



SALES + MARKETING

AccessMonitor™ and AffinityMonitor™ 2016 Executive Summary

Want Better Access to Physicians? Understand What's Top of Mind

How to broaden your reach—and target your messaging—to engage healthcare providers



Impact where it matters.™

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How to broaden your reach—and target your messaging—to engage healthcare providers

Sales reps' access to physicians continues to decline, and in response, many pharmaceutical companies have—understandably—increased their use of other channels, like digital tactics, in an attempt to ensure that their messages are hitting their mark. According to ZS's 2016 *AccessMonitor™* and *AffinityMonitor™* studies, however, that strategy isn't always effective. Many doctors feel overwhelmed by the constant barrage of marketing messages, and pharmaceutical companies, therefore, aren't seeing their desired ROI from the additional effort. A smarter strategy requires understanding physicians' individual preferences for specific marketing channels, leading to better engagement.

In addition, the latest *AccessMonitor™* and *AffinityMonitor™* findings reinforce that one of the biggest determinants of reps' successful access is whether sales reps have something compelling to talk about. If they do, of course, doctors are more apt to want to listen.

In this executive summary of the 2016 *AccessMonitor™* and *AffinityMonitor™* study, Pratap Khedkar, ZS's managing principal for pharmaceuticals and biotech, and Malcolm Sturgis, an associate principal who leads the *AffinityMonitor™* and *AccessMonitor™* offering, discuss the highlights of this year's research and offer insights for firms that want to get smarter about sales and marketing effectiveness.

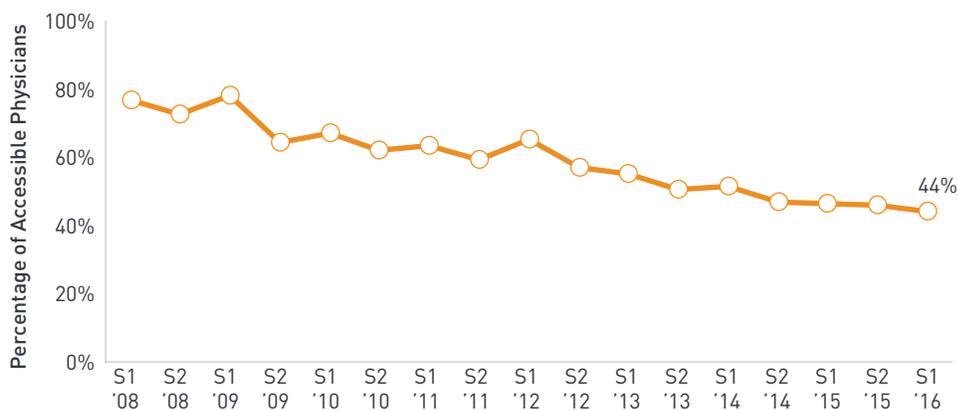
The *AccessMonitor™* and *AffinityMonitor™* data captures sales and marketing interactions across all channels at the level of individual physicians and other healthcare providers.

- + *AccessMonitor™* looks at whether individual physicians meet with sales reps. It captures data from more than 40,000 pharmaceutical reps, from both established and emerging companies, and more than 400,000 prescribers across a range of specialties.
- + *AffinityMonitor™* looks at how healthcare providers engage with specific marketing channels, including email, mobile alerts, websites, direct mail, telesales and peer interactions such as speaker programs. It captures data from more than 200 pharmaceutical and biotech brands, 681,000 prescribers and 166 million individual touch points.

For pharmaceutical sales reps, access to physicians in the U.S. continues to decrease. ZS’s 2016 *AccessMonitor™* and *AffinityMonitor™* study, which looks at how pharmaceutical companies interact with healthcare providers, found that just 44% of physicians were considered “accessible,” meaning that they met with more than 70% of the sales reps who called on them (see figure 1).

While the findings show brief periods in which access seemed to stabilize in one specialty or market, the long-term trend shows that increasingly restricted access has continued unabated for the past decade, and each year represents a new record low for the industry. Of the physicians ZS assessed, 38% were “access-restricted” (those who met with 31 to 70% of reps), and 18% were “severely access-restricted” (those who met with 30% or fewer). By comparison, when this research started in 2008, nearly 80% of physicians were rep-accessible.

