



SALES + MARKETING

AccessMonitor™ 2015 Executive Summary

For Pharma Reps, a Challenging Market for Physician Access Gets Even Tougher

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Sales reps from pharmaceutical and biotech companies continue to face a tough environment in trying to communicate directly with physicians. According to ZS's *AccessMonitor™* study, fewer than half of all physicians in the United States are now accessible to reps. This continues a downward trend that has shown up each year since ZS launched the *AccessMonitor™* study in 2008.

While some specialty areas are still comparatively accessible (such as urology, dermatology and rheumatology), all indications suggest that even these physicians will become less accessible in the future. As a result, pharma companies will need to maximize the access they can still get, and develop an effective mix of other channels in order to get their message to physicians.

In this executive summary of the *AccessMonitor™* study, Pratap Khedkar, ZS Associates Managing Principal for Pharmaceuticals and Biotech, and Malcolm Sturgis, who leads the *AccessMonitor™* and *AffinityMonitor™* offerings, discuss the results and provide some guidance on how pharmaceutical and biotech companies can win in an increasingly restrictive environment.

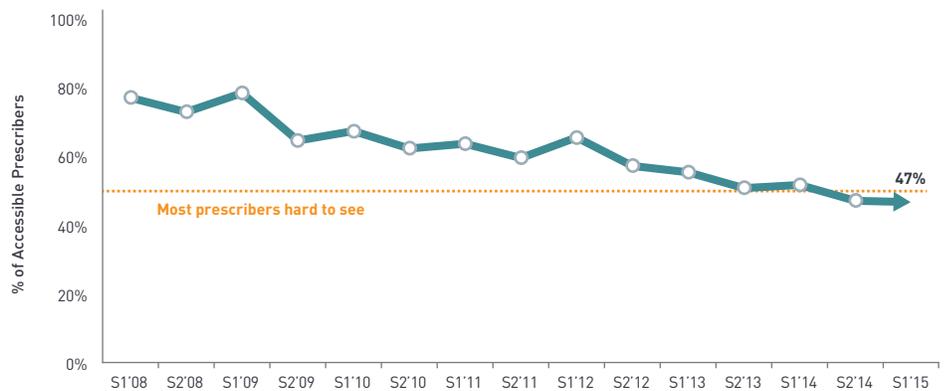
Physician access for pharmaceutical reps continues to decline and has passed the halfway point. Throughout the United States, more than half of all doctors are now “access restricted” to some degree.¹ That continues a steady downward decline in access that has played out for the past decade, increasing the pressure on pharma sales force effectiveness.

According to ZS Associates’ latest *AccessMonitor*TM study, which analyzes call reports from 70 percent of all U.S. pharmaceutical companies sales reps, just 47% of prescribers were considered “accessible” in 2015, compared with 55% in 2013 and 51% in 2014.

Key Findings

When ZS launched the initial *AccessMonitor*TM survey, in 2008, nearly 80% of prescribers were considered accessible. Since then, that number has declined steadily, and just 47% of physicians are now accessible to sales reps (see Figure 1). “Clearly, there’s some point at which access restrictions will slow down or even stop, but we’re not there yet,” Pratap says.

ACCESSIBLE PRESCRIBERS, 2008-2015



*Based on data for more than 240,000 prescribers

Figure 1. Sales rep access to subscribers has fallen steadily for much of the past decade.

A driving factor in access restrictions is consolidation among providers (which, in turn, is tied to new regulations, the reforms of the Affordable Care Act and consolidation by other industry players like insurance companies). Consolidation leads to centralized purchasing for an entire hospital or health system, and more doctors working as employees, in which they are subject to institutional policies and have less autonomy regarding medicines they prescribe. “The consolidation trend is still evolving,” says Pratap, “meaning it likely has years to play out, and access restrictions will continue to grow.”

