



ZS ASSOCIATES

ACCESSMONITOR™ 2013 EXECUTIVE SUMMARY

Pharma Rep Physician Access: Do Falling Numbers Point to New Sales Models?

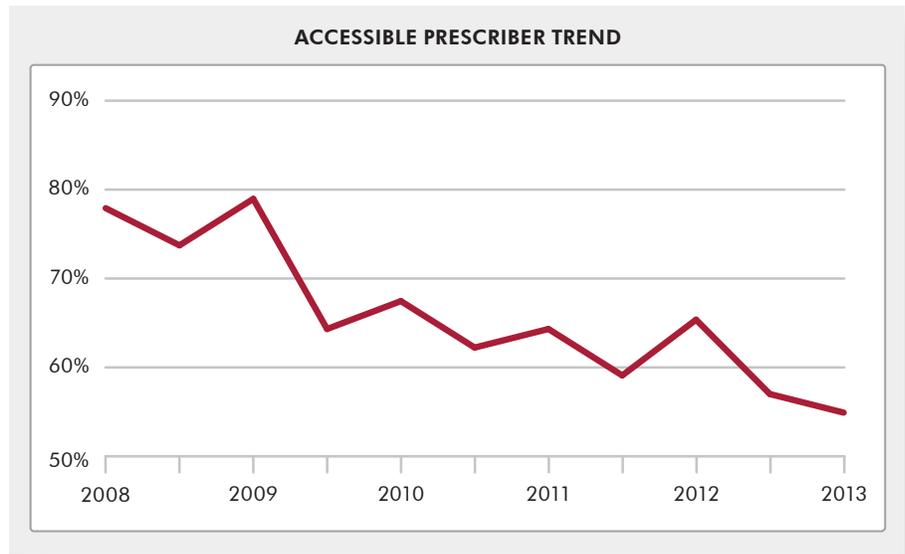
Pharmaceutical sales representatives' access to physicians has continuously declined over the past five years, as physicians and institutions institute tighter restrictions on access.

According to ZS Associates' latest *AccessMonitor*™, a survey that incorporates and analyzes call reports from more than 200 U.S. pharma sales teams¹, only 55% of prescribers were considered accessible in 2013, compared with more than 77% in 2008 (see Figure 1).

The reduced access is forcing many pharmaceutical companies to rethink their go-to-market strategies and sales models.

This executive summary analyzes key findings of the 2013 *AccessMonitor*™ report, and offers insights into what they may mean for the industry. Pratap Khedkar, ZS's Managing Principal for Pharmaceuticals and Biotech, says that while access will continue to be an issue, pharmaceutical companies that focus on customer-centric strategies can improve access and customer contact.

Figure 1. Over the last five years, reps' access to physicians has steadily declined (Source: AccessMonitor™).



Key findings

Access to physicians has declined consistently since the first AccessMonitor™ survey in 2008. In 2013, only 55% of prescribers were deemed “accessible,” compared with 65% of prescribers one year ago, and 77% in 2008.

The decline in access has made it difficult for companies to maintain high call frequencies. A scant few physicians allow the industry’s best representatives to call on them more than 24 times a year—a mere 2% of primary-care physicians and 13% of specialists allow representatives to visit that frequently.

“This is a movement that’s been happening over the past six, seven years, but it’s really accelerated and is growing worse by the day,” Pratap says.

In addition, regional differences persist: New England, the Pacific Northwest, Minnesota and Wisconsin in particular have large pockets of prescribers that significantly restrict access. Areas with less restricted access are distributed across the United States and include Florida, the Southeast and pockets in California.

Physician access also differs by speciality, with oncology and cardiology among the most restrictive. Specialties that remain relatively open to sales visits include dermatology, allergy and endocrinology.

About the Expert

Pratap
Khedkar,
Managing
Principal



ZS Associates,
Philadelphia

Pratap is ZS's Managing Principal for Pharmaceuticals and Biotech. He has advised many pharmaceutical and health-care 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.

Major Survey Findings on 2013 Physician Access

12% of physicians severely limit visits from pharmaceutical reps.

55% of physicians remain "reasonably" accessible to reps, compared with 65% in 2012.

Decreased accessibility often means unproductive sales calls, which come at a steep cost: *AccessMonitor*™ found that pharmaceutical companies waste between \$1 billion and \$1.5 billion annually on infeasible calls. (Calls are considered infeasible if even a best-in-class representative can't deliver them.) Infeasible calls represent approximately 8% of sales force effort across the industry.

"The traditional way of physicians interacting with the sales force is not working—it's not as effective as in prior years," Pratap says. "When half of your customers don't want to interact with you the way you want to interact with them, it's a problem."

While the cost of wasted sales effort is enormous, it's important to note that the pharmaceutical industry has significantly reduced the cost of planned calls that reps cannot deliver since early 2008, when the amount peaked at \$2.9 billion. Since then, companies have strategically downsized sales forces and have improved targeting of resources.

What's behind the trends?

Several factors are limiting prescriber access. First, the consolidation of community-based providers into health systems is creating additional barriers to access. In response to reimbursement challenges, shrinking profit margins and increasing regulatory scrutiny, community-based practices are aligning with or being purchased by large systems and integrated delivery networks. These integrated systems tend to centralize purchasing, as well as establish more rules and limits governing physician interactions with sales representatives, according to Pratap.