REPS’ DECLINING ACCESS SINCE 2008



HCPs with *AccessMonitor™* No-See Rating of 8 to 10 are considered to be accessible. Based on 240,000 to 347,000 physicians who have been evaluated in different semesters.

Figure 1: While 80% of physicians were deemed accessible to reps when ZS’s study began in 2008, just 44% are still routinely opening doors to reps today. AccessMonitor™ will continue to assess the changes in physician access over time.

The amount of sales and marketing budgets that the industry spends on unsuccessful attempts to see doctors who are no longer accessible has leveled off. After a sharp reduction in the late 2000s, the amount spent on infeasible calls has hovered around \$1 billion for the past several years.

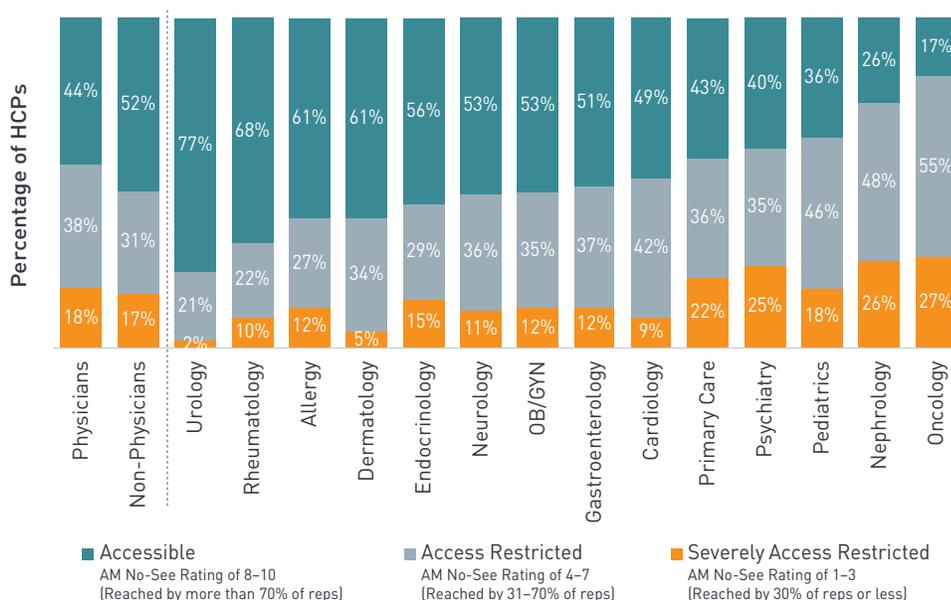
Variations in Access

As in previous years, when looking at the data by physician specialty, some specialties remain more accessible in general, including urology, rheumatology, allergy and dermatology (see figure 2). Conversely, oncology and nephrology remain more access-restricted in general: Just 17% of oncologists are



generally accessible to sales reps. “These specialties give a glimpse of what pharmaceutical marketing could look like in the near future,” says Pratap Khedkar, ZS’s managing principal for pharmaceuticals. According to the findings, though, even the more accessible specialties start to trend down over time.

ACCESSIBILITY RATINGS BY SPECIALTY



Note: Based on Semester 1 2016 *AccessMonitor*™ metrics.

Physicians include medical diagnosticians (MD) and doctors of osteopathic medicine (DO); non-physicians include NP/PAs and other service providers.

Figure 2: AccessMonitor™ rates physicians’ accessibility by specialty. Physicians in specialties such as urology and rheumatology are more accessible, while those in nephrology and oncology are harder to reach.

As rep access continues to decline, pharmaceutical companies have responded by increasing their use of non-personal promotional channels, such as email, mobile alerts and websites because these channels are relatively inexpensive and represent a way for companies to extend their reach. However, the *AffinityMonitor*™ data shows that the industry may simply be replacing one problem with another.

