

Demystifying CI in Pharma: Challenges and Opportunities



The Canadian pharmaceutical market is one of the ten largest in the world, and it is ripe for competitive intelligence. This article looks at CI in this country's pharmaceutical industry, identifying some of the basic issues and highlighting some of the opportunities available.

**David Lithwick and
Sylvia Helene Perras**

The Canadian health-care sector – including pharmaceuticals, medical instruments, biotech, medical imaging, hospital nutritionals – is a growing market, where numerous products compete for the same share of the wallet. In pharma alone, Canada is one of the ten largest markets, accounting for over 5 per cent of global sales and, after China, the U.S., and Spain, one of the fastest growing regions.

How does competitive intelligence (CI) fit into pharma? Is there a genuine need to stay ahead of the competition? If so, how easy is it to carry out CI in this sector?

To answer the first question, let's assume that each of the fifty pharma companies in Canada has products in no less than eight therapeutic areas (allergies, men's health, pain, central nervous system, etc.), and that each has at least two products per therapeutic area. The total comes to 800 products (there are over 75 on Pfizer's website alone). Adding to this number are new companies coming into Canada (e.g., Takeda), generic drug manufacturers, and the growth in demand for drugs to meet the increasing needs of the baby boomers. With all of this in mind, it's clear why pharma companies invest so heavily in R&D, selling, and market research: to stay ahead of their competition. They have no choice.

How Canadian Pharma Uses CI

Given the frenetic pace and budget squeeze that marketing people face, it is understandable why some Canadian pharma companies do not have the resources to carry out CI on a regular basis. Instead they conduct CI in anticipation of, or in reaction to, specific threats – for example, when they have a blockbuster drug coming off patent, or when they have a small portfolio of products while commanding the largest share in those markets they compete in.

Imagine having few products in the pipeline, and your best-selling drug is to go off patent in two years. Once it does, generics could enter the market, and if they do, there will be little if any business left for you. Deciding whether to continue supporting your product at the current level of spending and extend its life cycle, or to cut back and then discontinue support, will be based on finding out if generic companies see the market as big enough. If they do, which ones are likely to launch in Canada? Of these, which have filed for notice of compliance? Which have got approval from Health Canada?

CI's Role

CI's key role in pharma is *to provide direction on how to protect market share and better manage market spending*, as illustrated by the following examples of actual study goals:

- to achieve a clearer understanding of the launch in Canada so that a comprehensive counterattack can be properly developed
- to provide answers to the key question, "What will competitors be doing with their excess field force capacity?"
- to get a better understanding of the potential threat that competitors pose in Canada, so that planning assumptions relating to pricing, resource allocation, and strategic partnership can be created.

Contrast the situation in pharma with that of the banking sector, where CI is frequently blended with mystery shopping to help financial institutions better understand their competitors' product offering and

Because CI is largely drawn from business-to-business interviews and discussions, reports do not require sophisticated optics or research design.

benchmark sales and service. "Onboarding," that is, welcoming customers and maintaining a relationship with them – which is fervently embraced in banking – is not often mentioned in pharma.

Greatest Challenges

No doubt the greatest challenge in CI for any industry is determining how to carry it out ethically. This challenge resonates even more for pharma, one of the most highly regulated industry sectors.

Outside of admonishing employees not to steal information, misrepresent themselves, or employ suppliers to do the same (and coercing others to follow suit), there are no common guidelines on how to deal with unethical behaviour. Nor is there agreement on what constitutes unethical conduct.

What is viewed as ethical for one pharma company is seen as unethical for another. One company, for example, may advise employees that, under no circumstance, can they ask any person outside the company for any information about a competitor. Another company may give the green light for its field force – its sales reps, clinical nurse specialists, and community health events (CHE) managers – to ask health professionals for their opinions and insights about competitor initiatives. The website of the well-intended Society of Competitive Intelligence Professionals

(www.scip.org) lists guidelines to follow. As it is a volunteer association based in the U.S., its impact in Canada is minimal at best.

The second challenge results from the misunderstanding of what CI, for the Canadian market, is really about. It is far less complicated than the way CI is explained in U.S. marketing and CI journals. In Canada, there is no need to purchase software costing \$100,000 or to manage a global CI team. For a research manager in Canada, the need is far more rudimentary. It boils down to identifying gaps that market research is unable to fill, gathering fragmented data from a variety of sources to fill these gaps, synthesizing the information, and drawing observations, conclusions and, if needed, recommendations.

But ...

Despite these challenges, the opportunity is ripe for pharma market researchers to incorporate CI. First, pharma market researchers make excellent CI analysts. They possess the

attention to detail, reflective thinking, analytic prowess, and communication skills needed in CI (like a tae kwon do black belt learning karate).

