

Building prescriber loyalty

by Jean-Michel Peny, Claire Dadou-Willmann and Jean Baron-Mazlounian

Major pharmaceutical companies like Merck, Bristol-Myers Squibb, Syntex, Searle, Upjohn and Lilly have announced restructuring measures as a way to restore profitability. An additional measure that could help pharmaceutical companies gain a competitive edge is the adoption of strategies already being used by major companies in the service industries. These involve a move away from product-oriented to customer-, or in this case, prescriber-oriented marketing.

According to a study carried out by international management consulting firm Bain & Co in association with Harvard Business School, companies can boost profits by between 25% and 85% – depending on the industry – by retaining just 5% more of their customers.

Links between quality, satisfaction and customer loyalty have already been well documented in a number of industries. Recent analysis in the pharmaceutical industry suggests a similar correlation between prescriber retention and satisfaction with a product. This satisfaction is itself

directly related to a prescriber's perception of quality – quality in terms of the company's image, its products and its services. Optimising these three components, known as the 'quality mix', can improve company profitability by influencing prescribers' prescription behaviour and therefore loyalty.

Bain & Co, with students of the Paris business school ESCP, recently carried out a pilot study in France to assess the impact of the quality mix on general practitioner (GP) prescription behaviour.

Face to face in-depth interviews were conducted with 68 GPs and with 56 marketing and sales executives from 21 of the top 30 pharmaceutical companies in France. Both groups were asked identical questions to enable a gap analysis between the GPs' statements and industry perception of the GPs' (prescribers') opinions.

Product quality. The study found that 96% of the GPs surveyed believed their prescription choice to be affected by

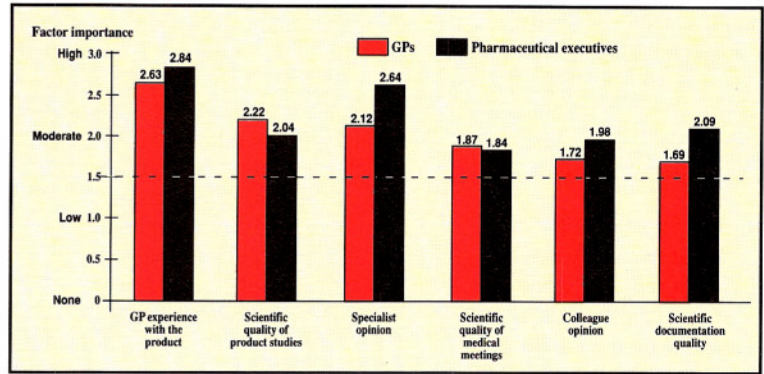


Figure 1: Factors influencing perceived quality of the products (gap analysis).

perceived quality of the drugs.

The key factors behind a GP's perception of product quality are, in decreasing order of importance: his own experience with the product, the scientific quality of the studies carried out on the product, the opinion of the specialists, and the scientific quality of the medical meetings organised or sponsored by the company promoting the product.

In contrast, however, the pharmaceutical executives had a tendency to underestimate the relative importance attached by GPs to the scientific quality of the product studies, and to overestimate specialist opinion (Figure 1).

Quality of service. Major discrepancies were highlighted again in the perceptions of GPs and industry executives to the second component of the quality mix, service.

Some 85% of GPs said the quality of the service they receive from pharmaceutical companies influences their prescription behaviour. The study highlighted two main types of service expected by the GPs. Firstly, good quality scientific information about the product and the related pathology during Continuous Medical Education (CME) programmes, medical meetings, and from medical calls. Secondly, rapid response to the doctors' requests for scientific documents or samples, a 24-hour information service, and educational materials produced by companies to inform the prescribers' patients.

However, suggestions of new services, such as an information officer or department at the company's head office to deal specifically with prescriber requests, and training sponsorship to improve the quality of the doctor-patient relationship or to enhance patients' loyalty to doctors, obtained low scores (Figure 2).

