Pharmaceutical Marketing

۲

Brent L. Rollins, PhD, RPh

Assistant Professor of Pharmacy Administration Philadelphia College of Osteopathic Medicine–Georgia Campus School of Pharmacy Suwanee, Georgia

Matthew Perri, PhD, RPh

Professor Clinical and Administrative Pharmacy University of Georgia College of Pharmacy Athens, Georgia



9781449626594_FMxx_Printer.indd 1

۲

()

World Headquarters Jones & Bartlett Learning 5 Wall Street Burlington, MA 01803 978-443-5000 info@jblearning.com www.jblearning.com

Jones & Bartlett Learning books and products are available through most bookstores and online booksellers. To contact Jones & Bartlett Learning directly, call 800-832-0034, fax 978-443-8000, or visit our website, www.jblearning.com.

(�)

Substantial discounts on bulk quantities of Jones & Bartlett Learning publications are available to corporations, professional associations, and other qualified organizations. For details and specific discount information, contact the special sales department at Jones & Bartlett Learning via the above contact information or send an email to specialsales@jblearning.com.

Copyright © 2014 by Jones & Bartlett Learning, LLC, an Ascend Learning Company

All rights reserved. No part of the material protected by this copyright may be reproduced or utilized in any form, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without written permission from the copyright owner.

Pharmaceutical Marketing is an independent publication and has not been authorized, sponsored, or otherwise approved by the owners of the trademarks or service marks referenced in this product.

Some images in this book feature models. These models do not necessarily endorse, represent, or participate in the activities represented in the images.

The screenshots in this product are for educational and instructive purposes only. All trademarks displayed are the trademarks of the parties noted therein. Such use of trademarks is not an endorsement by said parties of Jones & Bartlett Learning, its products, or its services, nor should such use be deemed an endorsement by Jones & Bartlett Learning of said third party's products or services.

Production Cradit

()

Production Credits	Manufacturing and Inventory Control Supervisor:
Publisher: William Brottmiller	Amy Bacus
Senior Acquisitions Editor: Katey Birtcher	Composition: diacriTech
Associate Editor: Teresa Reilly	Cover Design: Scott Moden
Production Manager: Julie Champagne Bolduc	Cover Image: © Phecsone/ShutterStock, Inc.
Production Assistant: Stephanie Rineman	Printing and Binding: Edwards Brothers Malloy
Marketing Manager: Grace Richards	Cover Printing: Edwards Brothers Malloy

To order this product, use ISBN: 978-1-4496-9799-0

Library of Congress Cataloging-in-Publication Data

Rollins, Brent L. Pharmaceutical marketing/by Brent L. Rollins and Matthew Perri. p. : cm. Includes bibliographical references and index. ISBN 978-1-4496-2659-4 --- ISBN 1-4496-2659-9 I. Perri, Matthew. II. Title. [DNLM: 1. Drug Industry-economics-United States. 2. Marketing-United States. 3. Pharmaceutical Preparations-economics-United States. QV 736 AA1] 338.4'76151-dc23

()

2012036241

6048

Printed in the United States of America 17 16 15 14 13 10 9 8 7 6 5 4 3 2 1 (�)

To Deanna, Carson, Camron, and Breleigh. Without your love and support, this would not have been possible. To Dr. Perri, a great mentor and friend. —BLR

To Mickey C. Smith, distant mentor and the pioneer of pharmaceutical marketing.

