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Pharma 2023 Marketing the Future

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ABSTRACT

The Pharmaceutical industry operates is changing dramatically, as we noted in " Pharma2023, The Vision" seven major trends reshaping the Pharmaceutical market Place 1 All these challenges have major ramifications for the way in which Pharma market and sells the medicines it develops- the subject on which we shall focus here. The Industry has traditionally relied on aggressive marketing to Promote its products. One recent study estimates that, between 2005 and 2010, Total real spending on Pharmaceutical promotion rose from US $ 15. 4 billion to US $ 35. 9 billion in the US (the only country for which expenditure on all major marketing and sales activities is available) 2. Another study suggest that the true figure(including meetings and E- Promotion) is closer to US $ 65. 6 billion in real term 3

However, many of the industry's biggest markets are now saturated with sales representative, and its selling techniques are becoming increasingly in effective. 4. Hence the fact that returns on detailing (sales visit to doctors) have begun to decline in the developed world . Between 2004 and 2005, there was a 23% drop in dollar growth per detail. In the US, Although detailing still accounts for more than half the market share new brands win during their first year of life . The Picture is rather more varied in western Europe, but detailing plays a much smaller role in stimulating sales in these countries. 5. conversely ; detailing is still very important in many developing nation. In china for example, nearly three - quarters of the information doctors receive about new medicine comes from meetings with sales representatives and conferences. 6. But here too, résistance to " irresponsible" marketing practices is growing 7. and in May 2007, the member governments of the World Health Organization passed a resolution to enact or enforce legislation banning the " Inaccurate, misleading or unethical promotion of medicine 8.

Introduction: For many years, Pharmaceutical companies decided what their accordingly. but Health Policy makers, Payers and Patient groups are now playing an increasingly important role in the valuation process- and this trends will accelerate, as healthcare expenditure everywhere continues to Soar. The aging of the population , together with dietary changes and more sedentary life styles, is driving up the disease burden in both developed the developing countries 17. People's expectations are also rising as new therapies for treating serious illnesses like cancer reach the market. The global health Care bill has risen commensurately, between 2000 and 2006, expenditure on health Care as a percentage of gross domestic product (GDP) climbed in every country in OECD 9. Many Policy makers and Payers have therefore started trying to measure exactly what they are getting for their money. A number of countries, including Australia , Canada, Finland, newzealand and the UK have established agencies specifically to conduct formal clinical and economic evaluations of medicines. The US senate is also considering a bill to create a health Care comperative effectiveness Research institute which would perform a similar Function 10. Similarly, some governments are actively encouraging the use of E-

prescribing. The main aim of these efforts is to reduce prescribing errors. E prescribing has enormous commercial implications for pharma. Most of the activities it perform the market Its medicine to doctors take place before the prescribing decision is made and E prescribing could mitigate that influence, unless the industry can collaborate with health Care payers to shape the information doctors receive. However, healthcare payers will want hard proof that a product really Is safer, more effective or more economical than its rivals, and they will have many more resources to investigate such claims than any individual doctor or practice with great use of pharmacoeconomics, strict formularies and E Prescribing, health Care policy - makers and payers are increasingly assessing the relative value of different medicine. Patient are Playing a bigger part in the process, too indeed, they are even helping to decide which products should reach, or remain on , the market. Patient power was a critical factor in the decision to approve Herceptin for use on the British National Health Service (NHS) in the treatment of early stage breast cancer. 11

By 2023, electronic medical records E prescribing and remote monitoring will also give healthcare payer and providers in many countries access to extensive outcomes data, as we indicated in " Pharma2023 The vision " they will then be able to determine which medicine are particularly safe, efficacious and cost effective in different patient populations, and include such information in their treatment protocols 12. They also be able to revise the prices they pay upwards or downwards, depending on how specific medicine perform over time.