Looking only at the most valuable prescribers in the study—meaning those doctors contacted most by reps (about 26,000 total)—the data found that those people receive approximately 2,800 contacts per year from the pharmaceutical industry. “That works out to about one contact every working hour, including weekends and holidays, for the entire year,” says Malcolm Sturgis, an associate principal who leads ZS’s *AffinityMonitor*™ offering. Worse, high-value physicians who overlap in multiple therapeutic areas may receive even more contacts, he adds. “That’s way too much noise, and it creates a bad customer experience.”

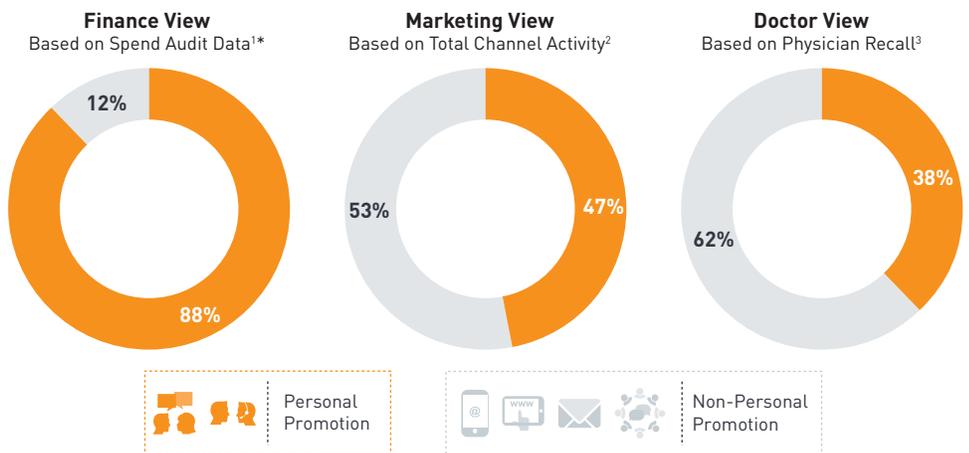
Perceptions Matter

The degree of marketing activity by channel depends on how you measure it (see figure 3). Looking at spending, 88% of sales and marketing budgets are still focused on the sales force. “Even though companies have dramatically shrunk their sales forces over the past decade, they still spend more than \$12 billion a year on reps, so if you’re a finance guy, all of the new digital channels don’t seem like they’ve changed the picture very much,” Khedkar says.

Yet looking at outreach by channel, more than half of all activity (53%) now takes place through non-personal promotion. And in addition to compiling the data that shows how individual doctors actually engage with specific marketing efforts, ZS conducted a supplemental survey that asked doctors what they remembered about their interactions with pharmaceutical companies over the past year, measuring physicians’ perceptions rather than their actual interactions. Looking back, physicians estimated that nearly two-thirds of their interactions came through non-personal channels. They also estimated that they spent 84 hours per year—or two full work weeks—interacting with the companies.

“Their perceptions reflect the kind of customer experience that pharma is giving them by mistargeted digital marketing,” Sturgis says. “Some of those interactions are certainly valuable, but chances are much of it is just weeding through the noise.”

BUDGET SPENT, NUMBER OF CONTACTS AND DOCTORS’ RECALL OF PHARMA INDUSTRY’S 2015 SALES AND MARKETING ACTIVITY



Source: ¹Cegedim (promotion spend audit 2010–2015), ²2016 Cycle 1 AffinityMonitor™, ³primary market research Contacts across AffinityMonitor™ contributors, projected based on industry spend volumes.

* May overstate variable costs for some channels.