۲

۲

-MP

۲



Contents

	Preface xi
	About the Authors xiii
	Contributors xv
	Reviewers xix
Chapter 1	Marketing Principles and Process 1 Brent L. Rollins, PhD, RPh Introduction 3 Customer Needs, Wants, Demands, and Value 4 Marketing Mix: The Traditional Four Ps 6 Segmentation, Targeting, and Positioning 17 The Marketing Plan 19 Marketing Effectiveness 22 Summary 24 Discussion Questions 24 References 25
Chapter 2	Pharmaceutical Marketing and the Industry Environment 27 Brent L. Rollins, PhD, RPh
	The Prescription 28
	Customers of Pharmaceutical Manufacturers 30
	Issues Unique to the Pharmaceutical Market 41
	Issues Unique to Pharmaceutical Marketing 45
	Summary 49
	Discussion Questions 50
	References 51

۲

V

۲

۲

CONTENTS

CHAPTER 3	Products in the Pharmaceutical Industry: Trends,
	Identification, Approval, and Monitoring 55
	Brent L. Rollins, PhD, RPh, Randall Tackett, PhD, and
	Matthew Perri, PhD, RPh
	Product and Industry Evolution 56
	Identifying a Good Drug Target for Marketing 58
	The FDA and Legislative History 60
	The New Drug Approval Process 62
	Generic Drugs 68
	Over-the-Counter Drugs 70
	Drug Labeling 72
	Pharmacovigilance 75
	Marketing's Role During Product Development 76
	Summary 78
	Discussion Questions 79
	References 80
CHAPTER 4	Pharmaceuticals and Pricing 83
	Matthew Perri, PhD, RPh, and Brent L. Rollins, PhD, RPh
	Price and Positioning 84
	The Cost of Pharmaceutical Innovation 86
	Developing an Effective Price Strategy 87
	Market Assessment: A Starting Point 89
	Role of Decision Makers: Patients and Prescribers 90
	The New Decision Makers 92
	Economic Aspects of Pricing Strategies 93
	Pricing Strategy and Marketing Goals 94
	Pricing Strategy Options 95
	Bundling and Couponing 98
	Evaluating, Revising, and Adjusting Prices 99
	Pricing Generic Medications 100
	Transforming the Price Variable into a Promotional
	Variable 100
	Generics' Impact on Brand Pricing 103
	Summary 103
	Discussion Questions 104
	References 105
CHAPTER 5	Place: The Pharmaceutical Industry Supply Chain 107
CHAITER J	Brent L. Rollins, PhD, RPh, and Matthew Perri, PhD, RPh
	Evolution of the Pharmaceutical Wholesale Industry 109
	Primary Customers and Industry Dynamics 111
	rimary Sustements and industry Dynamics 111

۲

۲

۲

Contents

vii

	Supply Chain Models 112 Issues Unique to the Pharmaceutical Wholesale Industry 114 Summary 119 Discussion Questions 120 References 121
Chapter 6	Promotional Marketing Activities and Practices 123 Dee Fanning, PharmD, Brian Mitchell, MBA, MPH, and Julie Brideau, PharmD Commercial Operations 125 Pharmaceutical Promotion in Practice 137 Summary 139 Discussion Questions 139 References 140
Chapter 7	Medical Affairs 143 Dee Fanning, PharmD, Julie Brideau, PharmD, and Timothy Poole, PharmD Medical Affairs 144 The Role of the Medical Liaison 146 Key Opinion Leader Identification and Development 149 Publications 151 Use of Reprints 153 Summary 154 Discussion Questions 154 References 155
Chapter 8	Regulatory Affairs157Julie Brideau, PharmD, and Dee Fanning, PharmDBrief History of Governmental Prescription DrugRegulations158Office of Prescription Drug Promotion162Biologics170Over-the-Counter Drugs171PhRMA Code on Interactions with HealthcareProfessionals176Risk Evaluation and Mitigation Strategies177Summary179Discussion Questions179References180

