



SALES + MARKETING

Oncology's \$5 Billion Opportunity: Oncology Companies Can Improve the Customer Experience

The 2015 ZS Oncology Customer Experience Tracker

Jon Roffman, Sankalp Sethi and Pranav Srivastava



Impact where it matters.™



For years, oncology companies have bombarded their customers with an increasing number of sales and marketing tactics because they could afford to. With every launch of a new product or indication, the noise has increased. But simply throwing more resources at customers has caused a backlash, as oncologists, to a greater extent than other specialists, have shut their doors to sales representatives. The percentage of accessible oncologists (reached by more than 70% of sales reps) has declined dramatically, from 83% in 2008 to 27% in 2015, according to ZS's AccessMonitor™ survey. The greater restrictions on access have made it harder for oncology manufacturers to engage customers, at the same time that the overall pharma industry is seeking to move “beyond the pill” and devoting greater attention to customers.

Manufacturers will be targeting 13,000 oncologists with more than 70 new products during the next five years. Many of these products will be competing for the same niche patient populations, so clinical evidence alone will not be sufficient to promote sales. Oncology companies recognize that maintaining relevance and access to their customers in this environment requires competitive differentiation and a new approach to customer engagement. But too often, they rely on simply deploying more of the same tactics that contributed to the access restrictions in the first place, usually because these tactics have had a measurable ROI in the past. Consequently, most oncologists remain dissatisfied with their customer experience.

A positive customer experience is essential for fostering loyalty and enabling access, which is critical for success in the highly competitive market. Oncology companies have typically underinvested in the customer experience either because they lack the business case for making the necessary investments, or because they don't believe that they can meaningfully improve the experience beyond the product.

As a result, most have invested in only small-scale or ad hoc initiatives, with many still clinging to the traditional view that the product alone determines the customer experience.

To cut through the noise and reestablish strong ties with oncologists, manufacturers need to devote more resources to enhancing the customer experience, rather than just selling products. The investment in purposefully designing and executing a strong customer experience will be more than compensated for by the benefits: increased customer loyalty, greater market share, and sustained growth.

This report, which presents the findings of the 2015 ZS Oncology Customer Experience Tracker, provides the business case that oncology companies have lacked in the past. The initiative entailed a market research study conducted in July and August 2015 using a quantitative survey. A total of 259 responses were collected from oncologists as well as oncology nurses and administrators. Responses were analyzed against proprietary data from ZS AccessMonitor™ and ZS AffinityMonitor™, and claims data from Symphony Health Solutions. (For more details, see “About this Study,” on page 13.)



Oncology

...accuracy and divers
...most effective set
...is not toxic, ...

To build the business case for investing in the customer experience, the study's key objectives were to, 1) understand the current customer experience that oncology companies are delivering; 2) quantify the impact that customer experience has on product usage, in-person access, and engagement via online and virtual channels; and, 3) identify the factors that companies can proactively manage to influence the customer experience.

The key findings were:

1. The oncology customer experience typically is negative and lags behind the experience that many other industries create for their customers.
2. Most oncology companies stand to add \$50 million to \$75 million in incremental sales for every \$1 billion in current sales if they can deliver a better customer experience.
3. Reps, patient services and other factors that oncology companies can proactively manage to enhance the customer experience account for about two-thirds of the experience. Products—which traditionally have been manufacturers' emphasis—account for only about one-third of the experience.
4. A positive customer experience goes hand in hand with greater in-person accessibility and higher engagement across online and virtual channels.

Measuring Customer Experience

We measured the customer experience using the Net Promoter Score® (NPS®). Among the 20 oncology companies included in our survey, only four have a positive NPS—that is, the percentage of promoters exceeds the percentage of detractors. The remaining 16 have a negative NPS. All but one of the oncology companies had an NPS below 10%. To put that in context, the same respondents gave Amazon an NPS of nearly 50% and Apple an NPS of approximately 30% (see Figure 1).