Pharmaceutical executives, on the other hand, assigned lower value to CME pro-

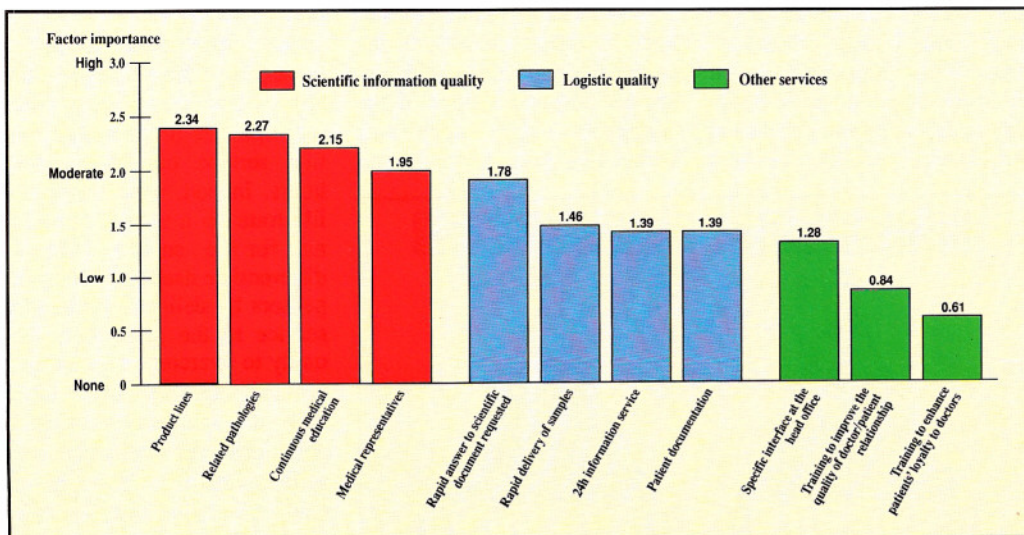


Figure 2: Relative importance of services delivered to GPs.

grammes, medical meetings, and round-the-clock information services.

Company image. The third component of the quality mix – image – was found to be less important than perceived drug quality and quality of service, but was still a significant factor in a GP's prescription choice. The study showed that just under 70% of GPs recognise that a company's image influences their prescribing.

Company ranking

What this study clearly highlights is industry's poor understanding of what shapes a GP's view of a product. Indeed, when the study ranked the top 30 French pharmaceutical companies in accordance with the ratings they were given by the interviewees, there were some important discrepancies between the two groups. For instance, the drug manufacturers Servier and Roussel were ranked better by the GPs than by the industry in terms of company, product and service quality. For the French subsidiary of Merck & Co the reverse was true.

Ranking by quality mix can obviously help a company identify its competitive weaknesses (Figure 3). Moreover, if this kind of study is carried out periodically it would be possible to measure the effects of a corrective action plan. Such a plan would need to look carefully at new sources of differentiation.

A competitive edge

While the study indicates that the perceived quality of the product is the most valued component of the quality mix for GPs, it is not sufficient to create strong competitive advantage. The current proliferation of me too products – chemically and clinically similar – means that product quality, on its own, is unable to provide sufficient differentiation. To date, for example, there are 14 branded ACE-inhibitors with a very similar therapeutic profile available on the French pharmaceutical market. To establish a substantial competitive advantage,

differentiation along the other two dimensions of the quality mix – corporate image and/or service – may be a serious option to consider.

It is not surprising, therefore, that more and more companies are starting to implement new communication strategies in order to build a stronger corporate image. An interesting example is the French-based company, Laboratoires Servier, which for years has used press releases and other techniques to tell the medical community and the general public about its research activities. The company also organises visits for GPs and specialists to its research facilities and manufacturing plant, and has been active in highlighting the importance of its efforts in terms of employment and exports, two themes which convey, along with research, an attractive image.

Servier is an unusual example, however, and in the pharmaceutical industry corporate communication is still very limited. In France fewer than ten companies, including Pfizer, Glaxo, and Roche, advertise in professional journals, and none of them seems to have built an integrated institutional communication strategy, conveying a strong, consistent and original corporate identity.

The quality of service available to prescribers – the second most valued component of the quality mix – may become an increasingly important option for differentiation. Bain & Co and the ESCP recently evaluated the quality of the services

offered by the leading pharmaceutical companies operating in France.

For the purpose of the study, a medical doctor sent a standard written request for scientific documents to 30 major pharma-

manufacturer sent the requested scientific data 42 days later. Moreover, the study found that it was rare for the telephone operator to connect a call to the right person first time.

In order to evaluate the quality of the communication between the marketing and sales departments, product managers were asked to inform a medical representative to call the secretary of the doctor participating in this trial to fix an appointment. Less than a quarter of the companies called back.

The study also contacted 11 companies' head offices during a week day between 7.30pm and 8.30pm to request advice on a patient prescription. Some 40% of the drug manufacturers did not answer, and among the 60% who picked up the phone or had an answering machine, only half of them (that is one third of the companies studied) were able to deliver scientific advice or information by a medical or pharmaceutical specialist in less than 15 minutes. Moreover, the head offices of some leading international companies had no telephone operator on duty after 5.30pm, making it impossible to contact anybody until the next working day, or two days later if the call is made on Friday evening.

Bad experiences such as these may ultimately result in a GP switching to a competitor that operates a better information service out of business hours. Indeed, what this study illustrates is a missed opportunity for the company; first to differentiate itself from its competitors by delivering a quality service to the prescriber, secondly to overcome efficiently a problem the prescriber faced with the company's product, and thirdly to strengthen prescriber loyalty. Of course it could be argued that few doctors contact companies with problems they are experiencing

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ceutical companies in France. Some 30% of the companies did not answer and only four companies out of the 30 replied with a letter in less than eight days.

The request asked the companies to send a bibliography, as well as a chart comparing the pharmaco-clinical properties of one of their products and its competitors. Around half of the companies approached did not send the bibliography, arguing that the request was too large or that they did not have the facilities to provide it. Only one of the companies called the doctor the day it received the request to ask him to be more selective regarding his bibliography request, which was intentionally extensive.