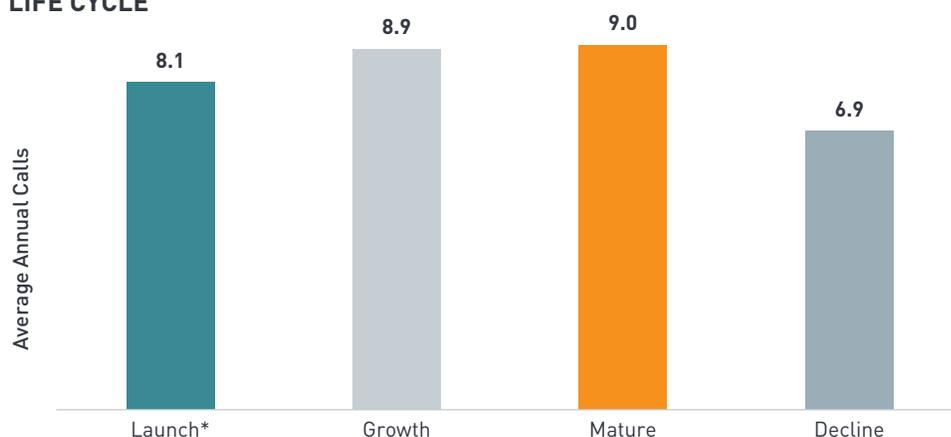
Figure 3: While 88% of pharmaceutical companies’ sales and marketing expenditures still go to the sales force, the majority of contact attempts are generated in non-personal promotional channels, and doctors overestimate just how much non-personal promotion they receive.

Give Them Something to Talk About

Conventional wisdom holds that newer drugs and blockbusters that dominate their markets would be more compelling to physicians, potentially leading to better access, yet that's not necessarily true. While certain topics are interesting, what matters to a rep—or to the industry at large—doesn't always align with what matters to individual physicians.

Looking at different stages of a product's life cycle, the call frequency doesn't show the kind of drop-off over time that one might expect (see figure 4). "The line is actually fairly flat," Khedkar says. "Just because you're new doesn't mean doctors will see you."

HOW REPS ARE PERFORMING DURING DIFFERENT PHASES OF A DRUG'S LIFE CYCLE

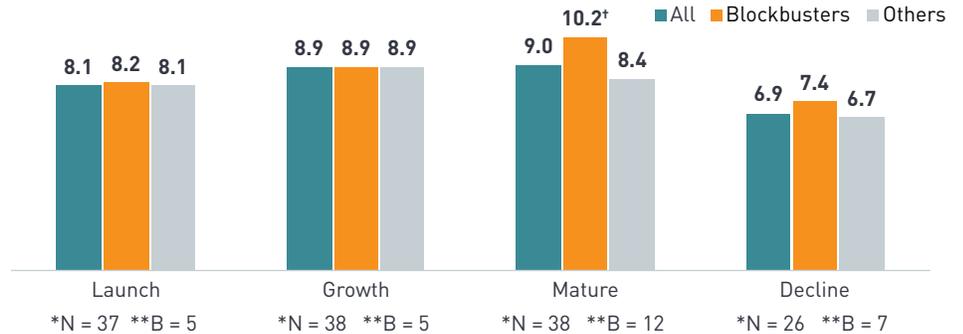


* Launch products include a disproportionately higher percentage of oncology brands (~25%), which typically have lower call frequencies. Average annualized calls are based on contributor call activity from July to December 2015.

Figure 4: Products in the mature phase are more frequently detailed—meaning that reps are providing the details of their product over sales calls—than products in any other phase of the drug life cycle.

Similarly, a dominant market position doesn't guarantee increased access, either. Blockbuster drugs—defined as those with market shares in excess of 40% or annual sales of more than \$1 billion—garner only slightly higher frequencies than other products, according to the study (see figure 5).

AVERAGE ANNUAL CALL FREQUENCIES FOR BLOCKBUSTER DRUGS



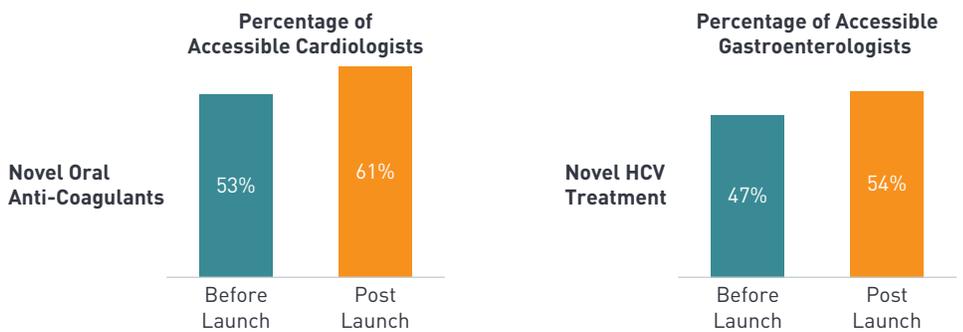
A blockbuster drug is defined as a drug with a market share of >~40% or an annual revenue of ~\$1 billion.
 *, ** N represents the total count of drugs in that phase, while B represents the count of blockbuster drugs in that phase.
 † High average frequency is influenced by several major, multi-indication drugs.