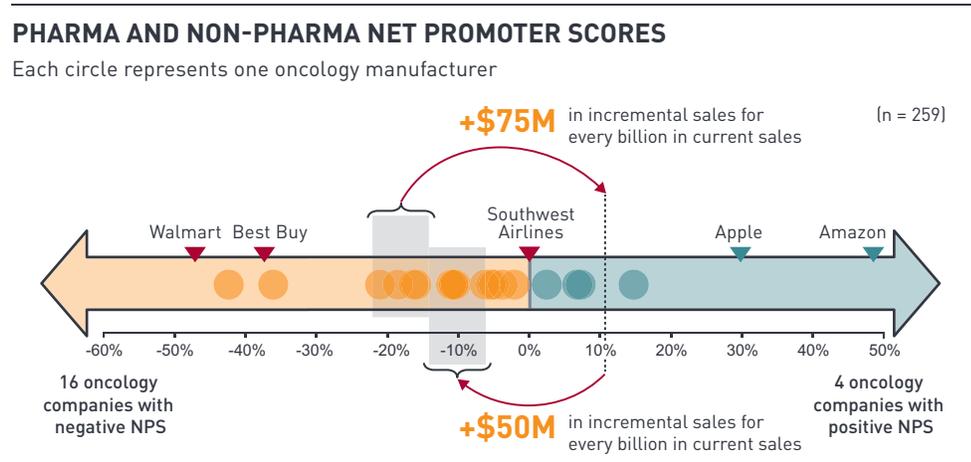


Figure 1: Customer experience in oncology and its impact on business.

Among the three types of survey participants, nurses are much more satisfied with the customer experience than oncologists and administrators. Only three oncology companies received a negative NPS rating from nurses, whereas 16 oncology companies were rated negatively by oncologists and 17 by administrators.

Gauging the Potential for Improvement

Oncology companies could capture significant revenue by taking action to improve the customer experience. By converting detractors to promoters, three in five companies (those with an NPS of less than -7%) could increase patient share per customer by 50%. The remaining two in five companies could increase patient share per customer by 20% (see Figure 2).

PATIENT SHARE GAIN: DETRACTOR TO PROMOTER CONVERSION

(n = 259)

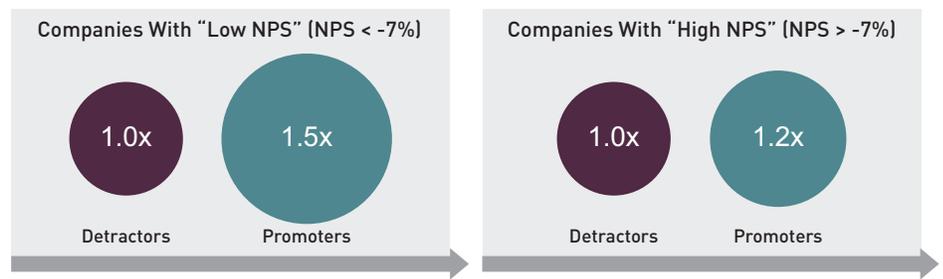


Figure 2: By converting detractors to promoters, three in five companies could increase patient share per customer by 50%.

The potential patient share gains translate into tremendous opportunities to increase sales. For every incremental 10 percentage points in NPS, companies stand to make \$25 million in incremental sales per \$1 billion in current revenue (see Figure 1 above). The large number of oncology companies with an NPS around -20% could drive \$75 million in incremental sales for every \$1 billion in current sales if they are able to improve their NPS to the benchmark of 10%. For companies with a multibillion-dollar portfolio, the incremental sales opportunity has the same order of magnitude as that of launching a new product.

Understanding What Drives the Customer Experience

The survey asked respondents to rate the impact of five factors on the customer experience, allocating 100 points across the five dimensions on the basis of their importance. Four factors that oncology companies can proactively manage accounted for 64% of respondents' perception of what constitutes the customer experience: patient services (22%), reps (19%), company reputation (16%), and online and virtual engagement (7%). Products accounted for 36% of the customer experience (see Figure 3). Compared with the product, itself, the other relevant attributes can be more easily controlled and altered after launch, pointing to opportunities for oncology commercial teams to continually improve the customer experience during a product's life cycle.

