

# How Pharma Marketing Research Is Changing

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# The Pharma Business Has Become More Risky



- Cost to develop new drugs continues to rise
- Failure rates are rising at late stages – not sustainable
- Successful drugs now decline precipitously following generic competition
- Earnings streams have become cyclical
- New drug launches are slowed by managed care's increased control of formularies

# Most of the Industry's Top 20 Products Will Disappear Within the Next 5 Years



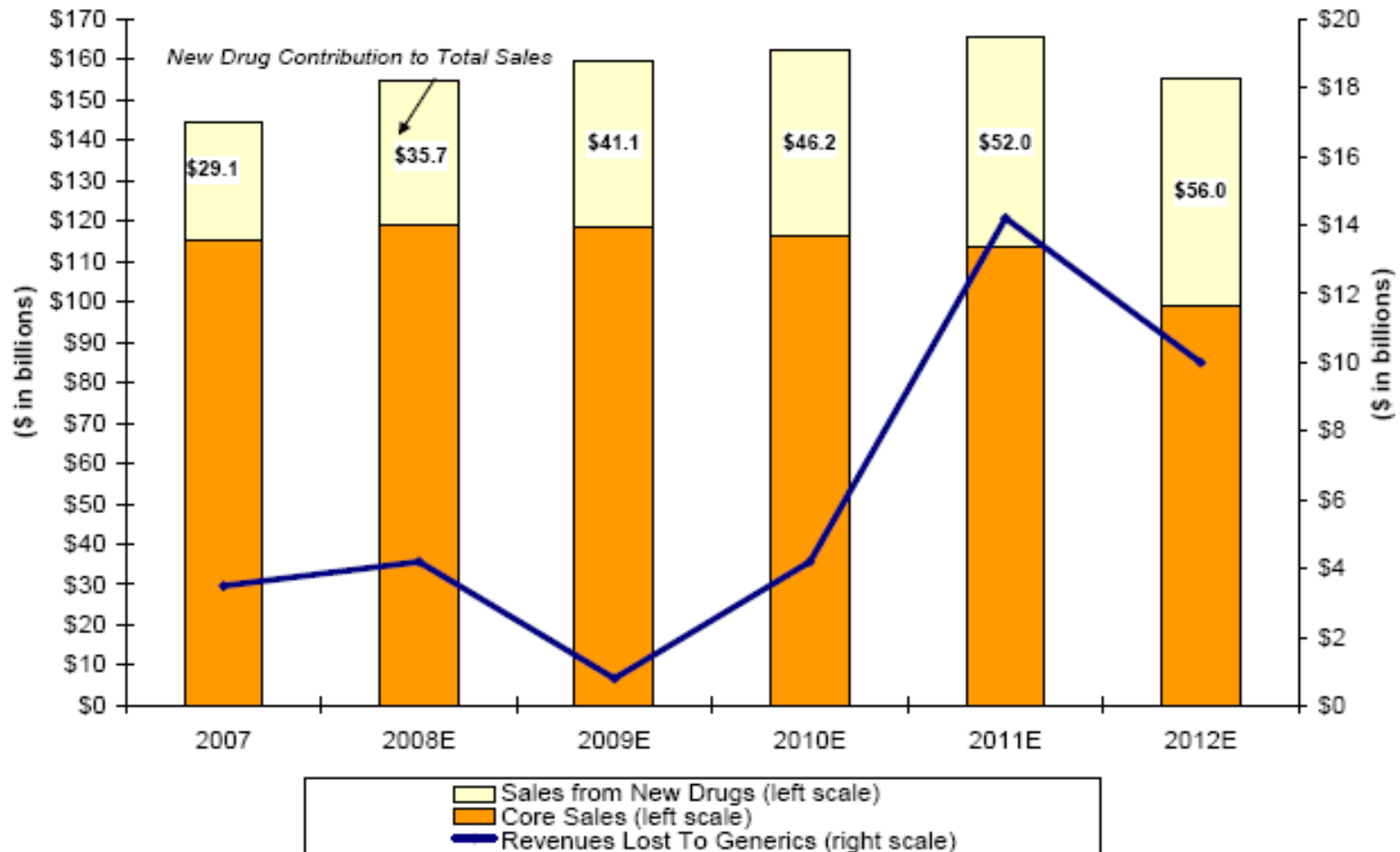
## Top 20 Products of 2007

Product	2007 US Sales (millions)	Generic Entry