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The industry has already been forced to take the first steps down the path to take -for-performance. In the UK reimbursement of velcade Johnson& Johnson's new cancer treatment, Is contingent on proof of a measureable reduction in the size of a patient tumor13. Similarly Payment for Lucentis, Novartis therapy for age related macular degeneration, is subject to a dose- capping scheme under which company bears the cost of treating any patient who require more than 14 injections. 14. The British government Now plans to extend this approach, with a flexible pricing system under which the prices of new medicine can be raised, if they prove more effective than initially expected. 15 By 2022 prescription therapies will be only one of the components in a collection of products and services from which patient can select. Further more, as the balance of power shifts from pharma to health Care payers and Patient the definition of

what constitutes a " good "medicine will expand by 2022, we believe that Pharmaceutical companies will therefore have to collaborate much more closely with Every one in the health care arena to provide a range of products and services from which patient can pick and choose all but the core prescription, both to differenciate their offering more specifically, they will have to

1. Recognise the interdependence of the pharmaceutical and health Care value chain
2. Ensure that they invest in. developing medicine the market really wants
3. Form a web of alliances for to other supporting services
4. Develop comprehensive plans for marketing and selling specialist therapies
5. create organizational. cultures that are suitable for marketing speciist health Care packages
6. Manage multi country launches and live licensing
7. Adopt a more flexible approach to pricing
8. Build marketing and sales functions that are fit for the future

One of the many areas in which pharma needs to work much more closely with health Care payers and providers is in determining the sort of medicine the market actually wants to buy. we have identified seven stakeholders who each play a key role in deciding whether or medicine is innovative, using different definitions of innovation at different points in. the product life cycle16

Access to Medicines This inevitably produces a huge wide variety of “orphan diseases”: life-threatening prerequisites that have an effect on solely a small fraction of the population, generally described as between 1/1000 and 1/5000, which no business corporation can find the money for to investigate, in reality due to the fact there are inadequate sufferers from which to recoup the funding cost. As the time and price of improvement will increase and the beneficial patent lifestyles shrink, the quantity of commercially unviable areas additionally increases. Consequently, a variety of separate portions of regulation - have been enacted which alter the policies on patents, taxation and subsidies to make R&D funding financially workable for these orphan diseases. Pharmaceutical groups are often accused of now not investing in some areas due to the fact they will make too little profit. A latest instance used to be the public outrage that the pharmaceutical enterprise had now not already invested in a vaccine energetic in opposition to Ebola. However, the actuality is that investing in areas such as this would inevitably lead to financial ruin given that in such areas the expenses are sure to exceed the income, even if a profitable product should be invented.

In current years every other hassle has emerged. Antibiotics are used to deal with infections in the majority of the populace so would now not typically be viewed as “orphan drugs”. However, we have now reached the stage the place new drug improvement in this region has dwindled. One cause is the inherent issue of the lookup challenges; figuring out compounds that will swiftly kill infectious cells in brief timescales even as being innocent to each different cellphone is particularly difficult; however, the main purpose is economic. Antibiotics are used by using sufferers for very brief durations and income volumes are now inadequate to justify the critical improvement costs. This is exacerbated via the reality that any new antibiotic would now be prescribed sparingly to make certain that antibiotic resistance used to be minimised. This trouble was once recognized as early as 2003 but solely currently have serious tries been made to discover a funding solution.

The different requirement, in addition to having sufficient conceivable patients, is “ability to pay” or, extra specifically, “ability to pay enough”. This is a primary moral quandary for the pharmaceutical industry. It has two parts, one much less seen than the other. The much less

apparent trouble is that it is a determinant of which illnesses obtain attention. There may additionally be a giant quantity of achievable patients, however if none of them may want to have the funds for to purchase a newly developed drug then such illnesses are not likely to be a lookup priority. The 2nd difficulty worries get entry to to drugs that have already been developed. Both problems are now described as the get admission to to drugs issue90 and each principal pharma employer has a public coverage pertaining to to it, e. g. Pfizer.

The first problem is being addressed by means of most of the most important lookup pharmaceutical organizations who are now involved, frequently with philanthropic partners, in altruistic drug-development programmes for illnesses that predominantly have an effect on the growing world. For example, GSK has a foremost drug improvement programme on malaria, at the same time with the Gates Foundation. None of these drug trends will be profitable; indeed, most will value money, main to an standard discount in profits, however the essential pharma organizations take delivery of that they have a social duty in this area. Recently some pharmaceutical agencies have begun to share their complete libraries of chemical compounds, permitting different researchers to seem to be thru them for promising drug candidates which the groups themselves are unable to take into industrial development. This permits charitable foundations, authorities companies and lecturers to pursue traits in these areas.