FACTORS THAT DRIVE CUSTOMER EXPERIENCE

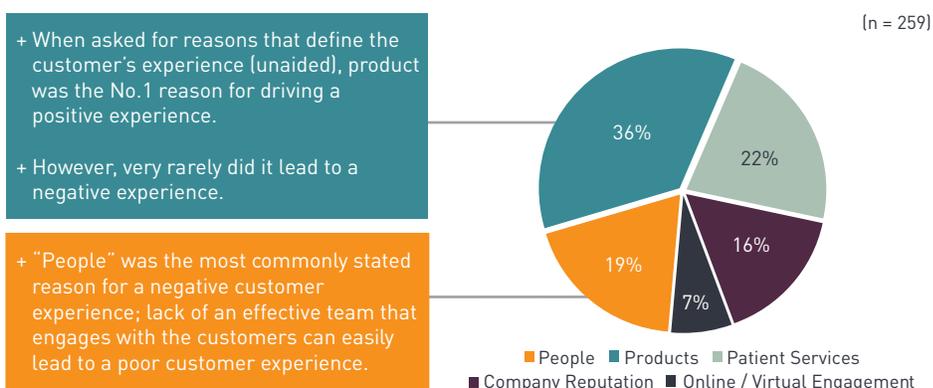


Figure 3: The survey asked respondents to rate the impact of five factors on the customer experience, allocating 100 points across the five dimensions on the basis of their importance.

The survey also asked respondents to cite the reasons for a positive or negative customer experience. Although products were the attribute most frequently mentioned as the reason for a positive customer experience, they did not stand out as the cause of a negative experience. Reps were the second most frequently mentioned reason for a positive experience, but also were cited most often as the reason for a negative experience.

Products are the only factor for which the average NPS is positive. The negative average NPS ratings received by reps, patient services and reputation indicate that companies have a significant opportunity to create a positive experience with oncologists by improving their performance on these dimensions.



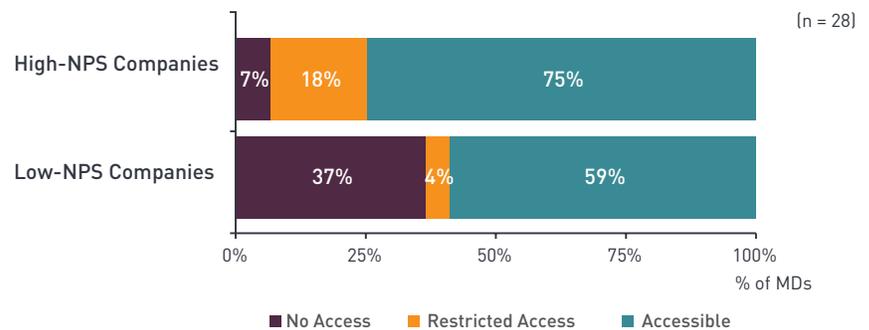
Exploring the Linkage Between Customer Experience and Access and Engagement

Companies with high NPS ratings had greater in-person access and higher engagement across online and virtual channels than companies with low NPS ratings.

Looking at the distribution of access restrictions relative to patient share, we found that companies with high NPS ratings (greater than -7%) had access to 93% of their oncologist customers. Low-NPS companies had access to only 63% of their oncologist customers.

ACCESS DISTRIBUTION BY NPS SEGMENT

For customers that had differential access across companies



Note: The NPS calculation here includes only those companies for which the access information was available.

Figure 4: Our findings imply that a higher NPS goes hand in hand with better access to customers across both face-to-face and remote channels.

Respondents indicated that they had significantly higher levels of engagement across online and virtual interactions with their highest-rated oncology company than with their lowest-rated company. For example, 39% had email conversations with their highest-rated company, compared with 16% who exchanged emails with their lowest-rated company; and 28% engaged with their highest-rated company via a company website or Web-based tool, versus 10% who did so with their lowest-rated company. (See Figure 5.)

These findings imply that a higher NPS goes hand in hand with better access to customers across both face-to-face and remote channels. This implication points to an opportunity for manufacturers to improve the customer experience—and offset the increased restrictions on traditional channels—by offering oncologists more and better options for online and virtual engagement.

