

New breed of pharma client wants scientific savvy

■ Advertising, media buy, CHE, PR now often split off to different suppliers rather than full-service agency

ADAPT OR DIE. THAT'S THE MESSAGE ringing loud and clear as healthcare agencies strive to meet the changing needs of the pharma industry. But do advertising providers have a finger on the pulse of the complex pharma marketer? Specialized skills, scientific savvy, and the ability to work with other suppliers are just a few of the characteristics pharma marketers want to see in their agencies.

There's no doubt that when it comes to hiring healthcare agencies, pharma clients are increasingly choosy. "It comes down to the quality of the people, the experience they have from a strategic standpoint, from a creative standpoint from a cross-functional standpoint—it's big on skill set, on having the right people for the right kind of product and challenges," says Richard Fajzel, marketing director of urology, oncology, and anti-infectives at Pfizer Canada.

Fajzel's modus operandi is to use a strong preferred supplier grouping, choosing separate agencies to deliver different services within a portfolio. This flies in the face of ad industry claims that clients are looking for one-stop shopping, a scenario that is, "more uncommon than the norm." Fajzel explains that within his group, no single agency handles CHE, PR, advertising, media buy, etc. and that in his view, the difficulty of utilizing one agency for everything is "you don't get the best for each particular process." His team leaders look for the right fit and the ability to work in the team context and "if the agency is offering integrated services, we leverage that, but complete integration A to Z, no," he adds.

Independent media buyer/planner Robert Troutbeck, prexy of Troutbeck Chernoff in Toronto, agrees. "Nobody is buying this business of bundling everything and one-stop shopping. Now [clients] are saying 'I'll pay for it when I need it and I won't pay for it when I don't.' Clients are looking for the best and that's what's driving them."

THE FIT'S THE THING

Paul Hurren, vee-pee executive creative director, Medicus Canada, concurs that "no one shop can do it all." Even long term clients are starting to say, "Should we really be giving that much work to one agency, maybe we should bring fresher minds in? Do they have our best interests at heart or are they just trying to sell us more of what they are capable of doing?" Agencies today must assess what is right for the client and what is a good fit for the agency as a business, too. "Selling stuff that's not needed won't keep you with that client," he cautions.

Chris Temovsky, director of primary care marketing for Roche Canada, observes there's a new mindset when it comes to choosing agencies: "It used to be that shopping for an agency was like shopping at a department store. Now, pharma clients want more specialized boutique-style services." Temovsky says that lately, he's been leaning toward smaller shops for the simple reason that "with some of the special-

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ized products, I feel they can move faster and some actually have experience in a certain disease category. That experience is worth a lot."

Quick turnover has the added benefit of being cost effective, and economy is front and center these days, explains Troutbeck. One of the biggest developments in the client/agency world is the increasing importance of "the sourcing and productivity guys" in the agency relationship. "These are guys that basically view the hiring of an advertising agency with about the same degree of importance as buying 100 styrofoam coffee cups. Their sole motivation is to negotiate the cost downward year after year. Many of them are operating in situations that once their guaranteed profit is reached, the agency basically works for the balance of that year at cost." Smaller shops are potentially more "nimble" and able to turn projects around quickly, at a reduced cost.

And the lower overheads can translate into increased flexibility as clients move away from the traditional agency of record model to project-based billing, says Chris McEvenue, vee-pee and principal at CPC Healthcare Communications in Toronto. "Clients want it clearly articulated that here are my eight to 10 tactics for this launch and this is my entire captive cost. It's moved away from that model where they might pay you a retainer to keep you accessible."

BIG IS GOOD

While the vanishing retainer may be cause for concern for larger agencies, the perceived cost-cutting benefits of smaller agencies are balanced off by other limitations, says Kevin Brady, prexy of Anderson DDB Health & Lifestyle: "I've had clients say to me that they've been the small boutique route and they want blockbuster launches and high creativity quotient, so I'll argue the other point—you need a certain amount of size to deliver what the clients need."

Quality eclipses quantity, says Temovsky, who says that regardless of size, an agency staffed with ex-pharma people, or those who've spent time on the supply side in a strategic role around a brand, "score bigtime" when it comes to landing potential business. James Cran, managing director of Antibody Healthcare Communications, a boutique-style agency

in Toronto, agrees. Cran, who left a 13-year career on the pharma side for the agency world, says that knowing the ins and outs of a pharma company, and in many cases specialty therapeutic areas, is invaluable.



Hurren

"What's simple to us may not be simple to other agencies because they haven't been there as closely as I have. Most agency people have never carried a bag and sold, and product managers expect you to know [what they're talking about]."