۲

۲

19/01/13 11:16 AM

۲

iii Contents

CHAPTER 9	Direct-to-Consumer (DTC) Prescription Drug
	Advertising 183
	Nilesh S. Bhutada, PhD
	History of Direct-to-Consumer Advertising 184
	DTC Advertising Growth 187
	DTC Advertising Regulation 189
	Role of DTC Advertising 190
	Stakeholder Perspectives on DTC Advertising 191
	Future of DTC Advertising 197
	Summary 199
	Discussion Questions 200
	References 201
CHAPTER 10	Social Media and Pharmaceutical Marketing:
Opportunities and Challenges 205	
	Kelly Dempski and Matthew Short
	Evolution of Media 206
	Three Steps to Effective Social Media Use: Listen, Engage,
	and Optimize 209
	Constraints 217
	Summary 219
	Discussion Questions 219
	References 220
CHAPTER 11	The New Four Ps of Pharmaceutical Marketing 221
	John Gardner, MBA
	History 221
	Changing Landscape 222
	The Old Four Ps: Shifting Paradigm 224
	The New Four Ps 226
	Controlled 227
	Uncontrolled 230
	Summary 237
	Discussion Questions 237
	References 238
CHAPTER 12	Prescribers, Healthcare Practitioners, and Marketing's
	Role in Practice 239
	Matthew Perri, PhD, RPh, and Brent L. Rollins, PhD, RPh
	Prescribers 241
	Prescribing Habits 243
	Direct Factors that Affect Prescribing 244

۲

۲

۲

Contents

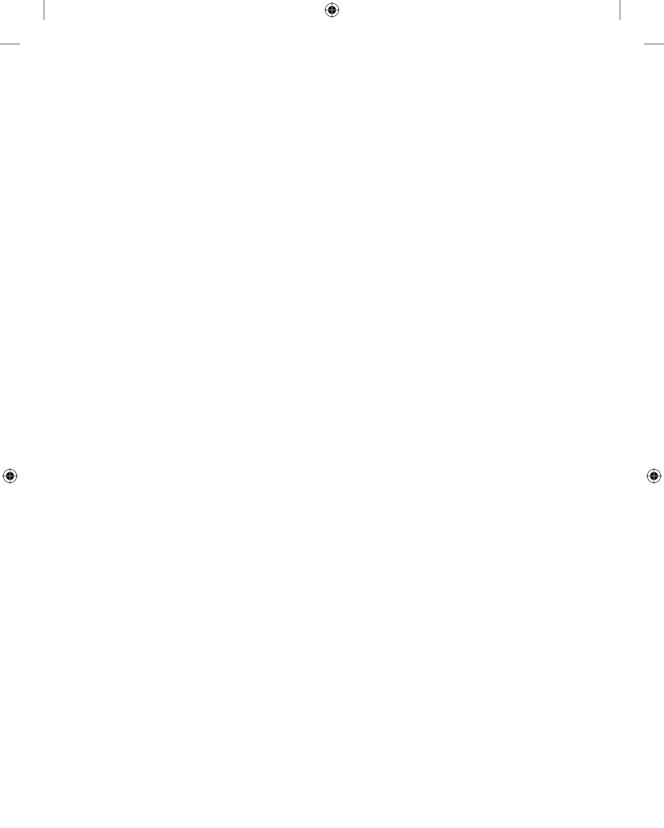
ix

Indirect Efforts that Affect Prescribers 250 Off-Label Prescribing 255 Summary 257 Discussion Questions 257 Suggested Readings 258 References 259 Glossary 261 Index 273

۲

۲

۲



Preface

Over time, the mission of the U.S. pharmaceutical industry has remained greatly unchanged: Discover and then bring to market medications capable of saving lives and improving health and quality of life. However, as we have moved into the current information and technology age, the external environment in which the industry operates has greatly evolved and is drastically different. Not only have the number of blockbuster medications produced by pharmaceutical manufacturers decreased, but so has the presence of direct sales representatives in physician offices. Further, the past decade alone has seen significant company consolidation and legal/regulatory changes as well as the exponential rise in the importance of the Internet and social media. Thus, how the pharmaceutical industry markets its products has also adapted in the face of the ever-evolving external environment. Pharmaceutical and healthcare industry marketers must now work harder and smarter to maximize the potential of every product or service.