Figure 5: Frequencies achieved by blockbuster drugs are higher than frequencies achieved by others in the “mature” and “decline” phases.

One factor, however, did show up in the data as leading to better access: the launch of a genuinely novel therapy. For example, sales reps promoting novel oral anti-coagulants to cardiologists were able to make more calls to physicians, on average. The set of cardiologists who were accessible increased from 53% to 61%. A similar effect occurred with gastroenterologists when hepatitis C drugs offering a true cure were introduced (see figure 6). While this is a modest increase, it doesn’t come close to meeting the accessibility assumptions many brands build into product launch plans.

“Clearly, a genuine therapeutic breakthrough generates better access,” Sturgis says. “The interesting thing here is that even competing products start to see better access when a truly novel product hits the market. Doctors will want to compare it to what’s already out there, which creates a kind of spillover effect.”

HOW ACCESSIBILITY INCREASES WITH THE LAUNCH OF A BREAKTHROUGH DRUG

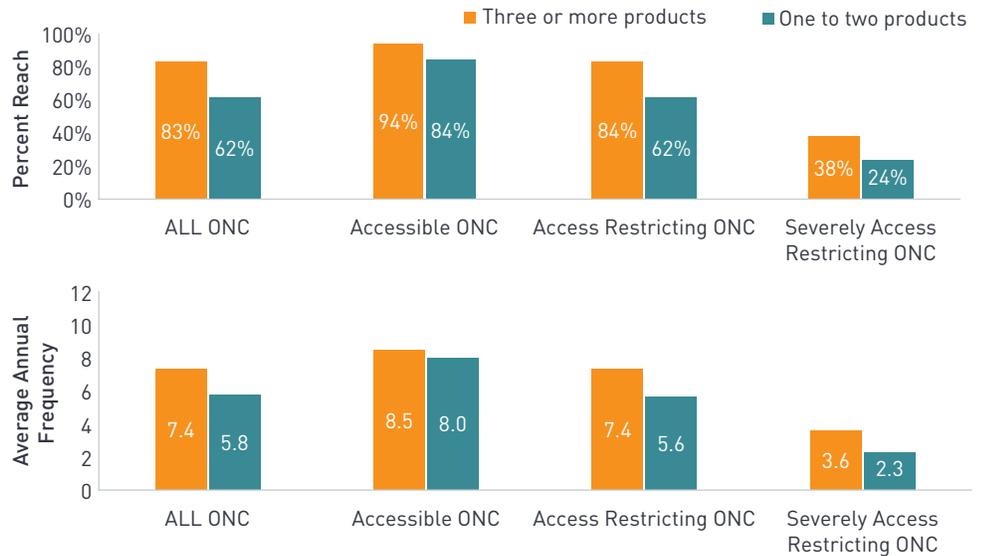


Accessible physicians are defined to be physicians with AM No-See Rating of 8–10 (reached by more than 70% of reps).

Figure 6: The launch of a genuinely novel drug leads to better access. For example, sales reps promoting novel oral anti-coagulants to cardiologists were able to make more calls to physicians, on average. The set of cardiologists who were accessible increased from 53% to 61%.

That doesn't do much good for companies that don't have a truly novel drug on the market (or compete against one). However, a lesser—though still meaningful—effect occurs by increasing the number of drugs that a rep has to talk about. Those with more than one product generally get better access. For example, the data found that oncologists (the most restrictive specialty) are tough to see, but they're marginally less tough for reps who have three or more drugs to promote (see figure 7). "If I have more drugs, that represents more options and more things that are potentially relevant to a doctor, so they're a little more likely to let me in," Khedkar says.

