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Accenture Life Sciences

## Life in the New Normal: The Customer Engagement Revolution

Accenture Research Note: Key Findings from a survey of 200 US-based Sales and Marketing Executives in the Pharmaceutical Industry

There is a customer engagement revolution in motion in the Life Sciences industry as it faces life in the “new normal” after the peak of the patent cliff<sup>1</sup>. The industry is in an era where targeting specific populations and improving patient outcomes is critical for specialty products and where reaching more customers in rapidly developing markets is paramount for growth.

This revolution is requiring companies to rethink how they can reach patients, payers, providers and governments in both mature and emerging markets—at speed, at the right price and with the right information for each target audience. This is a significant change from the “feet on the street,” single message selling model that worked well for blockbuster drugs in mature healthcare markets.

This new era requires more nimble and convenient collaborations between pharmaceutical companies and physicians, payers, patients and caregivers that take place through a multitude of channels. Customer expectations are high as access to information and services grows in other aspects of their lives.

An Accenture survey of 200 sales and sales and marketing executives at large pharmaceutical companies (see About the Survey) reveals the Life Sciences industry is rising to this formidable challenge. Our survey found that the majority of executives are revamping or intend to revamp both the structure and delivery model for their sales, marketing and commercial organizations—a move that will require new capabilities to improve efficiency, extend reach and increase customer engagement.

<sup>1</sup> *Beyond the Patent Cliff: Signs of Recovery in Biopharma's New Normal*, Accenture Research Note: Biopharmaceutical High Performance Business Study, 2012 Update

# Research Summary

**The sales and marketing models of today need to be reshaped in order to be successful in today's "new normal."**

- 11 percent of the respondents indicated that they will undertake a wholesale redesign of their sales and marketing organization in response to constrained budgets and the revolution in stakeholder engagement.
- Nearly half cited they have room for significant improvement.

**Reducing costs, mastering multichannel marketing and improving digital effectiveness are the top strategic priorities for pharmaceutical sales and marketing executives.**

- 83 percent of the executives said cost reduction was the highest strategic priority for them in 2013 (with 30 percent indicating they expect a budget cut as much as 15 percent).
- 70 percent of executives identified mastering multichannel marketing as a top strategic priority.
- 60 percent of executives indicated improving digital effectiveness was a key priority.

**Executives expect to meet their cost reduction goals by increasing their use of analytics, digital, multichannel marketing and third-party service providers.**

- 87 percent intend to increase their use of analytics to target spend and drive improved ROI.
- 83 percent intend to increase digital- and multichannel interactions.
- 72 percent intend to utilize third-party service providers.

**Digital is increasingly being used to interact with a wide range of customers.**

- Nearly one in four direct sales force interactions have been replaced with digital interactions for targeting doctors, providers, payers and patients.
- Over the next two years, executives plan to increase their use of such digital interactions by 26 percent on average.

**The use of third-party service providers is a relatively common practice in the industry that will continue to increase.**

- 77 percent of executives report already using third-party service providers to augment their sales and marketing activities.
- 37 percent of these executives report they intend to increase their usage of third-party service providers in sales and marketing in 2013.
- To manage the increased use of digital interactions, 66 percent intend to use third-party providers, 16 percent intend to build in-house capabilities while 12 percent intend to do both. Four percent were unsure of plans.