۲

This text examines the current pharmaceutical marketing environment from both an academic and practical perspective. Given the internal and external changes throughout the pharmaceutical industry, this text is appropriate not only for those studying pharmacy practice or pharmaceutical marketing in an academic setting, but also for pharmaceutical industry professionals. Within each chapter, the reader will see clear learning objectives and key terms highlighted for their importance and the need for understanding. In addition, numerous "Case in Point" boxes are used to show practical, real-world examples of the various constructs and topics being discussed. Rarely do any of these marketing issues have one, clear-cut answer; thus, each chapter closes with discussion questions intended to provoke thought and bring about debate from an academic and practical perspective.

۲

xi

()

xii Preface

()

While specific medication and clinical knowledge and skills are at the core of the pharmacy profession, every new pharmacy school graduate theoretically enters the job market with these same capabilities and degree. Thus, while additional degrees, certifications, or residency training are beneficial, advanced knowledge of the healthcare system and pharmaceutical industry from a business and marketing perspective is needed in order to differentiate oneself in an increasingly crowded job market. For new industry professionals, particularly those with MBAs or other nonhealth professional degrees, the text provides the thorough overview necessary to allow you to hit the ground running from the first day of your new job at pharmaceutical manufacturer X or market research firm Y, further differentiating yourself in this highly competitive industry. In the end, Pharmaceutical Marketing should provide you, the reader, with a deep understanding of the current pharmaceutical industry, its marketing environment, and the challenges of the environment. In turn, this understanding can help you succeed in your career, regardless of the place in the healthcare system or pharmaceutical industry in which you work.

۲

About the Authors

۲

Brent L. Rollins, PhD, RPh

Assistant Professor of Pharmacy Administration PCOM–GA Campus School of Pharmacy Suwanee, Georgia

Brent Rollins is an assistant professor of pharmacy practice at the Philadelphia College of Osteopathic Medicine (PCOM)–Georgia Campus School of Pharmacy in Suwanee, GA. He earned his BS in Pharmacy at Ohio Northern University in 2004 and a PhD in Pharmacy Administration with an emphasis in Pharmaceutical Marketing at the University of Georgia in 2009. Since joining PCOM, Brent has presented and published on numerous subjects in pharmacy practice with a primary focus on pharmaceutical marketing, direct-to-consumer advertising, and healthcare consumer behavior. Further, he has coauthored one textbook, *Financial Analysis in Pharmacy Practice*, as well as book chapters on business and personal finance for pharmacists in the award-winning *Pharmacy Management, Leadership, Marketing, and Finance*. In addition to his academic endeavors, Brent has consulted with various market research firms, law firms, and the United States Department of Justice as a pharmacy practice and marketing expert witness. Brent also has more than 8 years of community pharmacy practice experience and still actively practices on a part-time basis.

xiii

()

xiv About the Authors

Matthew Perri, RPh, PhD

Professor Clinical and Administrative Pharmacy University of Georgia College of Pharmacy Athens, Georgia

Matthew Perri III is a professor in the Department of Clinical and Administrative Pharmacy at the University of Georgia College of Pharmacy. He earned his BS in Pharmacy at Temple University in Philadelphia in 1981 and a PhD in Pharmacy, with a major in Pharmaceutical Marketing, at the University of South Carolina in 1985. As a professor at the College of Pharmacy, in addition to involvement with the Terry College of Business, the College of Education, and the School of Public Health, he has taught courses and lectures in pharmacy and business, including the areas of pharmaceutical marketing, management, and research methods. Over his academic career, Dr. Perri has conducted extensive original research and received funding as principal investigator, co-investigator, or consultant for his research. He has also published and presented numerous articles and abstracts on various pharmacy practice and pharmaceutical marketing topics and serves as a journal referee for numerous peer-reviewed journals. Professionally, he has been involved with various paid and nonpaid consulting activities including the State of Georgia; Department of Community Health; Drug Utilization Review Board; consultant to the Georgia Senate Committee on Cost Controls in State Funded Health Plans; the U.S. Department of Justice; state and national pharmacy organizations; pharmaceutical companies; independent marketing research companies; chain and independent pharmacies; and long-term care facilities. Dr. Perri has been a registered pharmacist since 1981.

