to understand the "why" behind the "what" and "how" of their behaviour. Furthermore, when all these dimensions are applied in a specific segmentation technique, the model recasts itself to reveal a completely new view of each customer. This enhanced view of the customer and his or her unique situation is enabling the industry to change its operating model to be more segment-centric (Figure 1).

With deeper insight into the attitudes that drive physician behavior, the question changes from "Which doctors should we call on, and how often?" to "What objectives and approach should we undertake, segment by segment?" This line of thought results in a more customized approach, improved customer rapport, and enables the average

reps to perform like the top reps.

Only at this point can a new sales model be investigated that takes into account workload requirements, changing role definitions and organizational structure. This will result in:

- right-fitting the sales force/representatives to each segment,
- a company-wide operating plan for penetrating each segment,
- more efficient and effective delivery of customized marketing messages,
- sales compensation and IT systems designed to support the initiative,
- improved rep productivity and motivation and, most importantly,
- overall improved relations with the customers.

Therefore, you have "marketing approach A" coupled with "sales plan A," used uniquely for "customer segment A," and so on. It quickly becomes clear that this streamlined and segment-focused strategy, concentrating on the customers' own demographics, attitudes and behaviours aligned into like-minded groups, is an efficient model to improve sales and customer relations.

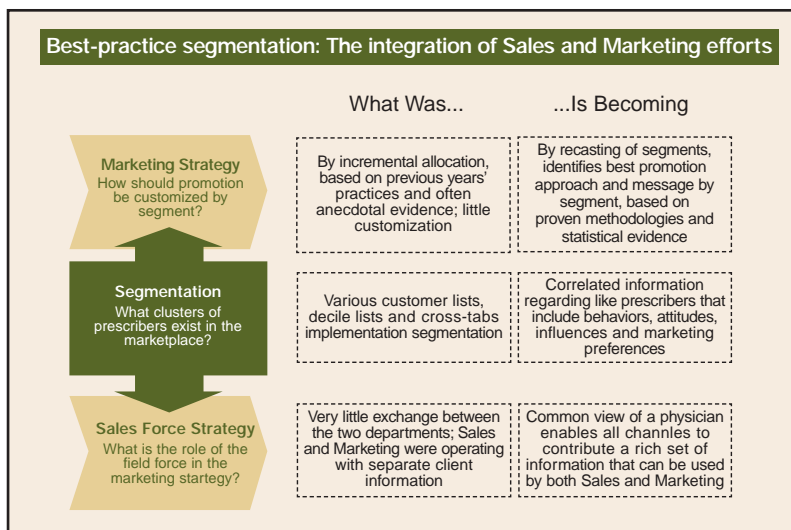


Figure 1.

Key success factors include:

- consideration of the objectives and implementation imperatives throughout the project;
- the design of a primary market research sample for relevance during modeling;
- the definition of segment attributes, using all available data to reduce overlap (or number of segments)
- the involvement of sales, marketing, finance and IT constituents at critical stages and
- the definition of an implementation pilot that would help tune the approach, measure the impact and create “evangelists” out of sales people from piloted territories for peer influence during full implementation.

In a recent study with a pharmaceutical client, IMS Management Consulting identified tailored strategies for each of the client’s customer segments and, in a very short timeframe, the test territories experienced significant

growth as compared to the control territories. The reps were spending more quality time with their physicians and the overall motivation and job satisfaction was markedly improved. This is testament to the concept of a unified segmentation within an organization and quantification of the positive yield when the organization works on unified goals and objectives. While this result may not be typical of all products and all manufacturers, it certainly attests to the immediate impact of aligning the operating

model to one that is customer-centric, instead of volume-driven, through an integrated segmentation approach.

New pharma sales models do have potential because of their focus on the *quality* of call versus the *frequency* of calls. But who will be the early movers to put this model into practice? And how will the competition react? Will some benefit come from maintaining the existing call-frequency model? Integrated segmentation enables the successful implementation of these new sales models by identifying the right approach and the right message for each physician segment, cementing the early mover advantage. This results in a physician allocating the right amount of attention to a message that is relevant to him or her, for better-informed decisions on the treatment of their patients’ health. [CPM](#)

Alain Serhan joined IMS in 2004 to lead IMS’s Consulting and Services group in Canada. Prior to joining IMS, Alain was an entrepreneur involved with the launch and development of two technology providers to the life sciences industry, a management consultant with McKinsey & Company and an operations and technology specialist for Nortel Networks, IBM, and Omron, in Japan. He holds a bachelor’s degree in electrical engineering from École polytechnique de Montréal and an MBA from INSEAD, in Fontainebleau, France.