Physicians remaining in community-based practices are under mounting reimbursement pressures to see more patients in a shorter period of time, thereby limiting the hours practitioners have to meet with sales representatives. Some of these physicians may value their interactions with sales reps, Pratap said, but simply don't have the time to engage.

(Although *AccessMonitor*™ does not consider regulatory or political forces on physician access, some industry observers think the Sunshine Act has altered detailing behavior and diminished reps' utility to many physicians, and thus, may have affected access. In addition, there is the

possibility that the Supreme Court's upholding of the Affordable Care Act ["Obamacare"] has accelerated industry consolidation.)

Access varies significantly by geography. Urban areas and those with large academic medical centers, such as New England, the Pacific Northwest, Minnesota and Wisconsin, have a greater concentration of prescribers that significantly restrict access.

Perhaps it is more difficult for pharmaceutical companies to align their expectations on access with how physicians consume information, according to Pratap, who notes that electronic channels command a greater proportion of physicians' attention than sales reps. "It's not just a matter of getting sales reps in front of them," he says. "Physicians have radically changed the way they consume information."

What are companies doing about shrinking access?

Executives may wonder if their companies will ever get the same level of access as in years past. They have reason to wonder: Even with the best strategies and tactics, they are unlikely to enjoy relatively unfettered access again. However, there are steps that can help improve access or their overall customer relationships.

Adopt key account management for larger systems. Developing key account managers or teams for large accounts is critical for retaining and improving access. The number of larger systems will only grow over time, and sales calls for a large health network demand a different sales model, since these larger institutions often limit individual sales rep access to physicians. Meanwhile, the nexus of decision-making has been diffused from physicians to administrators and other nonmedical personnel.

Take a customer-centric viewpoint. Sales reps no longer have unrestricted access, so each visit becomes extremely important. Pharmaceutical companies' future success hinges on their ability to successfully engage with customers and deliver value.

The customer experience is the perception that customers have of their interactions with an organization. The key to delivering a customer experience that meets physician needs and delivers true value is to see

things from the customer's point of view—in other words, take a customer-centric approach to sales, according to Pratap.

“Customer-centricity is an extremely important notion that's only now coming to the pharmaceutical industry,” Pratap says. “Can you put yourself in the customer's shoes and view all the things you've been offering them from their perspective, their job, their journey?”

Apply differentially resourced sales models. Differential resourcing is a sales model that matches sales force resources to local conditions. Simply put, regional disparities in customer needs, physician access and payer restrictions mean that sales models need to be tailored regionally.

The resources deployed in each geography must address the needs of local customers. What works in one urban area isn't likely to work in another, even if the two cities are relatively close. The same holds true for different types of sales environments: A physician at an academic medical center might need help enrolling patients in clinical trials, for instance, while a smaller practice around the corner might need reimbursement support.

A differentially resourced model accounts for these differences while being able to adjust to changes, such as a drug coming on or off a formulary. In doing so, pharmaceutical companies can focus the appropriate resources—sales reps in particular—to providers and institutions that can accommodate and welcome them.

Mix old and new channels; maximize the call itself. Pharmaceutical companies need to supplement sales efforts with digital channels such as social media, product websites, emails and search engine optimization. Reps can be effective messengers for digital messages. Doctors are far more likely to open an email that comes directly from their pharmaceutical rep (35% will open such correspondence) than if it comes from the manufacturer (3%).

When they have access, reps need to maximize the time and effectiveness of their calls. Tablet devices like the iPad allow reps to deliver content that is far more engaging and interactive compared with content on paper. Tablets allow reps to give market research and customized messages, while remembering physician preferences and dislikes.

As Pratap noted earlier, the way physicians consume information has changed to the extent that pharmaceutical companies have little choice than to embrace different channels. “Physicians are no longer accustomed to talking face to face—in fact, doctors will favor getting information from online media over reps, by a factor of two to one,” he said.

1 AccessMonitor™ is a proprietary tool that incorporates the call reports from more than 200 different U.S. pharmaceutical sales teams and more than 40,000 sales reps. It examines how often approximately 325,000 physicians and other prescribers meet with pharmaceutical sales representatives who visit them and then classifies those doctors into one of three groups: 1) “accessible” (physicians who met with more than 70% of reps who call on them); 2) “access restricted” (between 31% and 70%); and 3) “severely access restricted” (30% or less). The report equips companies with data to make the best use of sales and marketing resources in a systematic way and includes sales operations, field management and marketing strategies. In addition to the biannual national industry reports, participating companies also receive a prescriber-level company-specific AccessMonitor™ report that provides customer insights based on industry data that is processed, cleaned and anonymized according to a rigorous set of rules. To learn more or to participate in the next round of reporting, visit www.zsassociates.com/industries/pharmaceuticals-and-biotech/accessmonitor.aspx.

About ZS Associates

ZS Associates is a global consulting, outsourcing, technology and software solutions firm focused on commercial strategy and implementation. For almost 30 years, ZS has helped businesses across a range of industries address market challenges and optimize performance. From 20 offices around the world, ZS experts use analytics and deep expertise to help companies make smart decisions quickly and cost-effectively. ZS comprises multiple affiliated legal entities. Learn more at www.zsassociates.com.



ZS Associates

www.zsassociates.com

+1 855.972.4769

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7-13

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