For the same request formulated by telephone, 43% of the companies contacted did not answer. Around a third of the companies sent documents within five days, and one drug

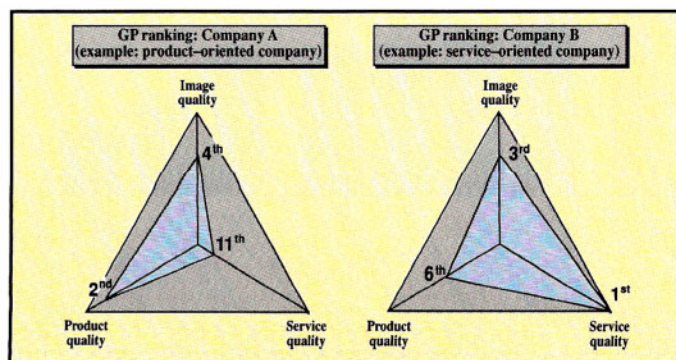


Figure 3: Perceptual map of quality mix performance ranking.

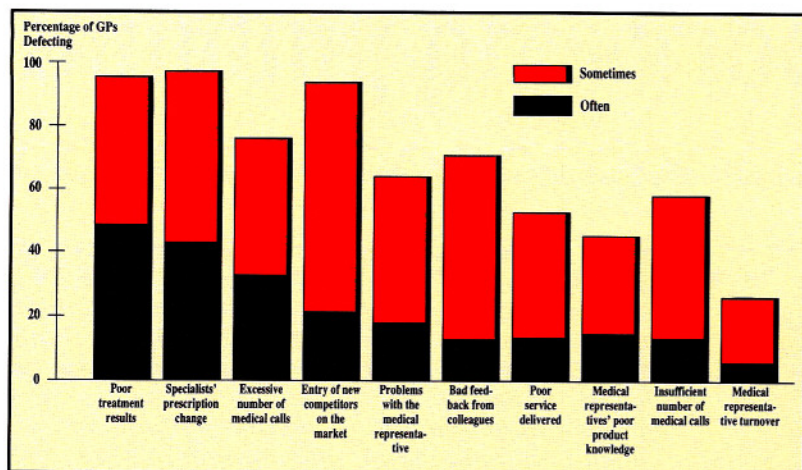


Figure 4: Root causes of prescriber defection.

confirms the necessity for the company to track the problems that the doctors' patients may experience.

The second most frequent cause of defection is the prescription switch initiated by referred specialists. Here too a strong, regular and direct two-way communication between the company and the specialists is important in limiting the

parameters of the quality mix must be discriminant enough to enable the prescriber to differentiate products whose therapeutic profiles are too similar. To achieve this, pharmaceutical marketing needs to shift its emphasis from product to service. Such an approach would have direct implications on the way the doctor/company relationship is managed. Specific focus should also be given to the root causes of a prescriber's defection, to defining priority actions, and to designing corrective action plans.

Optimising the three components of the quality mix might effect a positive influence on doctor's prescribing behaviour by increasing loyalty. Considering the positive correlation established by economic models between the level of customer loyalty and company profitability, strategies designed to optimise quality mix must bring with them a competitive edge. **SM**

Reports of this study are available free of charge from Bain & Co, 18 rue-Hamelin, 75116 Paris, France. Tel: 1 4505 7575. Fax: 1 4505 1385.

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with their products, and therefore it is not worth investing in services for such a limited number of prescribers.

According to the Technical Assistance Research Programme (TARP) sponsored by The White House Office of Consumer Affairs in 1979 and updated in 1986, 96% of customers do not inform suppliers about the problems they face with a product. However, considering that they inform nine or ten other people of their problems and that 95% of the customers whose complaints have been satisfactorily and rapidly handled state they will repurchase the product, it is essential to put incentives in place for clients to inform suppliers of any problems. This can be achieved by pharmaceutical companies establishing convenient, direct and continuous

communication with prescribers.

The worst that can happen for a pharmaceutical company is to lose a prescriber without knowing it, and without knowing why. In fact, if companies knew what it really cost to lose a prescriber, they would set strategies and design action plans to retain them. By soliciting feedback from defecting prescribers, pharmaceutical companies could identify the weaknesses and strengthen them before profits start to decline.

Product defection

The major causes of defection were identified during face to face interviews with prescribers in the Bain/ESCP study. Some 46% of GPs said that bad results observed with drugs were responsible for either reduced prescribing of that drug or a switch to another product. This

disastrous snowball effect on prescriptions of a trendsetter disappointed by a product. Other factors in decreasing order of importance are: the excessive number of medical calls, the entry of new products on the market, and problems with the medical representatives (Figure 4). Interestingly, industry executives were again out of touch with the needs of GPs, overestimating the impact of negative words-of-mouth and poor product knowledge on the part of the company's sales force.

The quality mix is undoubtedly the starting point for prescriber retention. All three components of the quality mix influence a GP's prescription behaviour. The perceived quality of a product certainly plays a predominant role, but it rarely ensures a clear competitive advantage. The remaining two