During his time in pharma, Cran says that one out of six agency people might have understood the issues surrounding a brand, and that unfortunately, "I knew I would be paying for those five other people as well." As a result, Cran has ensured that his staff have Master of Science degrees or have heavy-duty medical management experience. "They're a great resource for our clients because they know the disease as well as most physicians and the clients love that."

Having his staffers do a ride along with the client's sales reps to see what materials are being used, what the rep says, and to hear physician feedback has also proven useful. "It keeps us on our toes as to what we could be doing more of to support the rep, and also hearing what key customers have to say." Knowledgeable creative and account people help to fast track the turnaround process, freeing up more time to pursue other business. The upshot, claims Cran, is "Our fees are 15 to 20 per cent less than any other agency out there."

Agencies that demonstrate specialized skill and practical experience are a sought after commodity these days, says Temovsky. "If it's got a DTC or market growth component, [we look for] a group with a strong understanding of

DTC, advertising standards, and regulatory. If it's a product in a niche market, I don't need an agency to develop collateral but I need someone who's got a strong CME expertise who can develop innovative and creative tools and things that extract key messages from clinical papers and get them to a target audience." In fact, CHE as well other areas of specialization including market research, competitive intelligence, customer relationship management, will be "huge" growth areas for healthcare agencies, Temovsky says.

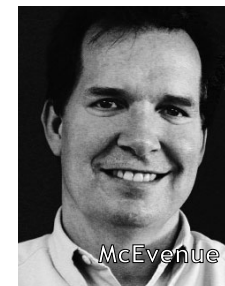
VANISHING MARKETING?

"Pure marketing" is already starting to play less and less of a role in healthcare as medicine and business come together, says Rose Fishman, principal of Phase4Health which specializes in market access and one-on-one patient services. The main message for agencies, she says, is not just promoting

the benefits of the product but promoting the value of the product. And understanding patient pathways is key since the physician isn't always the main influencer when it comes to moving the product forward.



Cran



McEvenue

Wayne Roberts, prexy and creative director of Blade Marketing in Toronto, says that "years ago brands were all about features and attributes.

It was so high, so big, so fast....More and more smart marketers have recognized that brands constitute value sets and people find values in the attributes—they don't necessarily look at the attributes alone." More and more marketers could sell more products by identifying what Roberts calls their "Brand

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The entire mix is **under pressure**—the role of the field force, the role of advertising, the role of other media, the web, the Internet, e-services, CHE, and all of this is evolving

Community,” a network of those who espouse the value of the brand. The Brand Community incorporates many different “neighbor-

hoods” including the client’s employees and sales reps as well as those who influence the buyer and/or end user such as the pharmacist. A pharmacist’s perception of the relative merits of brands will tend to spread among other colleagues with whom he or she has contact, and will also influence patients who may have more frequent contact with their pharmacist than with their doctor. Unfortunately, says Roberts, the pharma industry has a bad habit of separating all its marketing functions into silos that don’t seem to communicate well with each other. The upshot of that is a kind of “herd mentality” where “everyone tries to do an ad that looks like the other guys’ ad.”

GOOD OLD SALES CALL

Physician access nevertheless remains a preoccupation for the pharma industry. And there’s a potentially false perception in the agency world that the sales rep is less important because of sales force cutbacks, says Cran. However, “At the end of the day a physician is going to write a drug prescription for a number of different reasons and most of those reasons will probably be given to them by a rep, not through a journal ad, CME, or the Internet. At the end of the day it’s the old fashioned sales call that gets done up to speed.”

Programs that demonstrate to the physician that the patient is getting value beyond the benefits of the drug are also proving to be a powerful adjunct to the traditional sales call, says Fishman, adding that requests from pharma marketers for patient services, reimbursement hotlines,



Roberts and McGovern

nursing support and follow up, and patient outcome reports are steadily on the rise.

Undoubtedly, says Pfizer’s Fajzel, “The ability to maintain a relationship with a physician is demanding tremendous creativity and searching for ways of creating value for the customer; just relying on the way we’ve done business for the last 10 years is probably not going to be enough. I think the entire mix is under pressure—the role of the field force, the role of advertising, the role of

other media, the web, the Internet, e-services, CHE, and all of this is evolving and it all has to relate to how much time a customer can devote to you.” The burning question, remains, “How do we keep that relationship going, keep it fresh, interesting, and relevant to the marketplace and move our products forward in order to build our brand equity?”