The 2nd issue, "ability to pay", additionally has two components. It is specially a hassle with prescription drugs that are nevertheless in patent, because the charge of the subsequent general pharmaceuticals, which is accessible after patent expiry, is tons reduced. Traditionally this trouble associated fully to the growing world and got here to a climax in 1997 at some stage in the AIDS epidemic, the place hundreds of thousands of victims from the sickness in Africa have been unable to come up with the money for the new retroviral prescription drugs that had been developed. 58 Arguments over the anxiety between global rights to patent safety and fitness emergencies had been sooner or later resolved and led to the Doha Declaration on trade-related elements of mental property rights (TRIPS Agreement) and public health. In fact, many patented prescribed drugs are now furnished to growing international locations at a fraction of the fee that they are offered at in the developed world.

However, this exacerbates the hassle of parallel imports. Differential expenses for prescribed drugs between developed and creating countries, mainly the place the charge distinction is substantial, supply possibilities for large arbitrage: shopping for a product in the creating u . s . at the low price, exporting it to the developed united states and then promoting it at a Access to Medicines

This inevitably produces a huge wide variety of "orphan diseases": life-threatening prerequisites that have an effect on solely a small fraction of the population, generally described as between 1/1000 and 1/5000, which no business corporation can find the money for to investigate, in reality due to the fact there are inadequate sufferers from which to recoup the funding cost. As the time and price of improvement will increase and the beneficial patent lifestyles shrink, the quantity of commercially unviable areas additionally increases. Consequently, a variety of separate portions of regulation - have been enacted which alter the policies on patents, taxation and subsidies to make R&D funding financially workable for these orphan diseases. Pharmaceutical groups are often accused of now not investing in some areas due to the fact they will make too little profit. A latest instance used to be the public outrage that the pharmaceutical enterprise had now not already invested in a vaccine energetic in opposition to Ebola. However, the actuality is that investing in areas such as this would inevitably lead to financial ruin given that in such areas the expenses are sure to exceed the income, even if a profitable product should be invented.

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regularly inside the European Union that synthetic pharmaceutical shortages have ensued, main to producers making an attempt to impose a quota system. 60 However, it is now not solely sufferers in creating international locations that have difficulties springing up from pharmaceutical pricing. In most nations pharmaceutical pricing is at least in part managed by using the state. Pressure on country wide fitness offerings and non-public fitness insurance plan businesses is main to extended downward strain on fees and, in some cases, whole refusal to enable a new pharmaceutical to be prescribed. This market data then feeds lower back into the business selections made via the enterprise as to what areas of lookup need to be pursued, which in flip leads to greater orphan illnesses to the usual detriment of patients.

The Pharmaceutical Industry in the Future The lookup pharmaceutical section of the enterprise is presently going thru a foremost disaster as a range of troubles come to the floor simultaneously.

Since the first blockbuster pharmaceutical, cimetidine, used to be launched through GSK in the 1970s, each enterprise and regulators have been satisfied that the "blockbuster model" for the enterprise was once the long-term way forward: drug discovery and improvement was once recognised to be excessive risk, high priced and time consuming, and that after patent expiry, frequent manufacture would dramatically minimize the fee of novel pharmaceuticals. However, new 'blockbuster' prescribed drugs would proceed to be invented at ordinary intervals and the earnings made at some point of their patent existence would be greater than adequate to fund the fundamental R&D for future products. Thus, the enterprise as a entire would proceed to supply modern prescribed drugs which would be on hand to all at low expenditures after a brief patent life.

For the subsequent few years it regarded as if this evaluation used to be going to be right as a collection of new "blockbuster" prescription drugs arrived in many instances on the market from the R&D establishments of many of the most important lookup pharmaceutical companies. Unfortunately, this didn't closing and it became out that genuinely "turning the handle" of the R&D equipment did no longer warranty that any new merchandise at all would emerge, let by myself a move of novel "blockbusters". In fact, R&D effectivity in the pharmaceutical enterprise has suffered a long-term decline. The quantity of new prescription drugs authorized per billion US greenbacks spent on R&D has halved roughly each and every 9 years for the reason that 1950, falling round 80-fold in inflation-adjusted terms.