ACCESS BY NUMBER OF PRODUCTS CARRIED



Note: Based on Semester 1 2016 AccessMonitor™ metrics. Call frequencies are annualized.

Figure 7: AccessMonitor™ reveals that call reach and frequency for oncologists increases when a sales representative promotes three or more products.

Execution Is Critical

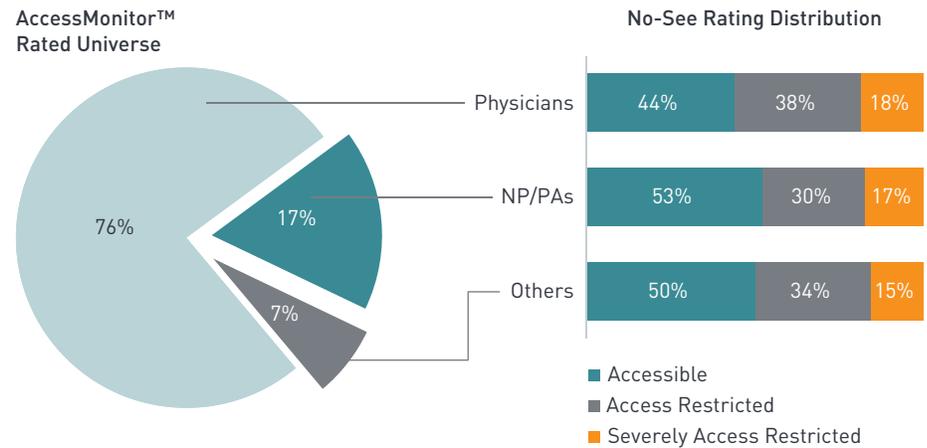
To ensure true success, though, sales teams need to break out of their siloes and work hand-in-hand with the marketing department. Rather than working with average response rates for the overall market, companies can tailor the channels that they use to the channel preferences of individuals. The marketing team needs to personalize their approaches on the individual customer level; there's a different right answer for everybody. Additionally, marketers need to improve the overall coordination of their efforts. We might not want to cut back on the volume of customer touch points, but we can control the cadence in order to reach individual customers in the right channel at the right time. This helps companies achieve higher engagement rates, primarily by being smart about multichannel sales and marketing efforts.



Another way to increase reps' chances for success is to expand the potential audience beyond the physician. While many reps do this on their own, often pharmaceutical companies don't plan for these meetings as a matter of course. Other people on the staff at a physician's office could be worthwhile targets for pharmaceutical messaging, such as nurse practitioners and physician assistants. "They're not doctors, but they still see patients, and many times they make prescribing decisions," Sturgis says. On average, people in these roles are incrementally more accessible than physicians. For example, 53% of nurse practitioners and physician assistants are accessible, compared to 44% of physicians (see figure 8).

This approach is not a cure-all, however. In some cases, staff members may face institutional restrictions that apply across an entire facility. But as access to physicians continues to decline, the difference is meaningful enough for pharmaceutical companies to pursue.

EXPANDING REPS' REACH BEYOND PHYSICIANS



Based on Semester 1 2016 *AccessMonitor™* metrics. *AccessMonitor™* classification of HCPs is based on the Healthcare Provider Taxonomy Code from the NPPES Database. Physicians include medical diagnosticians (MD) and doctors of osteopathic medicine (DO); NP/PAs include assistants and advanced nursing providers; others include service providers, such as pharmacists, chiropractors, podiatrists, etc.