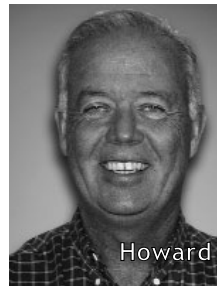
The consensus seems to be that today’s healthcare agencies have their work cut out for them.

PAAB marketing code: Will new proposals spark creative renaissance?

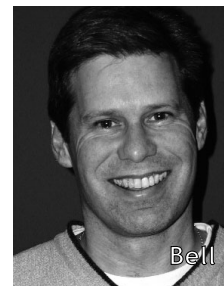
A proposal to revise sections of the PAAB code to develop a format that delivers advertising messages in an innovative way, but that also meets the demands of the regulatory world, could spark a creative renaissance, agency people say.

However, the changes won’t happen overnight, says PAAB commissioner Ray Chepesiuk who asserts that a PAAB board ruling on proposed format changes to prescribing information and fair balance copy may not be reached until April 2005. A decision will involve many stakeholders, says Chepesiuk, adding that a separate subcommittee headed by a prominent former ad executive will be charged with the task of drafting a proposal to the board based on submissions from pharma companies, ad agencies, medical professionals, and publishers.

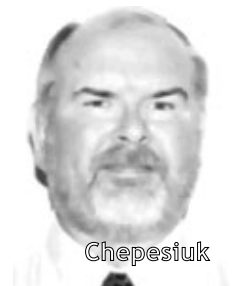
Gord Schwab, CEO and creative director of Ogilvy Healthworld, and one of the agency people who joined representatives from the pharma side to spearhead the process, says the proposed changes would potentially make the creative space “a little more promotional friendly” as



Howard



Bell



Chepesiuk

opposed to the current situation where nearly 75 per cent of a page is balance copy, leaving very little selling room. Pharma clients “aren’t thrilled with that because it makes ads that they paid for less functional as promotional tools,” adds Schwab. He is quick, however, to point out that the proposed revisions are not just to improve advertising but to also improve the information flow to physicians.

Greg Howard, prexy and creative director of Howard Healthcare Marketing, agrees that “doctors are human and still attracted by the things we all are,” however, they are much more information-based. “Ads are designed for certain things—impact for one—and a ton of information has never been all that attractive,” he notes.

A major complaint among creative types is how difficult it is to create “out-of-the-box” ads in the stifling environment created by regulatory restrictions. Clients are increasingly asking for innovative ideas, but “How does the industry go outside the box when they have such a restrictive box to work within?” asks Kevin Bell, vee-pee and principal, CPC Healthcare Communications.

But Robert Martone, managing director of Sudler & Hennessey Healthcare, notes that creative people, especially those who have worked for years on the consumer side, enjoy the challenges of pharma “because you have to work within the box and be the best you can be within that box—it’s a lot more challenging.” Schwab agrees that too many people use the regulatory restrictions imposed by PAAB as an excuse. “Great creative will still cut through,” he maintains. “PAAB’s an issue, but the issue is with how much disclosure there has to be, not with the way they are regulating advertising.”

Chepesiuk believes that the time is ripe for modernizing the quarter-century-old guidelines that govern the small print at the back of journals. “Six-point type on bad contrast isn’t amenable to good communications. Nobody really reads it and it’s not serving the purpose of fair balance,” he maintains. Over the years, Health Canada has dictated the requirement for more specific wording in ads, which is “fine if you have a two- or three-page detail aid or ad. [But] on a one page ad for some journals...there’s no room to do anything else.” He suggests that a box with a standardized format with standardized information could be one solution. However, “That box will change in size depending on how much information is in the monograph, and that’s what’s required for fair balance.”

The monograph itself is seeing some creative tinkering as clients search for new ways to define and maximize their message. “There’s no question that Health Canada is putting pressure on pharma companies to become more proactive with their updates to the monograph or to spend more time on their monograph in advance of NOC,” says Shane Paleshi, vee-pee healthcare, Quarry Integrated Communications. Paleshi reports that pharma clients are now asking their agencies to get involved right up front with the monograph, and it’s already having an impact. “PAAB is trying to send the message that’s if it’s in the monograph, you can say it.”

Chepesiuk cautions, “We’re still a long way off.” Solutions must also be found for other media besides journal ads including the Internet, DTC advertising, and CME. “Some people have been confused thinking we’re getting tougher, or we’re getting lenient, but that’s not true. The fair balance aspect is still going to be there. We’re looking at a format change, to provide it in such a way that is more amenable to creating advertising in a manner that people who create advertising want.”

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