From Pharmaceutical MEGA-MARKETING to Multi-Marketing:

Modern Marketers are Managing Multiple Opportunities and Challenges

When I was U.S. Product Manager for the launch of the cholesterol-lowering drug Pravachol in 1990, my Bristol-Myers Squibb marketing team and I eyed one mega-market of 36 million consumers, targeted one mega-customer group of physicians, and faced one mega-competitor Merck with usually one (mega) price. It all seemed so simple then.

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Fast forward 15 years: the pharmaceutical "mega-marketing" model is a memory, increasingly replaced by a "multi-marketing" model. Today, pharmaceutical marketers are confronted with multiple opportunities and challenges, including multiple markets, media channels, stakeholders, prices, laws, regulations, and products. First and foremost, consumers – who have become increasingly influential in the drug selection process – represent a huge, new target market. Currently, the pharmaceutical industry spends over $3 billion on direct-to-consumer (DTC) advertising, a practice that was not even allowed 14 years ago when I was a product manager.

Now, not only are we targeting consumers, but we are segmenting them in numerous ways: by age (e.g., seniors), gender (women), race, ethnicity, prevention level (e.g., primary vs. secondary cardiovascular prevention), psychographics, geographies, and other segments. Moreover, the new technology of pharmacogenomics may further stratify consumers by their genes. For example, the pharmacogenomic testing company Genaissance Pharmaceuticals is currently conducting studies to identify which high-cholesterol patients respond most effectively and safely to Pravachol and the rest of the world's best selling class of drugs, the statins.

In addition to DTC advertising, there are other emerging media channels which increase the complexity and prospects for modern marketers. For example, the Internet has dramatically changed how marketers reach, influence, and relate to their customers, both consumers and physicians. According to Manhattan Research, over 83 million consumers have searched online for health information, with drugs representing one of the top three search topics. The most common activity for consumers after seeing prescription advertisement from any media channel is to search the Internet for more information about the product. Moreover, after seeing online prescription information, a significant proportion of consumers will request a specific product and 86% of the time receive that particular product from their physician.

Marketers have been targeting these consumers with novel approaches, including integrated online/offline advertising campaigns, comprehensive disease websites, and interactive product compliance programs.

Marketers have also managed to reach and influence physician audiences using online media. Manhattan Research estimates that 95% of physicians access the Internet each year. Of those, 90% report online information has "an impact on their knowledge of drugs and treatments" and 70% report the Internet has had "an impact on prescribing drugs." Recognizing this opportunity, pharmaceutical marketers have targeted physicians with a variety of e-Promotions, including eDetailing, eCME, and targeted email programs.

While marketers continue to target their traditional physician audience and emerging consumer segments, they must now also contend with a myriad of additional influential stakeholders, especially among multiple payer groups who are exerting more control over the reimbursement and utilization of drugs. Fifteen years ago, managed care organizations – initially in the form of health maintenance organizations and pharmacy benefit management companies – were just beginning to influence drug prescribing. Currently in the U.S., there are more than 50 different types of "managed payers" ranging from the U.S. government to small nursing homes. These organizations are using innovative approaches to limit product costs, including expanded multi-tiered pricing, OTC product switches, and higher consumer drug payments.

The US government exemplifies the complexity and the influence of today's payers. In the past, the major government payers were the Veteran's Administration and the Department of Defense. Today, in addition those payers, pharmaceutical marketers must contend with numerous state Medicaid agencies, many of which are acting aggressively to cut prices for their constituents. Moreover, with the recent enactment of the Medicare Prescription Drug Improvement and Modernization Act of 2003, marketers will now also have to deal directly with the Centers for Medicare and Medicaid, which will be overseeing drug reimbursement to over 40 million seniors.

These multiple payers, coupled with consumer backlash, have put enormous pressure on pharmaceutical prices. However, pharmaceutical marketers are confronting pricing pressures on multiple fronts. This is most evident in the recent public debate over parallel imports of lower-priced drugs from Canada. Internet pharmacies have facilitated the distribution of these drugs to consumers and, increasingly, state agencies. Companies, including Pfizer and AstraZeneca, have responded by limiting excess drug supplies to these pharmacies, but legislators are proposing laws to legalize the practice of purchasing these imports.

These proposed laws only add to the complexity that pharmaceutical marketers are facing with numerous guidelines and regulations that limit product promotion. In 2002, the Pharmaceutical Research and Manufacturers of America (PhRMA) voluntarily established a code on interactions with health care professionals. Later that year, the Office of the Inspector General (OIG) went one step further, prohibiting pharmaceutical companies from offering doctors, health plans, or pharmacy benefit management companies incentives to encourage or reward the prescribing or purchase of particular drugs. These guidelines have not only dramatically altered pharmaceutical promotions but also catalyzed the realignment of medical education groups from marketing departments to other corporate departments.

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The multi-marketing movement is epitomized by pharmaceutical products which often seem to have multiple personalities. The best example is fluoxetine, which originally was marketed by Eli Lilly as Prozac for depression and now is also marketed under the name Sarafem for premenstrual dysmorphic disorder (PMDD). Drugs can be primary care or specialty care products, biologicals, branded generics, cosmeceuticals, and stereo-isomers (e.g., Prilosec and Nexium).

There are an increasing number of combination products, which fifteen years ago were considered an aberration in American medicine. Pfizer leads the way with the recent approval of Caduet, a combination of the anti-hypertensive medication Norvasc with the best-selling cholesterol agent Lipitor, and a Lipitor-torcetrapib combination which is in development for cholesterol disorders. Also in the cardiovascular area, Merck and Schering-Plough are partnering to bring a combination of their products Zocor and Zetia to market soon.

Dr. Bernard addresses the transitions of Mega-Marketing to Multi-Marketing at PMC 2004

Companies are also developing and marketing a range of "hybrid products" which combine a pharmaceutical agent with another therapeutic modality, such as a device or diagnostic. J&J's Cypher drug-eluting stent is the classic example of these types of products. Cypher combines a medical stent device with a polymer coating of the drug sirolimus to reduce the rate of re-blockage of coronary arteries that occurs with other stents. Drugs today also come in multiple formulations, including inhalers, disks, transdermal patches, pumps, and monitors.

For pharmaceutical marketers, the transition from the mega-marketing to the multi-marketing model has important professional implications. In the past, the typical product manager came from pharmaceutical sales or market research departments. In contrast, new product marketers increasingly come from outside the industry and may have consumer marketing or digital marketing backgrounds. They may have unique educational training, including M.D.'s, Pharm.D.'s, or Ph.D.'s. Marketers are increasingly being "cross-trained" in order to have a wide range of marketing experiences and a broad understanding of different markets, stakeholders, regulations and technologies. Ultimately, today's pharmaceutical marketer needs to be "multi-disciplinary" to confront a multiple array of industry challenges and opportunities.

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