<i>Lipitor</i>	7.1	2011
<i>Nexium</i>	5.4	2014
<i>Advair</i>	4.2	2010
<i>Plavix</i>	3.9	2011
<i>Seroquel</i>	3.5	2011
<i>Singulair</i>	3.4	2012
<i>Enbrel</i>	3.4	2014
<i>Prevacid</i>	3.1	2009
<i>Aranesp</i>	3.1	?
<i>Epogen</i>	3.0	?
<i>Neulesta</i>	3.0	?
<i>Actos</i>	2.9	2010
<i>Effexor</i>	2.8	2010
<i>Remicade</i>	2.8	?
<i>Lexapro</i>	2.6	2012
<i>Risperdal</i>	2.6	2008
<i>Protonix</i>	2.5	2008
<i>Vytorin</i>	2.5	2015
<i>Zyprexa</i>	2.4	2011
<i>Lovenox</i>	2.3	?

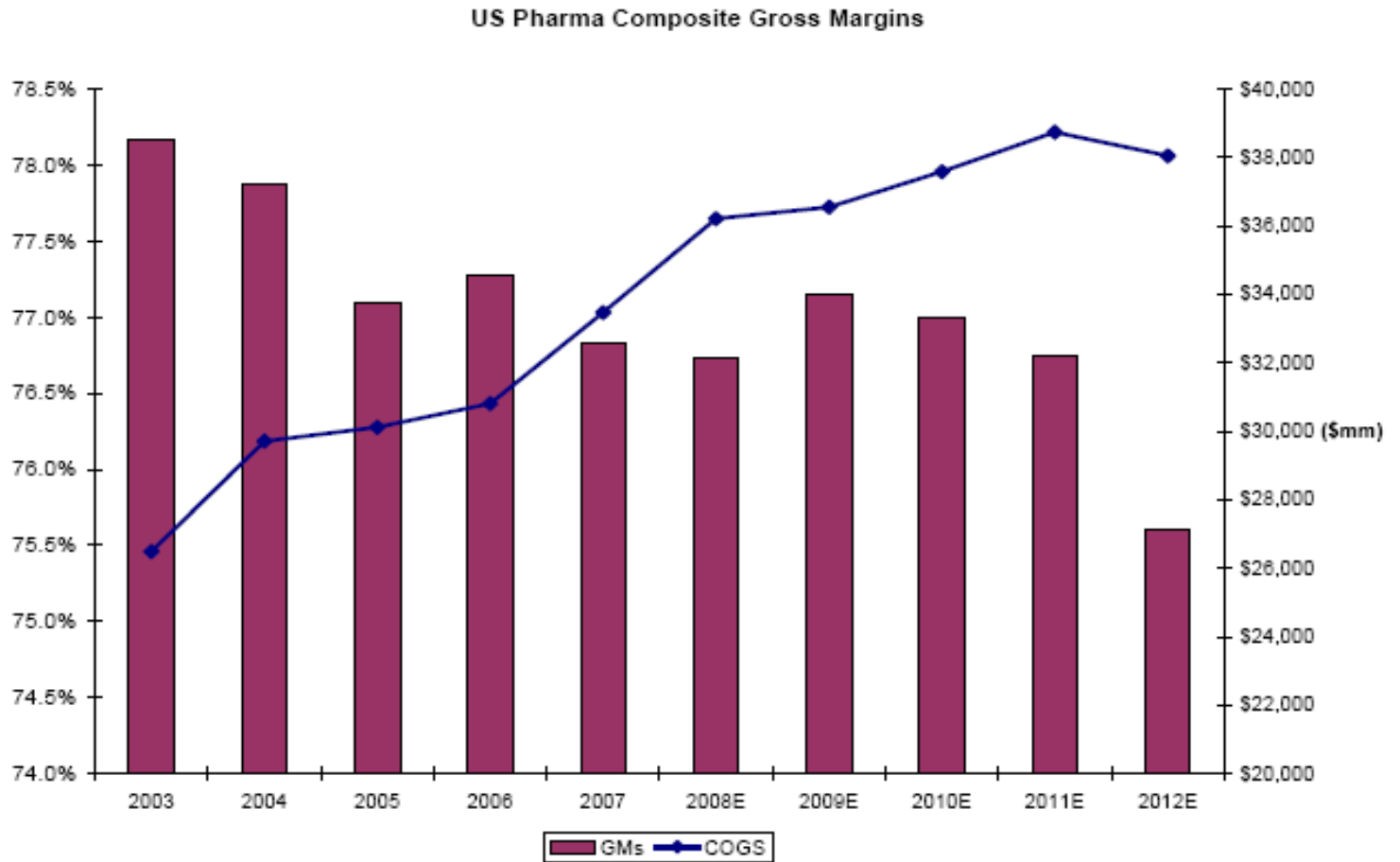
# Generic Assault Will Erase More Than \$30B in 2010-2012; New Products Will Add Less Than \$5B in Offsetting Revenues