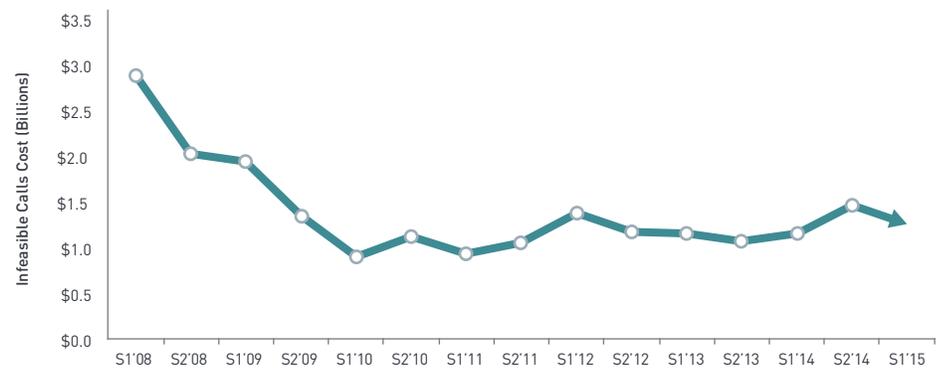
¹ Physicians were grouped into three categories: “accessible” (those who met with more than 70% of the sales reps who called on them), “access restricted” (those who met with 31% to 70% of reps) and “severely access restricted” (those who met with 30% or fewer of reps).



While such access restrictions challenge pharma companies to get their marketing messages out effectively, they also lead to waste—in both time and money. Based on ZS analysis, the pharma industry spends approximately \$1 billion on infeasible sales calls—meaning those calls that companies plan for and staff but cannot execute (see Figure 2). (The ZS methodology considers a call to be infeasible if a best-in-class sales rep can’t deliver it.)

While the industry eliminated a lot of waste late in the first decade of the 2000s, during the era of downsizing, the remaining \$1 billion has been a bigger challenge, says Pratap. “Pharma companies are optimizing the size of their sales force and their plan, but as restrictions continue, they’re always going to be a bit behind the trend.” In addition, Pratap says, “Sales calls are so much more effective than other marketing channels that even if the odds of actually getting in to see a particular doctor aren’t in the reps’ favor, they’ve still got to try.”

COST OF INDUSTRY INFEASIBLE CALLS, 2008-2015



*Based on data for more than 240,000 prescribers

Figure 2. Waste due to inaccessibility has plateaued for the past several years, and the remaining \$1 billion has been tough to eliminate.

Among medical specialties, some areas continue to be more accessible to reps, primarily urologists, dermatologists, rheumatologists and allergists (see Figure 3). Across all four, more than two-thirds of doctors are still accessible. These areas still often function in smaller, independent practices, which are often physician owned. As a result, they have not felt the impact of provider consolidation as directly.

By contrast, oncology and nephrology are the two most restricted specialties, where just 27% and 19% of physicians are fully accessible to reps, respectively. “These are very academic specialties where there’s a high degree of clinical knowledge involved,” Malcolm says. “Treatments are complex and expensive, and practices are often based in an institutional or academic setting.” Similarly, primary care, the third most restricted specialty, is experiencing dramatic consolidation right now, and primary-care doctors face huge time and productivity pressures. In many cases, they simply don’t have the time to meet with reps, even if they wanted to.

Yet while most areas are still largely accessible today, the longitudinal results of the *AccessMonitor*™ study over the years indicate they are not likely to remain so. Consider that five years ago, the accessibility levels for oncology were approximately where urology is today. “The restrictive specialties aren’t inherently less accessible,” says Pratap. “They’re just getting there faster.”

ACCESSIBLE PRESCRIBERS FOR SELECTED SPECIALTIES

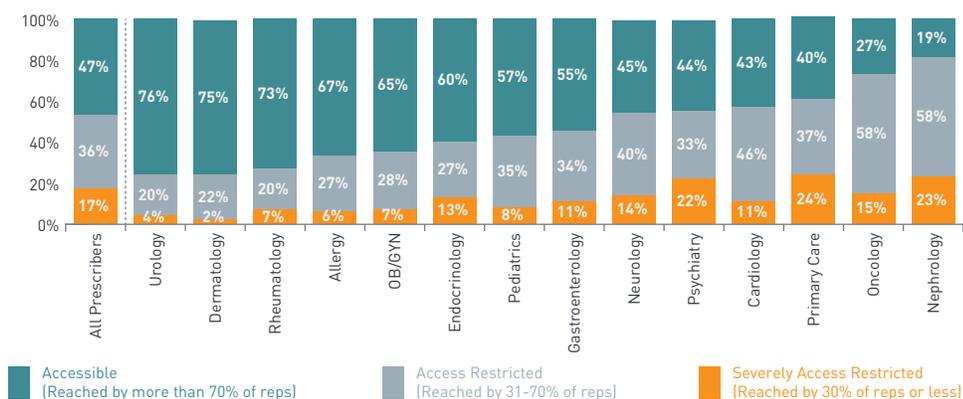


Figure 3. Some specialty areas are still relatively accessible, but they are all becoming more restrictive over time.