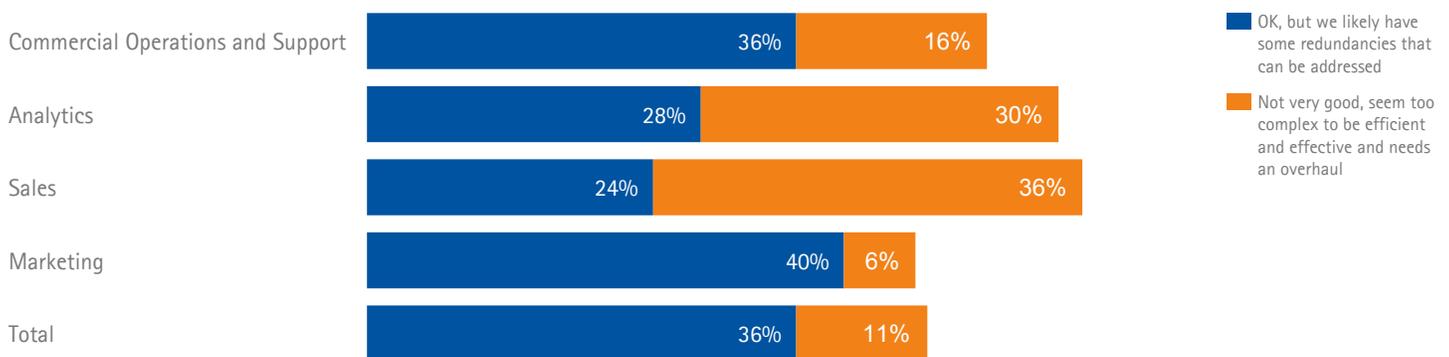
# Key Findings

## A customer engagement revolution in the “new normal” demands entirely new capabilities from pharmaceutical sales and marketing organizations.

Heightened patient expectations, the trend towards personalized medicine and increasing payer desire for proof of improved patient outcomes requires pharmaceutical companies to develop new capabilities. Facing unprecedented cost pressures and the need to engage with more customers in multiple countries, pharmaceutical sales and marketing organizations will need to be restructured—sometimes radically—in order to deliver the capabilities needed.

- 11 percent of executives surveyed said their sales and marketing organizations needed a complete overhaul, indicating they were too complex to be efficient in today's leaner environment.
- This percentage balloons to 30 percent for analytics executives and 36 percent for sales executives—clearly indicating those two areas are ripe for fundamental change.
- Another 36 percent of sales and marketing executives indicated their organizations were decent but with redundancies and inefficiencies that need to be addressed (See Figure 1).

FIGURE 1. How pharmaceutical sales and marketing executives rate the performance of their organizations



Sample: Total (200); Marketing (50), Sales (50), Analytics (50), Commercial and Support (50)

How much has the landscape in Life Sciences changed? A sizable 11 percent of survey respondents indicated that they will undertake a wholesale redesign of S&M—electing to “blow the function up” rather than merely evolve it—in response to constrained budgets and the revolution in stakeholder engagement.

**Investments in capability building will focus on three areas: multichannel marketing, digital marketing and analytics.**

Mastering multichannel marketing, improved use and effectiveness of digital marketing and using analytics to improve ROI topped the list of the most important strategic priorities for the sales and marketing executives we interviewed, following cost reduction as the number one priority (see Figure 2). These three areas, were also cited as the chief means to achieve their cost reduction goals, along with the use of third-party service providers (see Figure 3.) These are the "must have" capabilities in the new normal to become a high performer.

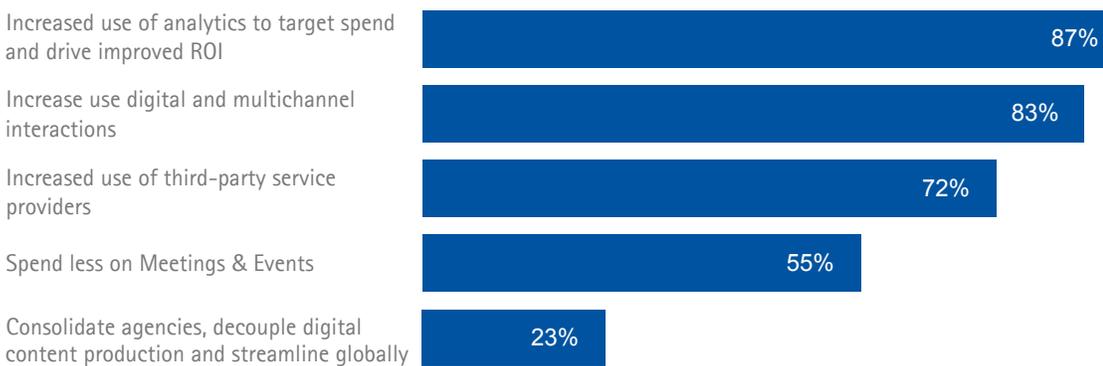
- Over the last two years, nearly one in four direct sales force interactions have migrated to digital interactions with doctors, providers, payers and patients.
- Over the next two years, executives expect to increase their use of digital interactions by 26 percent on average.