Second, unlike industries where competitors are few or private, thereby making information scarce, there are many sources in the pharma sector to draw from. These include employees in your company (e.g., in marketing, sales, CHE, regulatory affairs, medical information, and analytics); health professionals (e.g., physicians, nurses, pharmacists and dieticians); suppliers (e.g., research consultants, marketing consultants, headhunters, ad agencies, and PR firms); alliances (companies co-marketing your product); third parties (e.g., drug wholesalers, patient support groups, and associations); and secondary sources (e.g., trade reports, social media, and websites).

Third, because CI is largely drawn from business-to-business interviews and discussions, reports do not require sophisticated optics or research design. Report excellence is really based on the thoroughness and accuracy of your investigation, the rigour of your analysis, the clarity of findings, and the insights gleaned. In the era of PowerPoint presentations, it is succinctness and granularity that count, as shown in the following example:

Competitor X is signalling its intentions to support product Y and grow its share of the central nervous system (CNS) drug marketplace.

- Product Y forms the basis for an extended line of product offerings in neurosciences for Competitor X.
- Applications to the provincial health ministries in Ontario, Manitoba and Quebec clearly indicate the company's intention to expand marketing efforts in Canada. Formulary acceptance could occur within this year for these provinces.
- Expanded application for pediatric use in Canada is a possibility. (Competitor X received its notice of compliance – approval – from Health Canada in the fall of 2009.)
- Competitor X is supporting product Y by expanding its sales force, creating an effective sales message, and actively promoting the product in conferences, at CHE events, and in sampling and other programs.

Fourth, internal clients whose products are threatened by competitors are very appreciative of any intelligence that research managers can provide them. When the business unit leader uses your CI to develop better messaging, hire an additional CHE manager, or convince senior management to pursue new product indications – in other words, act on your findings – your CI did what it had to do.

Key Learning

Surprisingly, the approach to identifying an internal client's information gaps is consistent, in study after study. Together with your client, agree to a list of must-know questions to be answered. Because CI gathers very sensitive information that is often uncorroborated and fragmented, make the questions precise, cap the number, and find out how the client plans to use each answer you get.

Let's assume, for example, that your company's flagship product is used for treating epilepsy. Your reps have advised you that a U.S. company is planning to enter the Canadian market. Its product, Finamex, treats not only epilepsy but also diabetic nerve pain, fibromyalgia, and pain after shingles. It's imperative to get thorough diagnostics to assess this very real threat. So you ask your client for a list of must-know (not just nice-to-know) questions. She has 37. Together you prioritize that list to an achievable 25:

1. Have they filed for notice of compliance?
2. If so, when was the file submitted?
3. When do they expect approval?
4. If they have not filed, are they conducting clinical trials in Canada?
5. When will the trials be completed?
6. Are Canadian physicians involved in these trials? If so, who? Have they filed for notice of compliance?
7. If so, when was the file submitted?
8. When do they expect approval?
9. If they have not filed, are they conducting clinical trials in Canada?

10. When will the trials be completed?
11. Are Canadian physicians involved in these trials? If so, who?
12. Will they be co-marketing their product with another company?
13. If so, who? What is the nature of this agreement?
14. Are they pursuing a Canada-only entry strategy, or a global strategy?
15. Who is their primary audience?
16. What will their pricing be?
17. Will their formulation be the same as that in the U.S.? If not, how will it differ?
18. What about dosage strength? Indications?
19. How will they promote the new product (e.g., journal ads, mailers, conferences, e-detailing)?
20. What will they give physicians (e.g., samples, education kits) to encourage them to prescribe Finamex?
21. Will they have a dedicated sales force?
22. How many reps will be detailing Finamex?
23. What are Finamex's key strengths?
24. What will their sales message be?
25. What are the product's weaknesses (e.g., it has side effects, is difficult to swallow)?

Final Thoughts

We hope we have addressed some basic issues, demystified CI, and identified opportunities for you.

One thing to keep in mind is that pharma CI is all about balance and finesse. Balance in the sense that you cannot push too hard; otherwise, you will alienate others from helping you collect CI and risk tipping off your competitors. Finesse in that you are looking to uncover specific information, requiring patience, attention to detail, and interpretive skills. All of this comes only from experience, not from reading textbooks.

Since 1989, David Lithwick has been the principal of Market Alert, a Toronto-based CI consultancy. Prior to Market Alert, David worked in banking as a CI analyst and in advertising, managing the Pfizer, SC Johnson, and Wendy's Restaurants accounts.

In the past year Sylvia Helene Perras has worked with David on CI and mystery shopping assignments. She has an MBA in human resources and over twenty years of experience in sales, marketing and clinical administration, including assignments in the U.S. and France.