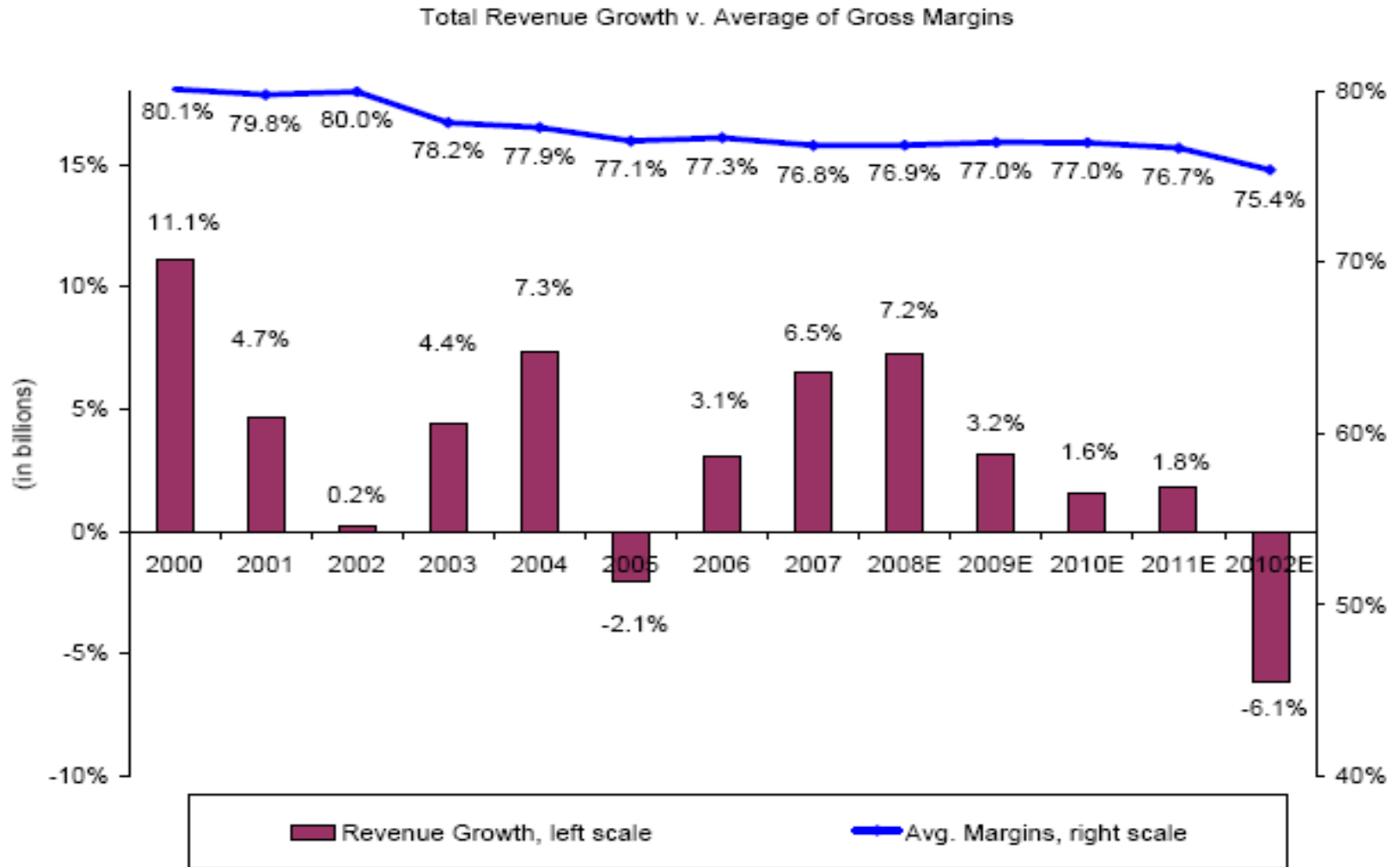
Total Pharma Revenues v. Revenues Lost to Generics