In addition to specialty practice areas, the study looked at geographical differences. Specifically, it identified the large and midsize cities that showed the biggest one-year drop in accessibility (see Figure 4). Notably, all five have historically been more accessible than the overall national average. “Markets that we thought were open and accessible are showing the biggest declines,” says Pratap.

METRO AREAS WITH THE BIGGEST ONE-YEAR DECLINES IN ACCESS

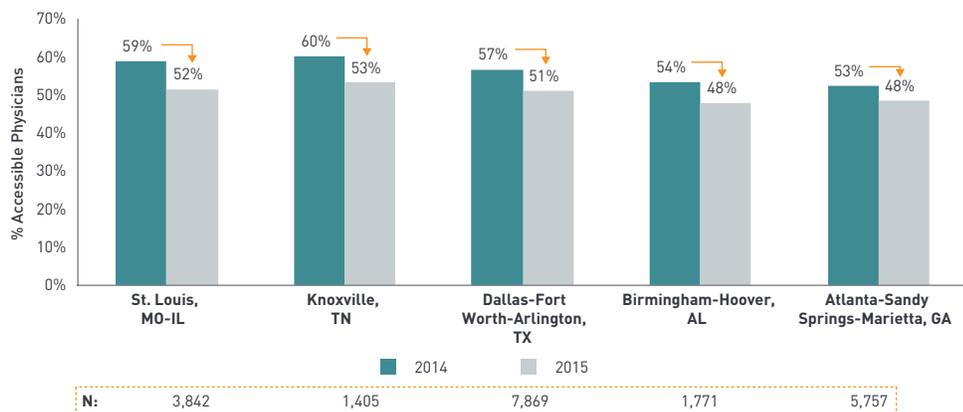


Figure 4. The cities with the biggest declines in access in 2015 were all historically accessible, suggesting that pockets of accessibility are disappearing.

One new factor that the study analyzed for the first time was the impact of medical schools on regional accessibility. As with other trends in the healthcare industry, many of the earliest restrictions on sales rep access originated in academic settings, dating back to the mid 2000s. Prior to that point, a generation of doctors grew accustomed to dealing with pharma reps, starting with their academic training and continuing into residencies and internships. Today, by contrast, there is a large group of doctors who have never met with a rep—and likely never will. This represents a seismic shift in the industry, which the data clearly shows.

Specifically, the study looks at access in regions where the top-rated medical schools are based.² (It considers access among all doctors in those regions, not merely those affiliated with the school itself.) For regions where one of the top 12 medical schools is based, just 41% of physicians overall are accessible. For regions where one of the top 50 medical schools is based, just 44% percent of all physicians are accessible, compared with 47% for the nation as a whole (see Figure 5). “The correlation is clear,” says Pratap. “Higher-rated schools, which are typically ahead of the industry in shifts regarding clinical care, seem to be ahead of the industry regarding restrictions on access as well.”

Malcolm echoes this sentiment. “In the places where doctors are training, the places where academic work is being conducted, where journal articles are being written and where attitudes about the industry are being shaped among tomorrow’s generation of physicians, pharma has less access, by quite a bit.”

