The Changing Role of Pharma Sales Reps
Reaching Physicians Requires a New Level of Sophistication

Author: John Mack

Find resources cited this article online at:
http://tinyurl.com/5hgxra

This article is part of the APRIL 15, 2011 issue of Pharma Marketing News.

For other articles in this issue, see (after April 30, 2011):

Published by:
VirSci Corporation
PO Box 760
Newtown, PA 18940
infovirsci@virsci.com
Although the pharmaceutical industry has been historically slow to embrace change in its sales approach, decreasing margins are driving even the most reluctant to find more flexible approaches to sales at a lower cost to meet the needs of its ever widening customer population.

Each company may have its own perception on how the sales models will evolve, but they all agree that strategic partnerships with outsourced providers will play a significant role.

**Value Outcome Selling**

At the very minimum, this means moving away from the deep reach and high frequency approach of countless details to a call approach based on "value outcome selling," according to a Senior Director at a top-ten pharmaceutical company surveyed by PDI, Inc., which provides promotional outsourced services to healthcare companies.

This evolving sales approach calls for representatives to have a much higher clinical capability and a more progressive service mentality; in other words, be more responsive to the needs of their customers.

This change is happening now. According to Kantar Health, the vast majority of pharmaceutical companies across the US and Europe say they are moving to new customer-centric service models, which focus more on building relationships with physicians than do traditional detailing models (see "Building the Optimal Sales Model," Reprint PMN82-02; [http://bit.ly/SVptG](http://bit.ly/SVptG); use code ‘TW8202’ to get it FREE!).

“When people talk about change in the industry,” said Nancy Lurker, CEO of PDI, Inc., “usually what you see is very small incremental change in the sales model. Right now, with regard to sales reps, we clearly are in a period I would call more rapid change. But even so, it’s a three to five year process that we’re in right now.”

**What’s Driving the Change?**

Driving this change is the fact that starting in the 90’s the drug industry put too many reps in the field. The maximum peak number of reps—depending on audited versus not audited counts—reached anywhere from 105,000 to 120,000 pharmaceutical sales representatives.

“In the 80’s when I started out as a rep, the industry probably had about 50,000 sales reps in the field,” said Lurker. “In the 90’s the industry over-saturated the market place with sales representatives and as a consequence I think we hurt our relationship with doctors and eroded their trust in us.”

**The Future is Back to the Past**

The industry is currently in the throes of laying off thousands of sales reps. After Pfizer’s announcement in late 2006 that it would shed 20% of its U.S. sales force, other pharmaceutical companies quickly followed suit. As of October 2008, 53,000 total job cuts were announced, many of them in marketing and sales (See Figure 1, below). It is anticipated that in 2008–2009 alone, close to 10,000 representative positions were eliminated by major pharmaceutical organizations. The trend has continued into 2010 (see Figure 1A, below).

“We’re probably going to go down to numbers we last saw sometime in the 90’s,” said Lurker in an interview with Pharmalot’s Ed Silverman. “For the industry as a whole, however, that’s not a bad thing. There are new ways of reaching docs in a compelling way with more important information. There’s going to be between maybe 50,000 and 60,000 when all this is over.”

![Figure 1](http://bit.ly/JSVptG)

**Figure 1.** Recent Major U.S. Sales Force Reductions Rep Positions Eliminated 2008–2009.

![Figure 1A](http://bit.ly/h2zGvT)

**Figure 1A.** Drug Industry Layoffs from 2000 through 2010. Source Challenger, Gray & Christmas, Inc. (see [http://bit.ly/h2zGvT](http://bit.ly/h2zGvT)). Includes all personnel, not just sales.

Continues...
End of the Blockbuster Era
Another factor driving the reduction in pharma sales forces is the demise of the primary care blockbuster drug market. It is a commonly shared belief that the days of blockbuster drugs serving primary care therapies are over. Instead, specialty drugs will drive future growth.

The portfolio of top brand name drugs is aging and generics are moving in rapidly to fill the gap. According to a PricewaterhouseCoopers report, generics “already account for 65% of all prescriptions dispensed in the U.S.”

“Coming up in 2012 is the biggest rash of major primary care blockbuster drugs going generic,” said Lurker. “That's about $27 billion worth of drugs going off patent in 2012, not including Lipitor, which goes off patent in the 4th quarter of this year.” See Figure 2, below, for a list of expected patent expirations in 2012 and earlier.

A Clogged Pipeline is Another Factor
Further complicating the industry’s portfolio woes is the difficulty it faces in approvals of new molecular entities (NMEs). Clearly, strong first-line therapies for most therapeutic areas have already been established. As a result, NMEs must be extremely innovative to attain FDA and managed care approval and reimbursement. The result has been a precipitous drop in NME approvals over the past 12 years (see Figure 3, pg 4), putting a severe strain on major pharmaceutical companies’ portfolios and bottom lines due to decreasing sales and spiraling research and FDA approval costs.