ENGAGEMENT ACROSS CHANNELS FOR COMPANIES WITH HIGH AND LOW NPS

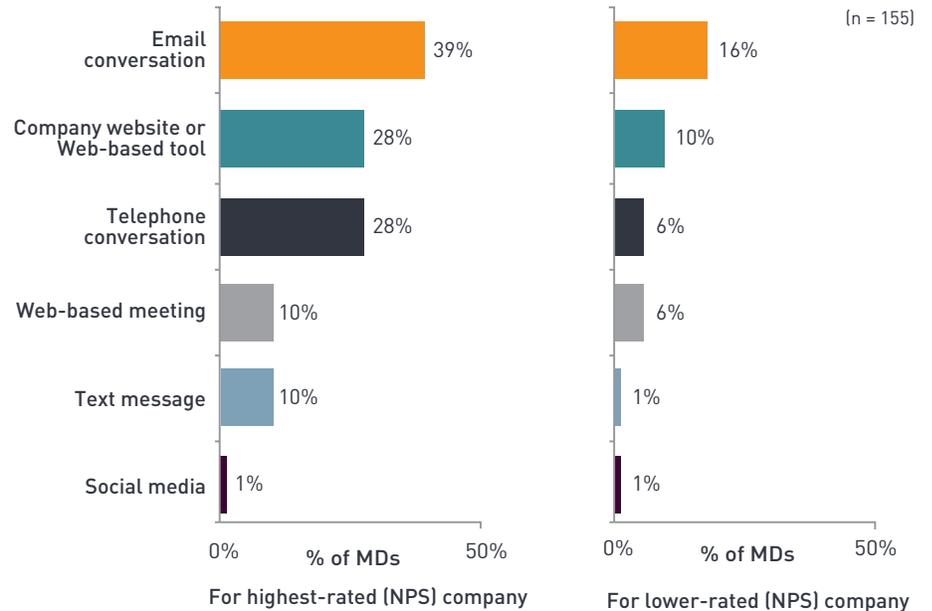


Figure 5: Respondents indicated that they had significantly higher levels of engagement across online and virtual interactions with their highest-rated oncology company than with their lowest-rated company.

Purposefully Designing and Executing Your Customer Experience

Looking behind the numbers, what distinguishes the leaders in customer experience from the laggards? The survey found that companies with high NPS ratings are proactively designing a positive customer experience by improving the factors that they can control. When we asked respondents what companies “do well to make you want to recommend them,” the following attributes emerged as the most important factors:

- + Great customer service and support
- + Reps are always available
- + Reps are knowledgeable about all aspects of the business and oncology market
- + Personnel have engaging conversations with MDs and nurses, and are open to discussing new ideas
- + Reps and other personnel focus on patients’ needs

- + Reps put effort into their relationships with individual people; retention is important to them
- + Great website and virtual resources

So what should oncology manufacturers do to emulate these leaders and create a better customer experience? We believe that there are three imperatives that manufacturers should apply at a company level across all brands and products:

- 1. Be purposeful in designing and executing a customer experience program.** Building a great customer experience is all about intentionally delivering it, rather than hoping that it emerges organically from your commercial strategy. However, few manufacturers intentionally design the customer experience today. The result is an inconsistent experience that, too often, is a bad one. While many oncology manufacturers have a low NPS, our survey showed a wide range of scores, indicating that some manufacturers have succeeded in delivering the experience that they desire for their customers. What separates these manufacturers from the rest is their focus on purposefully designing the kind of customer experience associated with a high NPS.
- 2. Coordinate the experience across teams and interactions.** This will be critical to companies' ability to deliver a consistent experience. Because the product is not the only driver, companies need to build an ecosystem around customers to effectively enhance the customer experience. As access challenges intensify, a multichannel approach will be required to achieve a better customer experience and, in turn, a higher patient share. Using "orchestrator reps" to harmonize call activities with multichannel customer interactions is essential for implementing this approach effectively. (See the ZS article, "Conducting the Sales Symphony: How the 'Orchestrator Rep' Addresses a Restricted-Access, Multichannel World.")
- 3. Live and breathe the purposeful approach.** For many oncology manufacturers, this will require shifting the entire organization from an internal focus to an external customer focus. To enable this transition, companies need new incentives and metrics that motivate people to buy into the customer experience culture. They also must provide tools that support the organization in delivering a world-class customer experience. Companies that do this well will track their progress and see meaningful gains in customer feedback over time.