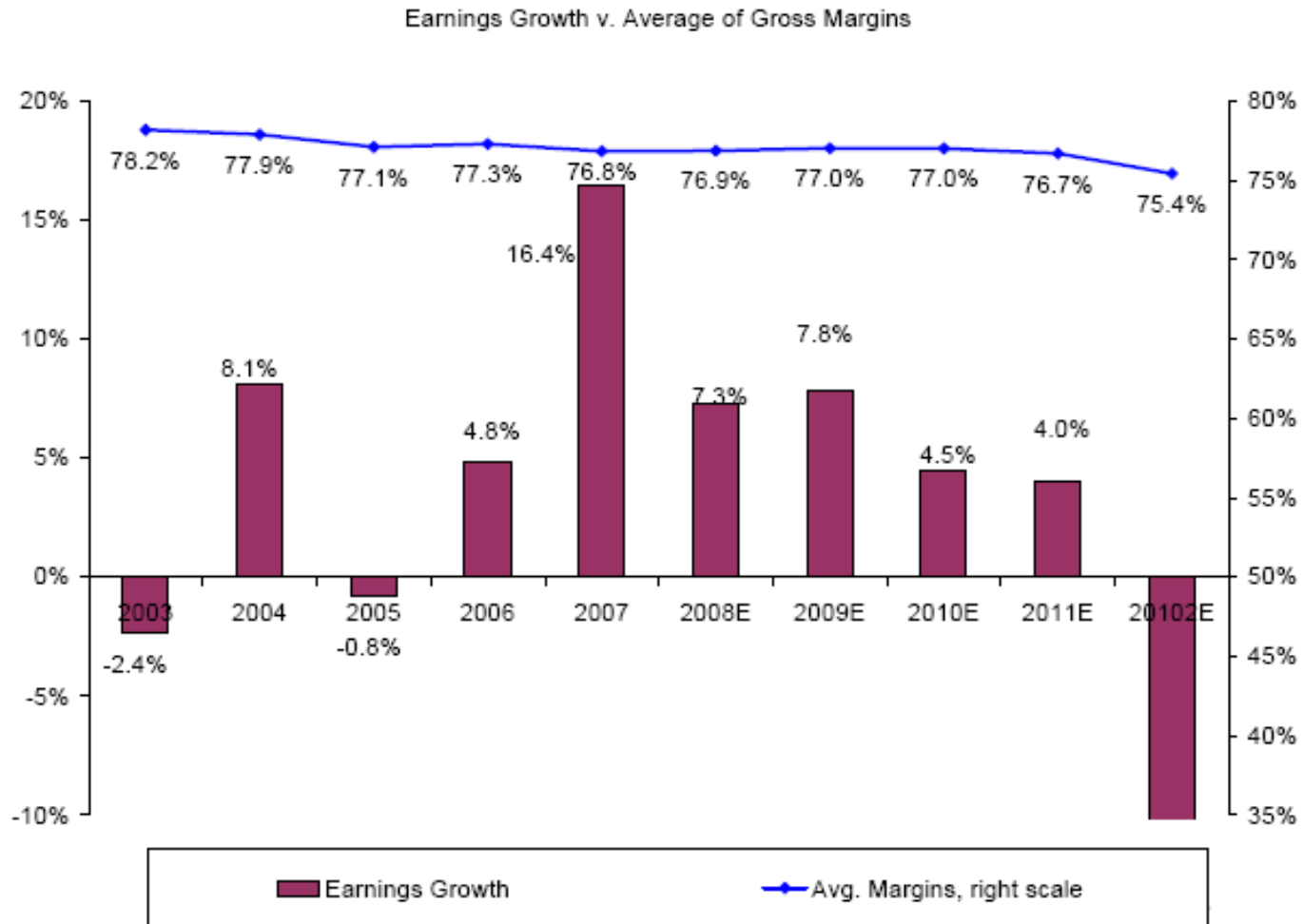
# This Will Continue to Put Pressure on Pharma Gross Margins