FIGURE 2. Top five business priorities for 2013



Sample: Total (200); Marketing (50), Sales (50), Analytics (50), Commercial and Support (50)

FIGURE 3. Top five business strategies in 2013 to meet cost reduction goals



Sample: Total (200); Marketing (50), Sales (50), Analytics (50), Commercial and Support (50)

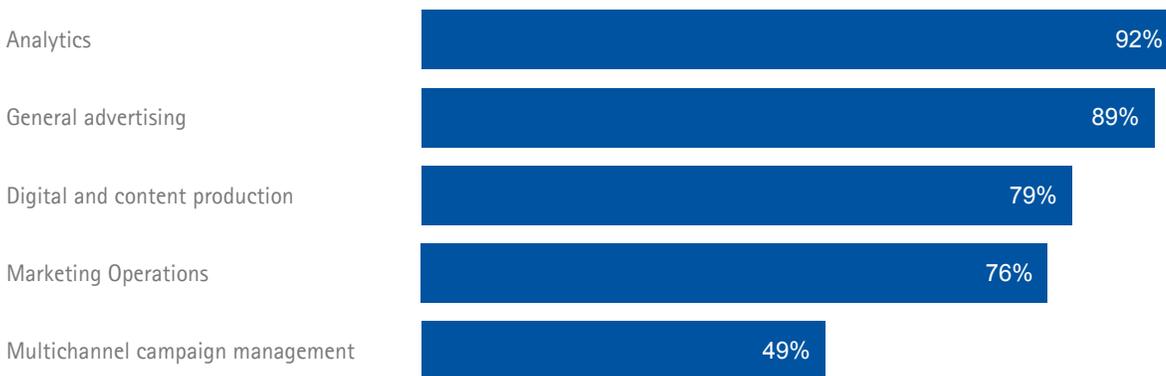
**Organizational and structural changes are also anticipated and will be reflected in the increased use of third-party service providers and a leaner sales force.**

Pharmaceutical organizations will not be going at it alone to build these critical capabilities in the new normal. Our survey indicates a significant increase in the use of third-party service providers in 2013 in areas such as analytics, advertising and digital content production. For example, using third-party service providers will be the dominant approach to manage the increase in digital as a communication channel. With the increased use of online channels, our survey indicates a continued reduction in reliance on the direct sales force.

- 77 percent of executives report using third-party service providers to augment sales and marketing activities.
- 37 percent intend to increase their use of third-party service providers in 2013.

- 92 percent expect to increase their use of third-party service providers in analytics, 89 percent in advertising and 79 percent in digital and content production (see Figure 4).
- 79 percent cite improved capabilities as the top perceived benefits of using third-party service providers, followed by increased flexibility (58 percent) and increased speed to market (57 percent).
- 66 percent of senior executives plan to engage third-party service providers to manage the increase in digital interactions versus just 18 percent who will go at it alone; 12 percent intend to do both.
- Over the past two years, executives have seen an average of a 13 percent reduction in their direct sales force.
- 56 percent intend to keep their sales force about the same or reduce it.

FIGURE 4. Top five business areas expected to increase outsourcing to third-party service providers



Sample (those that use third-party providers): Total (154); Marketing (36), Sales (40), Analytics (38), Commercial and Support (40)

\*Those that answered 'yes' to using third-party providers were then asked this question

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## About the survey

Accenture commissioned Coleman Parkes to conduct a survey of 200 senior executives that work for large pharmaceutical firms (revenue exceeding \$1 billion), which are headquartered and/or have a strong presence in the USA and whom have a primary responsibility in marketing, sales, analytics and commercial operations and support. Phone interviews took place between December 2012 and January 2013.

## About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 259,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is [www.accenture.com](http://www.accenture.com).

## About Accenture Life Sciences Practice

Accenture's Life Sciences practice is dedicated to helping companies rethink, reshape or restructure their businesses to deliver better patient outcomes and drive shareholder returns. We provide consulting, outsourcing and technology around the globe in all strategic and functional areas—with a strong focus on R&D, Sales & Marketing and the Supply Chain. We have a long history of working hand in hand with our clients to improve their performance across the entire Life Sciences value chain. Accenture's Life Sciences practice connects more than 10,000 skilled professionals people in over 50 countries who are personally committed to helping our clients achieve their business objectives and deliver better patient outcomes for people around the world.

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