The preliminary response to these troubles through the enterprise used to be consolidation, with a variety of giant and sequential mergers and acquisitions observed by way of a range of very giant ones. The 30 lookup pharmaceutical organizations that existed in 1989 had via 2010 successively merged to end up solely 9 companies. Pfizer on my own had absorbed American Cyanamid, American Home Products, Pharmacia, Upjohn, Warner-Lambert and Wyeth, as nicely as the pharmaceutical pastimes of Monsanto.

The purpose riding this pastime used to be to take benefit of synergy between the companions to allow workforce and value savings to be made at the same time as the innovation and R&D effort in the two drug pipelines ought to be maximised. This pastime was once very famous with the economic markets but, with hindsight, the advantages to shareholder cost have been challenging to realise. 63 Much extra importantly, extensively growing the R&D effort did no longer end result in any commensurate amplify in new products. In 2008, J. P. Garnier, the chief government of GSK, sooner or later admitted this publically:

The leaders of the essential companies such as prescribed drugs have incorrectly assumed that R&D was once scalable, may want to be industrialized & ought to be pushed by using distinctive metrics and automation. The grand result: a loss of private accountability, transparency and the ardour of scientists in discovery and development"

A 12 months later, in 2009, Bernard Munos stated in print 65 what had been apparent to many in

the enterprise for some time:

“Success in the pharmaceutical enterprise relies upon on the random prevalence of a few “black swan” products”possibly be identified, at some point, as a pharmaceutical.

Conclusion:

If pharma is to create a new marketing and sales model that is fit for 2023 it will have to begin by analysing its own value chain to identify oppurnuties for working more closely with health Care payers and provider's. it will have to collaborate much more closely with payers to ensure that it devils medicine which have real social and economic value. Moreover, the burden of Proof will be much greater for specialist therapies costing many thousand of dollars than it is for primary Care treatment and as multiple products for treating specific disease states emerge, the pressure will only increase. Herceptin has long dominated the market for Her-2 positive breast cancer, but with the launch of TYKerb GSK has produce a series rival to the throne

Pharma will have to supplement these new medicine with a range of health management service in order to improve compliance and protect the value of its products, as performance based pricing becomes a prerequisite for reimbursement in its core markets. This will entail the formation of numerous alliance with local service provider and sometimes, perhaps even rival manufacturers- alliance that are very much more sophisticated than the arms length arrangements in which most companies currently engaged. it will also entail the development of a secure, interoperable technological infrastructure, the management of new intellectual rights issues, the creation of much stronger brands and the redefinition of the industry's role. Instead of trying to stimulate prescription sales, its task will be to help patient manage the Disease life cycle. The shift of performance based pricing the need for a more flexible approach to. pricing. The introduction of live licensing and 8increasing importance of the emerging market will reinforce this trend. Any company that launches of a new health Care package will have to negotiate price increases in line with the extension of the terms on which that package can. be marketed. As if it wants to tap into the potential of the emerging world, it will have to use different pricing- both within and between countries. Many of the industry leader will also have to develop comprehensive strategies for marketing and selling specialist healthcare package, a process that will require major organizational and culture changes, including the development of new skills and routes to market one of the biggest decision these companies face will be what sort of business model to use. Thanks to globalization and connectivity, various new models are emerging, both inside and outside the industry, and there is much that pharma can learn from looking over fence. Lastly most if not all pharmaceutical companies will have to transfer their marketing and sales functions. By 2023 the role of the traditional sales representative will be largely obsolete. Conversely, the industry have much greater need of people with the expertise to build brands, manage a network of external alliance, negotiate with governments and health insurers, liaise with secondary Care specialists and communicate with patient these are enormous challenges. Yet if pharma can overcome them, we believe that it will be able to slash its expenditure on marketing and sales. Consulting health Care payers during the development process will put it in a much better position to ensure that the billions of dollars it invest in R&D are wisely spent, and eliminate the need to spend massive sums persuading increasingly sceptical doctors to prescribe medicine whose clinical superiority may be questionable. Focusing on. specialist medicine will provide new commercial opportunities and reduce the risk of generic erosion. and creating health Care package for treating specific condition will safeguard the value of good medicines, as well as providing new revenue streams and garnering greater loyalt from patient.

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