۲

۲

9781449626594 FMxx Printer.indd 14

19/01/13 11:16 AM

Contributors

Nilesh Bhutada, PhD

Assistant Professor of Clinical and Administrative Sciences California Northstate University College of Pharmacy Rancho Cordova, California

Nilesh S. Bhutada, PhD is an assistant professor of clinical and administrative sciences at the California Northstate University College of Pharmacy in Rancho Cordova, CA. His research interests include source effects, direct-to-consumer advertising (DTCA) of prescription drugs, consumer behavior, disease awareness advertising, patient medication adherence, and student learning assessment. In addition to presenting and publishing several papers and abstracts on DTCA topics, Dr. Bhutada has won best paper award for his research on coupon use in DTCA.

۲

Julie Brideau, PharmD

Regulatory Affairs Consultant Opus Regulatory, Inc. Atlanta, Georgia

Julie is a registered pharmacist with more than 14 years of experience working in the pharmaceutical industry and pharmaceutical consulting fields. She has worked primarily in pharmaceutical regulatory affairs, with a focus on promotional and advertising material review and approval, policy and procedure, training, and compliance. Julie is currently employed by Opus Regulatory, Inc., providing consulting services to U.S. pharmaceutical companies in the area of regulatory affairs promotional review and compliance. Julie holds a BS in Applied Biology from Georgia Tech and a Doctor of Pharmacy from Mercer University College of Pharmacy and Health Sciences.

۲

XV

()

Kelly Dempski

Senior Executive Accenture Technology Labs Silicon Valley, California

Kelly is a senior executive with Accenture Technology Labs in Silicon Valley, where he is the head of Accenture's Enterprise Social Media Innovation Center. Kelly's work within the Center involves the creation of new social media technologies, working with leading vendors, and guiding social media strategies for clients. Kelly has personally designed Accenture's internal Facebook, and works with clients in pharmaceutical and other industries to craft social media strategies to help them implement the technologies that drive new forms of consumer engagement.

۲

Dee Fanning, PharmD

Assistant Professor of Pharmacy Practice PCOM–GA Campus School of Pharmacy Suwanee, Georgia

Dee Fanning is an assistant professor of pharmacy practice and clinical coordinator of experiential education at the Philadelphia College of Osteopathic Medicine (PCOM)–Georgia Campus School of Pharmacy in Suwanee, GA. She received her Doctor of Pharmacy degree from Mercer University College of Pharmacy and Health Sciences and completed a post-graduate residency in drug information jointly sponsored by Mercer University and Solvay Pharmaceuticals, Inc. Prior to joining PCOM, she was a member of Solvay's medical affairs team, with approximately 2 years of service in medical communications and 8 years as a senior medical liaison. Over the course of her 10-year industry career, she was involved with every aspect of medical affairs, including, but not limited to, medical information requests; advertising and promotional review; publications planning; Thought Leader development; and compliance with state and federal regulations as the Medical Affairs delegate of the Compliance committee.

()

CONTRIBUTORS

John Gardner, MBA

President and CEO Integrative Logic, a division of Luckie Suwanee, Georgia

John Gardner is President and CEO of Integrative Logic, a market research firm he launched in 2001. John is a strategic visionary with more than 17 years of experience in customer relationship management, database marketing, and business intelligence. A quick-thinking leader who knows how to steer progress, John inspires dedicated teams to blend The Science of Data with The Art of Marketing[®] and integrate technology and strategy into measurable, results-oriented programs. In 2010, John was named Small Businessman of the Year by the Gwinnett County Chamber of Commerce, and ranked #15 on the list of Atlanta's top entrepreneurs by *Business-to-Business* magazine. That same year his company, Integrative Logic, was named Small Business of the Year. Prior to launching Integrative Logic, John was vice president and chief technology officer at Braindance, director of business intelligence at imc2, and marketing manager at Southern Progress. John holds an MBA from the University of Alabama at Birmingham and an undergraduate degree from the University of Alabama.