A positive customer experience will be critical to building strong and enduring relationships in the increasingly crowded and complex market for oncology products. Beyond traditional messages about the product's efficacy, safety and value, an experience that is tailored to individual customers' beliefs and preferences will drive stronger differentiation, greater access to customers and higher portfolio sales.



About This Study

Data presented on the oncology customer experience is drawn from a market research study conducted by ZS Associates from July 3 to August 17, 2015, using a quantitative survey. The survey collected a total of 259 responses. Respondents included 155 oncologists, 54 nurses and 50 administrators.

The survey sought to understand the customer experience delivered by oncology manufacturers from two perspectives:

- 1. Overall customer experience:** For 20 oncology manufacturers and six non-pharma companies, the survey asked respondents, “Thinking about your overall experience with the companies, how likely are you to recommend the following companies to peers on a scale of 0-10?” We converted these responses into the Net Promoter Score® (NPS®) for each company. To determine the NPS, respondents are grouped into promoters (score 9-10), passives (score 7-8) and detractors (score 0-6). Subtracting the percentage of detractors from the percentage of promoters yields the NPS.
- 2. Drivers of customer experience:** The survey sought to identify the reasons for positive and negative customer experiences. It asked respondents to allocate 100 points across the following dimensions on the basis of their importance to the overall customer experience: products, people, patient services, reputation, and online and virtual engagement. Separately, it asked respondents to cite the reasons for a positive or negative customer experience.

To derive actionable insights, we conducted follow-up analyses that combined results from multiple sources:

- + **ZS AccessMonitor™** provides sales rep access information for oncologists. AccessMonitor analyzes call reports from 70% of U.S. pharma companies’ sales reps to generate insights into the current state of physician access restrictions.
- + **ZS AffinityMonitor™** provides channel affinity information for oncologists. By analyzing real-life physician behavior, AffinityMonitor™ shows each physician’s affinity for different channels and offers pharma companies direction for how they should deliver their messages to individual doctors.
- + **Symphony Health Solutions** claims data was reviewed for 51 products across 20 companies to identify levels of product usage. We applied the claims data to determine each oncology manufacturer’s “patient share” for a specific oncologist. We determined patient share by dividing the value of an oncologist’s claims relating to a given manufacturer’s products by the value of the oncologist’s total claims across all manufacturers.

About the Authors



Jon Roffman is managing principal of ZS's Boston office and leads ZS's oncology field strategy practice. He is focused on addressing sales and marketing issues for clients in the oncology marketplace, with an emphasis on field force and customer experience strategy, planning and execution. Jon has significant experience with oncology field teams including sales force, medical, payer and key account teams. He also has led many initiatives to design innovative customer engagement and deployment models in oncology. Jon has advised more than 20 oncology companies on sales and marketing strategy issues, ranging from small biotechnology companies launching their first products to large pharmaceutical companies building out their portfolios.



Sankalp Sethi is a manager in ZS's Boston office and is a member of the ZS oncology vertical. Over the past seven years, Sankalp has helped ZS clients commercialize products in oncology and specialty therapeutics. He has helped clients develop commercialization strategies and segmentations, and design forward-looking local and global go-to-market models to successfully navigate the evolving dynamics in the oncology market.



Pranav Srivastava is a manager in ZS's Chicago office. His 11 years of experience at ZS have included projects ranging from market research and market coverage optimization to business intelligence reporting and analytics for clients in the technology, pharmaceutical and medical device industries. Pranav currently focuses on market research and analytics for pharmaceutical clients and is part of ZS's oncology vertical.



About ZS

ZS is the world's largest firm focused exclusively on helping companies improve overall performance and grow revenue and market share, through end-to-end sales and marketing solutions—from customer insights and strategy to analytics, operations and technology. More than 5,000 ZS professionals in 22 offices worldwide draw on deep industry and domain expertise to deliver impact where it matters for clients across multiple industries. To learn more, visit www.zsassociates.com or follow us on Twitter (@ZSAssociates) and LinkedIn.



**For more information,
please contact:**

ZS Associates
+1 855.972.4769
inquiry@zsassociates.com

www.zsassociates.com