# Pharma Revenue Growth Has Been Anemic



# And Earnings Prospects are Poor



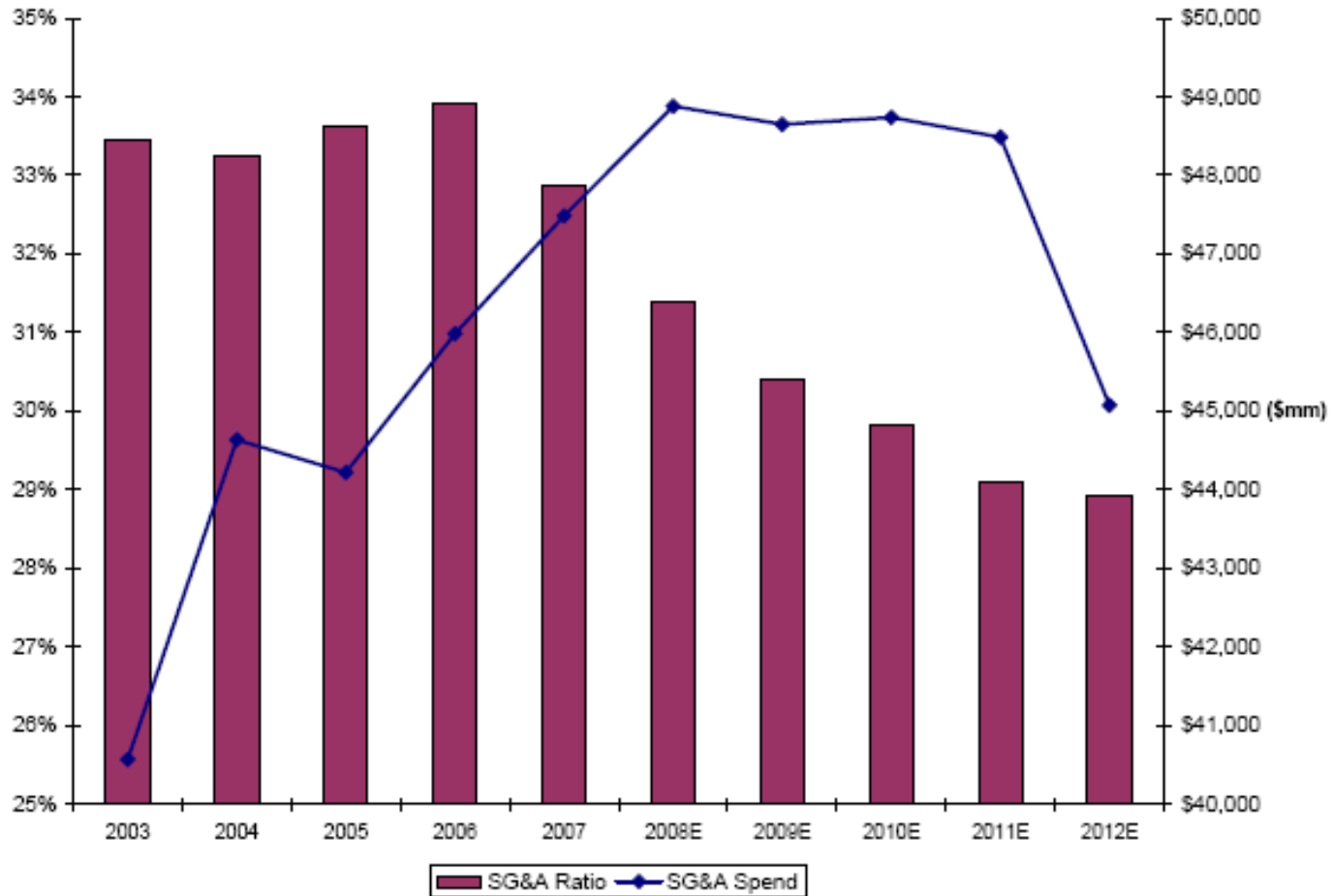
## So What Has To Change?



Returns have to be substantially improved, or risks and spending have to be reduced.