PRESCRIBER ACCESS BY GEOGRAPHY

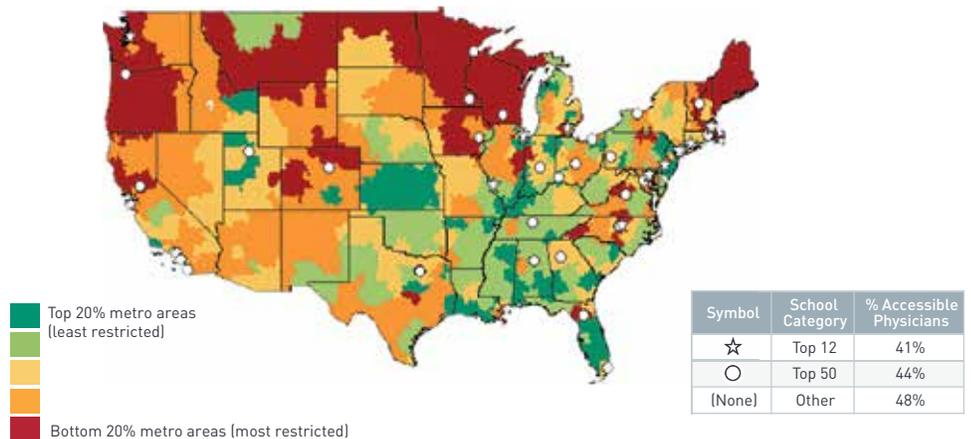
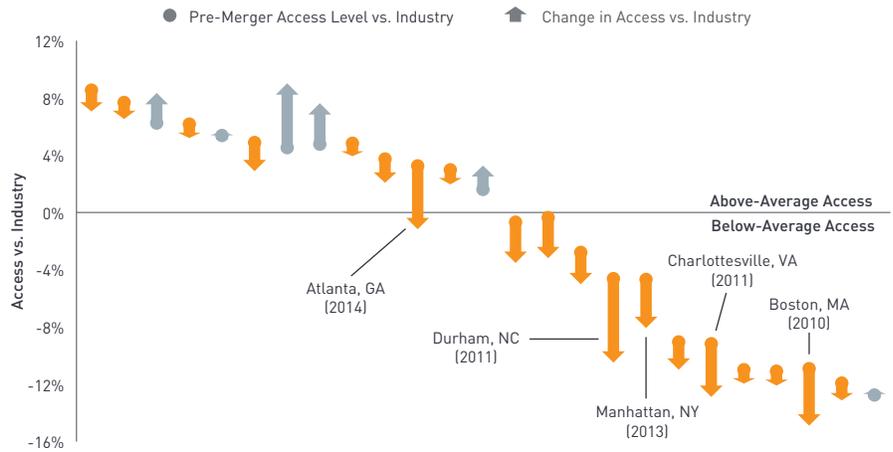


Figure 5. The presence of a top-ranked medical school tends to reduce access among all doctors in the region.

² Ratings are based on the most recent U.S. New and World Report rankings as of 2015.

SHORT-TERM IMPACT* OF MERGERS



*"Short-term impact" was defined as the greatest drop in access within the first 12 months after the noted merger

Figure 7. Of the 25 largest mergers, most led to even greater declines in access over the 12 months after the deal closed.

Implications for Leaders at Pharma Companies

Given these profound shifts in the industry, and the strong likelihood that they will continue over the next several years, the question becomes, how can pharma companies best respond? Clearly, a personal connection still has the strongest impact, so companies should continue to leverage that in the markets and specialty areas where they still can. However, they should expect to see steadily greater restrictions in the future, in virtually all regions and all practice areas. "If you're still lucky enough to be in an accessible market or specialty, don't expect that will last," says Pratap. "All the survey data points in the same direction, downward, and five years from now, you'll be in trouble."

To complement sales reps, companies also need to take a comprehensive view of marketing. In addition to sales reps, there are other means by which they can get their message out, such as various digital channels, speaker programs and other promotional tools. "They may not be as individually impactful as rep calls you're used to," says Malcolm, "but you can't fight the restrictions in access."

More important, the ability to understand how doctors want to receive content—in which communication channels and formats, and how frequently—will become critically important in the future. ZS's *AffinityMonitor*TM offering can help pharma companies understand these preferences, in order to tailor the most effective marketing plan for each individual physician. "In the big picture, sales calls by reps are only one aspect," says Pratap. "Other channels can effectively supplement those calls." In addition, digital channels are far less expensive and have the potential to be far more precisely targeted and measurable.

In other words, pharma companies may be losing their most effective tool, but they have other tools available—they just need to become more adept at using them.

About the Experts



Based in Philadelphia, Pratap Khedkar is ZS's Managing Principal for Pharmaceuticals and Biotech. He has advised many pharmaceutical and healthcare companies on a wide range of sales and marketing issues, including multichannel marketing, marketing mix, promotion response measurement, managed-care issues, sales force strategy and incentive compensation.



Malcolm Sturgis is an Associate Principal with ZS Associates in Evanston, Ill., where he leads ZS's *AccessMonitor*[™] and *AffinityMonitor*[™] offerings. Malcolm has advised pharmaceutical and biotech clients on a range of strategic marketing issues, including brand strategy, opportunity assessment, investment optimization, multichannel planning and sales force design.



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