۲

Brian Mitchell, MBA, MPH

Associate Dean Emory University Goizueta School of Business Atlanta, Georgia

Brian Mitchell is an associate dean at Emory University's Goizueta Business School. Prior to joining Goizueta full-time, Brian spent more than 18 years in marketing and strategy roles in the pharmaceutical industry. After earning his MBA and MPH degrees, Brian joined Capgemini as a strategy consultant in its life science practice, working with clients including Eli Lilly, Pfizer, and Aventis. In 2002, Brian moved to Solvay Pharmaceuticals, where he held several leadership positions within U.S. and global commercial operations, including all levels of brand management, U.S. Head of Strategic and Business Analysis, and Director of Marketing for Specialized Products. As the leader of the specialized products business unit, Brian was responsible for delivering a P&L that grew from \$250 million to over \$600 million in 3 years. He also earned distinguished awards such as Brand of the Year, the Global Marketing Award, and the Solvay Summit Award–the company's highest individual honor. In 2010, Brian accepted an executive position with Accenture's strategy practice and led the strategic support team for brands at AstraZeneca.

۲

()

xvii

Timothy Poole, PharmD

Chair and Associate Professor of Pharmacy Practice PCOM–GA Campus School of Pharmacy Suwanee, Georgia

Timothy Poole is the Chair of Pharmacy Practice and associate professor at the Philadelphia College of Osteopathic Medicine (PCOM)–Georgia Campus School of Pharmacy in Suwanee, GA. The foundation for his experience is grounded in more than 25 years in healthcare clinical practice, research, and the pharmaceutical industry. This experience includes strategic and operational leadership associated with a wide array of therapeutic categories for Pfizer Pharmaceuticals. With Pfizer, Tim contributed to the establishment and growth of a field-based corporate medical team. Through progressive levels of responsibility, Tim worked at the regional (Southeast) and national level in a director role. He hired, trained, and led large multi-functional teams while being responsible for multi-million dollar budgets and annual strategic planning. In all of his roles at Pfizer, he interfaced with numerous medical professionals, healthcare associations, and academic institutions.

۲

Matthew Short

Accenture Technology Labs Silicon Valley, California

Matthew graduated from the University of Washington where he studied informatics to understand the connection of people, information, and technology with a focus in social technologies. Within Accenture, he has worked on various social media and social collaboration strategies for the pharmaceutical industry as well as projects with the Digital Health research group.

Randall Tackett, PhD

Professor University of Georgia College of Pharmacy Athens, Georgia

Dr. Randall Tackett is a professor and graduate coordinator in the Department of Clinical and Administrative Pharmacy at the University of Georgia College of Pharmacy. He is also the director of the Clinical Trials Certificate Program in the Regulatory Affairs Program. Over the past 30 years, he has been involved in research and teaching of pharmacology and toxicology. He has interacted extensively with the pharmaceutical industry regarding drug development and testing. He has also been funded to develop educational modules on drug development, approval, and safety for prescribers.

()

Reviewers

Kim Broedel-Zaugg, PhD, MBA, RPh

Professor/Chair School of Pharmacy Marshall University Huntington, West Virginia

Steven J. Crosby, MA, RPh, FASCP

Assistant Professor of Pharmacy Practice Department of Pharmacy Practice Massachusetts College of Pharmacy and Health Sciences Boston, Massachusetts

۲

Paul Gavaza, PhD

۲

Assistant Professor of Pharmacy Practice Appalachian College of Pharmacy Oakwood, Virginia

Dennis W. Grauer, PhD

Associate Professor and Graduate Program Director The University of Kansas, School of Pharmacy Lawrence, Kansas

xix

()

REVIEWERS

Debra A. Notturno-Strong, MS, RPh

۲

Regional Dean–Abilene Associate Professor of Pharmacy Practice Texas Tech School of Pharmacy Abilene, Texas

9781449626594_FMxx_Printer.indd 20

۲

۲