

CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND

Today South African physicians are busier than they have ever been. Not only do they have more patients than in the past, they have more issues to deal with such as managed health care reimbursement restrictions, continuing medical education (CME) and a growing number of informed patients who demand a very high standard of care. The physician's need for medical information is consequently also greater than ever before and yet they have less time available to see the pharmaceutical sales reps who they often depend on for this information.

To compound the problem further, the pharmaceutical industry has become very crowded and competitive; and the industry's traditional sales force seems to have reached a saturation point. While the number of sales reps in the pharmaceutical industry has increased rapidly, the number of quality product details and the average duration per detail has declined.

With fewer calls available to pharmaceutical sales reps and with less time afforded per call, many sales reps are unable to profile their physicians, develop relationships with them, deliver complete promotional messages and differentiate their products from the competition. Rep productivity is at an all time low and it would seem that they don't seem to have the same promotional power and influence over physicians as they once did.

Time in front of the physician has consequently become the most significant limiting factor for many innovative and creative CRM and promotional strategies. For most SA pharmaceutical companies, however, sales force and marketing costs still represent the greatest expenditure, and this diminishing return on investment has become a cause for grave concern.

1.2 PROBLEM STATEMENT

"If time in front of the physician is becoming more and more difficult for the salesperson to achieve, would e-Profiling and e-Detailing not offer opportunities? Would a strategy that integrates e-Profiling and e-Detailing into the sales and marketing process, not offer multi-channel synergies that will provide a pharmaceutical company with a competitive advantage over its competitors?" (Burgess, 2005)

Essentially there exists an opportunity to use internet enabled technologies to electronically profile and detail physicians. The internet provides access – anytime and anywhere – enabling a busy physician to receive information and interact online, in the morning before consultations, over lunch or after hours from the comfort of his home. The concept of e-profiling and e-detailing is indeed very attractive and as a result it has become the new hot topic in pharmaceutical marketing circles. e-Profiling and e-Detailing have already found ready takers in many European and US pharmaceutical companies over recent years. Based on most of the research done by Accel, Forrester, Verispan and others; it would seem that whilst most firms have not yet nailed down the winning formula for guaranteed e-Profiling and e-Detailing success, most have found that these initiatives are able to complement the efforts of the sales force and have delivered reasonable returns on investment. So there is data available to support the adoption of such e-CRM and e-Promotion initiatives, but unfortunately there is very little South African data to support their domestic viability. One has to consider the fact that fewer physicians in SA have internet access and more importantly broadband access. One also has to consider the possibility that physicians in SA may not have the techno-competence and enthusiasm to embrace technology and in this case participate in e-Profiling and e-Detailing initiatives.

Research, therefore, was needed to be conducted to find out whether or not SA physicians are ready for e-Profiling and e-Detailing; and whether or not e-

Detailing has the power to sensitize the market, shape perceptions and drive prescribing behaviour.

1.3 DEMARCATION OF THE MANAGEMENT REPORT

1.3.1 Report Objective

The purpose of this management report was to determine whether or not MSD should pursue e-Profiling and e-Detailing strategies in the near future, and if so, to then make recommendations on how the company should proceed with the development and implementation of such initiatives. This report bases its final recommendations on the findings of a comprehensive environmental / industry analysis, an MSD organisational diagnosis, a COZAAR SWOT analysis, literature review on e-Profiling and e-Detailing; and on the results of the COZAAR e-Pilot itself.

The management report is accompanied by a 20 minute PowerPoint presentation (ADDENDUM E) which was made to the MSD management team on the 21 October 2005, and a video thereof.

1.3.2 Cognitive Layout

The COZAAR e-Pilot management report is divided into 6 chapters:

Chapter 1: Includes brief background information on current micro/macro environmental factors that have led to increased interest in e-Profiling and e-Detailing. This chapter also includes a demarcation of the report and a general description of the COZAAR e-Pilot, its objectives and research methodologies.

Chapter 2: Includes a thorough analysis of the pharmaceutical industry's dominant economic features, competitive forces, driving forces and key success factors, that impact on a company's ability to leverage a competitive advantage and improve their competitive position. This chapter also focuses on the

corresponding need for more innovative marketing strategies that harness the power of internet-enabled emerging technologies.

Chapter 3: Includes an analysis of MSD's competitive position within the total pharmaceutical market, post VIOXX withdrawal. The chapter also includes a description of the COZAAR challenge, a COZAAR SWOT analysis and a summary of the COZAAR marketing strategy.

Chapter 4: Includes a literature study on e-Profiling and e-Detailing. The literature study elaborates on how e-Profiling and e-Detailing has evolved, how they differ from traditional methods, and the advantages and disadvantages of each. Based on a review of four different publications, 15 steps to e-Profiling / e-Detailing success have also been identified and have been included in this chapter.