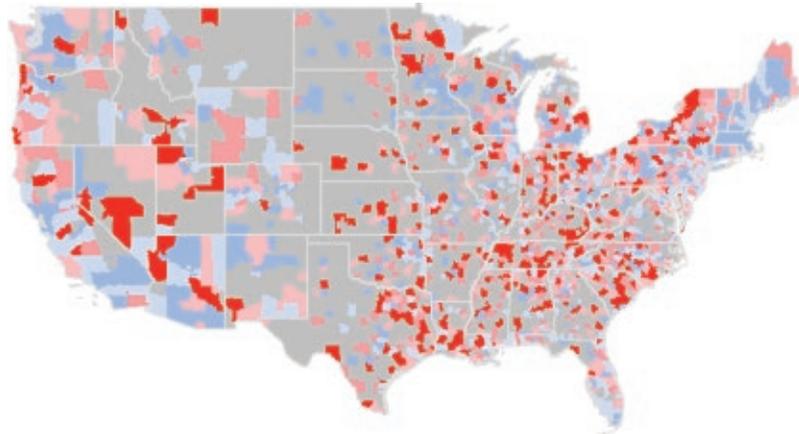
Figure 8: AccessMonitor™ data found that 53% of nurse practitioners and physician assistants are accessible, compared to 44% of physicians.

Rethinking Telesales

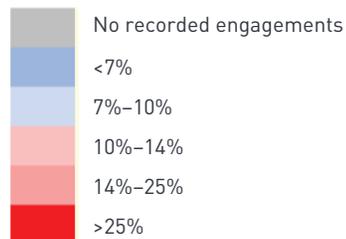
Rep visits and contacts via digital channels aren't the only way to get through to physicians, according to the study. Traditionally, companies have used telesales to reach doctors in rural areas, or for low-value doctors—those who write fewer prescriptions for your brand or brand category—who may not warrant an in-person sales call. However, looking solely at rep-inaccessible providers, a surprising number of them—in some cases more than 25%—are willing to pick up the phone (see figure 9).

“When you look at how successful you can be in those circumstances, you think, Why am I not doing this to reach some doctors in urban areas?” Sturgis says. “I can place a call there just as easily as I can to a doctor in more remote areas. Telesales doesn't work with every doctor and message, but it's clearly underutilized.”

ABILITY FOR PHARMA'S INSIDE SALES TO REACH REP-INACCESSIBLE HCPS



Inside Sales Reached HCPs as Percentage of Rep-Inaccessible HCPs



Accessible is defined as more than 30% of targeting reps having reach.

Figure 9: Rural areas are not inherently harder for reps to access, but they are where today's inside sales targets are located.

How Pharmaceutical Companies Can Capitalize

As rep access becomes more constricted, companies need to be smarter about how they deploy their sales and marketing resources. While digital and other non-personal marketing channels are great resources, pharmaceutical companies need to focus on their target customers and coordinate the customer experience across channels. Simply flooding the zone with a huge sales force is no longer a viable strategy, yet flooding the zone with digital marketing efforts isn't an option, either. Companies need to understand the channel preferences of individual physicians and tailor their marketing efforts accordingly.

“The best way to use *AccessMonitor*[™] and *AffinityMonitor*[™] data is to uncover opportunities,” Khedkar says. “Doctors are far less willing to engage with sales reps, but they're willing to engage through other channels. If you're not trying—and you don't know who these doctors are and how they prefer to interact—you lose the opportunity.”

About the Experts



Pratap Khedkar is ZS's managing principal for pharmaceuticals and biotech, based in Philadelphia. He has advised many pharmaceutical and healthcare companies on a wide range of sales and marketing issues, including multichannel marketing, marketing mix, promotion response measurement, managed-care issues, sales force strategy and incentive compensation.



Malcolm Sturgis is an associate principal in ZS's Evanston, Illinois, office and leader of the firm's *AccessMonitor*[™] and *AffinityMonitor*[™] offering. He has advised pharmaceutical and biotech clients on a range of strategic marketing issues, including brand strategy, opportunity assessment, investment optimization, multichannel planning and sales force design.



About ZS

ZS is the world's largest firm focused exclusively on helping companies improve overall performance and grow revenue and market share through end-to-end sales and marketing solutions—from customer insights and strategy to analytics, operations and technology. More than 4,500 ZS professionals in 22 offices worldwide draw on deep industry and domain expertise to deliver impact where it matters for clients across multiple industries. To learn more, visit www.zsassociates.com or follow us on Twitter (@ZSAssociates) and LinkedIn.



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