***How Will This Be Achieved?***

# First Line of Attack is Cutting SG&A; Every Company is Doing It, But Not Fast Enough or Deep Enough



# So What Does All This Mean For the Future Pharmaceutical Marketing Research?



## Caught Between a Rock and a Hard Place

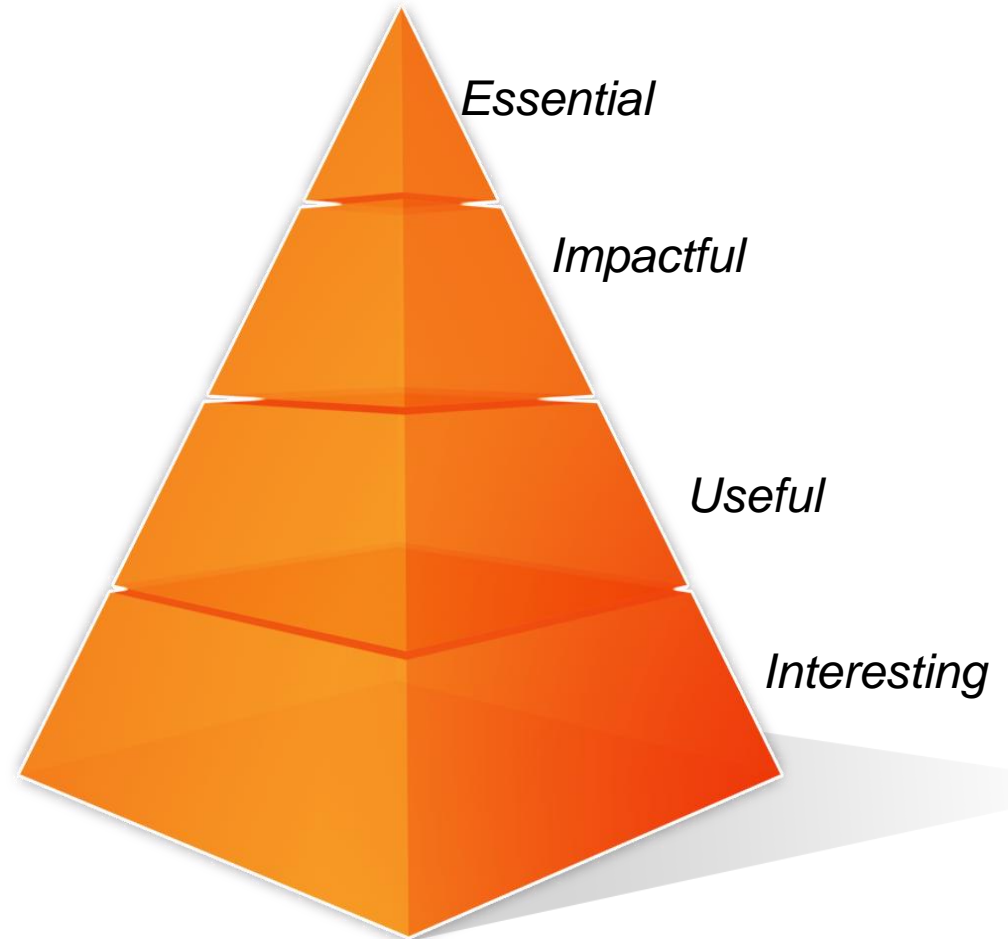


Source: Homer Simpson, "The Simpson Movie"

# The Big Picture Trends: Focus On Studies That Will Move the Needle



**Useful and interesting research won't make the cut**



*Classification of Market Research*

# The Big Picture Trends: Need to Get More Out of Each Research Dollar



**Integrate  
stakeholders  
&  
combine studies  
with interrelated  
business questions**



# The Industry Research Trends: First the Bad News



- **Fewer, more focused studies**
- **Smaller budgets, reduced MR headcount**
- **More time from project inception to execution**
- **Shortened timeframes for project execution**
- **Respondents that are more difficult & expensive to access**
  - **More specialists vs primary care**
  - **Greater emphasis on payers, patients**
- **Greater access and reimbursement restrictions**

# The Industry Research Trends: The Good News



- **More studies carried out, reduced headcount**
  - Greater emphasis on qualitative vs quantitative
- **New internal stakeholders**
  - Business development, sales force
- **New external stakeholders**
  - Payers, patients, caregivers, employee benefits mgrs, hospital physicians, nurses, etc.
  - More targeted segmentation of respondents
- **Integration of stakeholders**
  - Cohesive findings that don't contradict
  - More practical and actionable findings
- **Increase in globalization**
  - US, EU, BRIC

# Pharma Research Technology Trends



- **Greater reliance on phone vs face to face for strategic personal interviews**
  - Payers
  - KOLs
  - Physicians globally (many speak English)
- **More utilization of the web**
  - Viewing
  - For connecting / interviewing respondents
- **New methodologies for uncovering unmet needs**



# What Will Be Required from MRA Members



- **Larger respondent databases**
- **Broader respondent databases**
- **Seamless multi-city and multi-country recruitment and data integration**
- **Investment in technology – ways of connecting respondents in city A with clients in city B**

# Pharma MR is not going away, but it is going to change



- **Industry is facing unparalleled difficult times**
- **Changes in the core business model have the potential to reshape the entire foundation upon which the industry was built**
- **Expect more financial and budgetary pressures as priority is filling pipeline and reductions in SG&A expenditures**
- **Research will have to examine how it designs and executes studies to prepare for a more challenging future**

# Pharma MR is Going to Have to Change to Accommodate What is Happening in Pharma



***“ It is not the strongest of the species who survive nor the most intelligent, but the one most responsive to change.***

***Charles Darwin***

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