Chapter 5: Includes a thorough description of the COZAAR e-Pilot, from research design & methodology, through to a description of statistical techniques used to determine the effectiveness of e-Profiling and e-Detailing as marketing tools for use in pharmaceutical marketing.

Chapter 6: Includes a comprehensive statistical and graphical analysis of the COZAAR e-Pilot's research results. The chapter also provides an interpretation of these results.

Chapter 7: This chapter provides recommendations and action steps for the successful development and implementation of e-Profiling and e-Detailing at MSD, based on all the analyses completed and research conducted.

Finally, ADDENDUMS A-D, have been included to support and enrich the information elaborated on in this report.

1.4 THE COZAAR e-PILOT

1.4.1 Pilot Description

The challenges facing MSD sales reps have always related to physician accessibility, time and quality of the message, but it is clear that these barriers are higher now than ever before. This observation served as a strong motivator for the introduction of an MSD e-Profiling / e-Detailing Pilot.

The COZAAR e-Pilot was therefore developed and implemented to quantitatively and qualitatively analyse the effectiveness of e-profiling and e-Detailing as marketing tools for shaping customer perceptions and behaviour. The pilot made use of e-Detailing Modules posted on an independent web-site together with Entry and Exit Surveys, to measure changes in perceptions and behaviour before and after being exposed to e-Detailing promotional messages and clinical evidences.

1.4.2 General Research Objectives

The COZAAR e-Pilot was therefore developed to quantitatively and qualitatively determine the following:

- Whether or not SA physicians are ready for e-Profiling and e-Detailing
- Whether e-Profiling has the potential to improve our understanding of customers
- Whether e-Detailing has the power to sensitize physicians, shape their perceptions and drive desired behaviour.
- Whether e-Profiling and e-Detailing should be integrated with field force activities in the near future, and to determine whether these initiatives could provide MSD with 'first mover' competitive advantage over competitors.

1.4.3 Research Methodology

A total of 450 high potential – low prescribing family physicians were identified and invited by e-mail (with individual URL) to take part in the COZAAR e-Pilot.

- 175 difficult-to-see physicians were targeted for group 1, and would receive only e-Detailing modules over a 4-week period.
- Another 175 easy-to-see physicians were targeted for group 2, and would receive e-Detailing modules and a rep visit over the same 4-week period.
- Finally 100 physicians were targeted for the control group 3, and would receive a rep visit but no e-Detailing modules over the 4-week period.
- However, all 450 would be asked to complete online entry and exit surveys, so that changes in perceptions and behaviours could be tracked.
- E-mails to promote and give access (by individual URL) to the entry survey and e-Detailing modules, which were posted on the Softmed medical website (independent site), were then sent out on 26 August 2005.
- Test groups 1&2, were then given access to the e-Detailing modules. These physicians were prompted to complete one e-Module per week for 4 weeks (e-Workshop comprised of 4 x e-Detailing modules). The following modules were made available in accordance with the current COZAAR marketing strategy:
 - (1) Stroke the most feared consequence of hypertension
 - (2) The role of LVH
 - (3) Reduction of CV morbidity and mortality
 - (4) Benefits beyond BP – and the Treatment Guidelines
- Key product messages and the corresponding clinical evidences to support them were integrated into the e-Modules (e-Details).
- All physicians, including the control group, were then re-invited / prompted to complete the exit survey at the end of the 4-week period.
- Surveys were then statistically analysed using SAS programming (SAS® 9.1) to determine how effective e-Detailing, alone, or in combination with rep activity was compared to the control.
- A telephonic survey conducted amongst 24 physicians was also carried out to determine what improvements could be made and problems avoided in future.

Of the 450 physicians invited, only 144 responded, which equates to a 32% response rate. Of the 144 that responded however, 117 actually completed the entire pilot, which equates to an 86% persistence rate. This is suggestive of the fact that once engaged, e-Detailing has the power to lock-in participants. In any event, from those doctors that participated e-Profiling allowed us to gather a significant amount of critical customer-level information, and based on the statistical analysis of the change in responses from entry to exit survey, e-Detailing was able to significantly influence the physicians perceptions and drive desired behaviour. The success of the COZAAR e-Pilot is expected to serve as a strong motivator for the early adoption of e-Profiling and e-Detailing strategies across all MSD business units.

1.5 CHAPTER SUMMARY

Time in front of the physician has become the most significant limiting factor for many innovative and creative CRM and promotional strategies. Consequently, pharmaceutical marketers are now looking for more innovative ways to get closer to customers and increase the quality, reach and frequency of their promotional messages. Using the internet and emerging technologies, e-Profiling and e-Detailing may offer some support in this regard.

This management report ties the findings of an MSD environmental analysis and a literature review on e-Profiling and e-Detailing, to the results of the COZAAR e-Pilot, to determine whether or not SA physicians are ready and receptive and secondly the action steps that need to be taken by MSD to integrate e-Profiling and e-Detailing into their company-wide marketing strategy.