“On the one hand, you have the rise in generics driving the number of pharma sales reps down,” said Lurker. “On the other hand, the products getting approved are now much more specialty focused. So those two factors are making a shift to more of a specialty based field force. Primary care reps are always going to be important and always have a role, but pharma is going to need representatives who are able to engage physicians with a more clinical message as opposed to just a pure brand promotion message.”

Demand for High Quality Reps Increasing
As one Executive Director at a privately held pharmaceutical company expressed, “We can no longer afford to sample drop at $100/call and we can’t afford to lose any more physician face time. We need to find a new way to engage the physician and deliver our clinical content in a thought provoking, highly intuitive manner.”

Continues...
“I fundamentally believe that companies like PDI are going to be part of the solution for the new commercial model because Pharma needs to quickly become more flexible,” said Lurker during a Pharma Marketing Talk interview (http://bit.ly/PMT122). The following is a synopsis of that discussion.

Interview of Nancy Lurker

John Mack: You’ve talked about the new commercial model and the need for pharma to become more flexible in how it deploys sales reps. Technology is an important part of the solution also, isn’t it?

Nancy Lurker: That’s true and technology is actually one of my favorite topics because it’s another area in which pharma as an industry lags behind other industries, which have deployed new technologies.

Certainly the digital space—including social media—will be used more often to communicate with physicians, whether through eDetailing, video-based rep detailing, or Webcasts. Some of that will replace live events. Live rep calls and dinner meetings and other live venues, however, are not going to go away. But the relative market share in terms of the amount of effort and money that is spent on live interactions is going to shrink and you’re going to see more money being spent in the digital communications space.

We already are hearing of companies that are switching some, if not all, of their reps to use iPads and other tablet computers. This technology allows much more interactive communications with physicians. So some of that is going to be deployed through sales representatives and some of it is going to be deployed through the Internet without the sales rep.

JM: You’ve said that some companies might need to outsource to get the right kind of sales reps. Can you talk a little bit about that?

You Need a Flexible Sales Force

NL: Pharma companies need to drive maximum value out of products and you can’t do that by deploying a “one-size-fits-all” monolithic approach in how you deploy your field forces or how you deploy your promotional resources.

As major pharmaceutical companies move into sales pilots throughout the country, and large-scale, 500+ national forces are redeployed into smaller-scale, specialty-oriented, regional teams, new sales representative classifications are emerging to better correspond with the product life cycle (see Figure 4, page 5).

Continues...
Figure 4. Evolving Representative Classifications and Outsourcing Leverage Opportunities
Gone are the days when a brand manager would say “okay we’re going to do DTC pretty much across the country in the major metropolitan areas an we’re also going to deploy the field force with the same messaging across the country.”

Today you need to deploy different resources by region. But it’s hard to do that if you only have two types of rep, the specialty rep and a full time primary care rep. You need the ability to flex up and down seasonally, you need the ability to flex up and down regionally, you need different types of reps because some times you’re going to need a very intense clinical message, other times where the product is near the end of it’s patent life or going towards expiration, you need to flip over to what we call a customer service rep which is much more about service in the office.

Some pharma companies are going to need a partner to help manage all that and that’s where PDI and other outsource vendors come in to play.

**Qualifications for Today's Reps**

**JM**: There probably are people out there who might be looking to become pharmaceutical sales reps and might want to work with PDI. What qualifications are you looking for when hiring reps in this new kind of environment?

**NL**: The promotional outsourced space it is a growing area. So just from a career standpoint, it’s a good career move because I predict pharma is going to start to shift its resources. It’s already happening in Europe where about 30 percent of all field reps are currently outsourced compared to about ten percent in the U.S.

We are looking for the same type of people that pharma companies are looking for—people who have a passion for delivering customer messages and scientific information. We are looking for people who have a solid understanding of science and who are also comfortable with technology because that’s a growing part of what sales representatives need to know, especially how to effectively use tablets and iPads.

**JM**: Well I guess you’re not going to be looking for cheerleaders then.

**NL**: No. I think the emphasis on good-looking reps who don’t have the necessary scientific knowledge has hurt the industry. You may laugh about it, but unfortunately I think the sad truth is we did focus on just getting as many reps in the doctors office as possible and making sure that we could get access as quickly as possible. I think what happen was we denigrated the value that we offered to physicians and I think now it’s much more about providing true value to doctors and their staff.

In closing, Lurker offered a piece of advice to current pharma sales reps. “I know there is a lot of angst right now because of the layoffs that are occurring,” Lurker said. “Probably the biggest message I could give people is to begin to think out of the box. How can you provide value back to doctors, deploying different technologies? Think about how you partner up with people like PDI because for those of you who are thinking about making a switch, coming to a place like PDI is a great place to be for the future.”

---

**Pharma Marketing News**

*Pharma Marketing News* is an independent, free electronic newsletter focused on issues of importance to pharmaceutical marketing executives.

- Subscribe Online
- Download Media Kit
- Request a Rate Card

---

*PDI, with its interactive agency Group DCA, is a provider of integrated multichannel promotional outsource services including contract pharmaceutical sales teams, ePromotion including eDetailing, teledetailing, medical education programs, and clinical nurse educators.*

*Contact Amy Lombardi at 862-207-7800.*