
No going back: Pharma companies' route to a digitized go-to-market model

As COVID-19 digitizes healthcare, we suggest five steps for pharma companies to transform their market engagement



Contacts

Global

Kelly Barnes
Global Health Industries
Leader
Partner, PwC US
+1-214-754 5172
kelly.barnes@pwc.com

Germany

Stephan Danner
Partner, PwC Strategy&
Germany
+49-30-88705-868
stephan.danner
@strategyand.de.pwc.com

UK

Dr. Nick Meadows
Director, PwC Strategy&
UK
+44-7843-372620
nicholas.meadows
@strategyand.uk.pwc.com

Australia

Sarah Butler
Partner, PwC Strategy&
Australia
+61-412-474706
sarah.butler
@strategyand.au.pwc.com

Japan

Daisuke Baba
Partner, PwC Strategy&
Japan
+81-80-7426-3785
daisuke.baba@pwc.com

United States

Greg Rotz
Partner, PwC Strategy&
US
+1-703-682-5888
greg.rotz@pwc.com

France

Nicolas Rowan
Partner, PwC France
+33-6-9992-2206
nicolas.rowan@pwc.com

Switzerland

Dr. Clemens Freytag
Director, PwC Strategy&
Switzerland
+41-79-676-9860
clemens.freytag
@strategyand.ch.pwc.com

About the authors

Dr. Thomas Solbach advises clients globally in the healthcare and life sciences industry. He specializes in helping biopharma, diagnostics, and digital health solution providers develop strategies, capabilities, and innovative operating models with a particular focus on precision medicine. Based in Frankfurt, Thomas leads Strategy&'s EMEA pharma and life sciences commercial practice and is a partner with Strategy& Germany.

Holger Schmidt advises executives in the health industry. He is a member of the global Health practice, focuses on R&D and commercial strategy, and works with pharmaceutical, biotech, and medtech companies and providers. Based in Berlin, he is a partner with Strategy& Germany.

Christian Wilkens advises clients in the healthcare and life sciences industry globally. He specializes in helping pharma clients to develop strategies, capabilities, and operation models. He has a focus on client questions around global commercialization and launch topics. Based in Frankfurt, he is a partner with Strategy& Germany.

Ralf Schönfeld advises clients across the healthcare and life sciences industry globally. He specializes in supporting pharma and medical device companies with go-to-market strategies, commercial excellence and restructuring programs. Based in Berlin, he is a senior manager with Strategy& Germany.

Dr. Vanessa Mareike Johnen advises clients globally across the healthcare and life sciences industry. She works with biopharma and diagnostics clients in developing access and commercial strategies, cross-industry operating models and partnership strategies. Based in Munich, she is a manager with Strategy& Germany.

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EXECUTIVE SUMMARY

Digital technologies and interactions are transforming healthcare at an accelerating pace. Until recently, most touchpoints between physicians and pharma companies depended on face-to-face interaction, which often required field forces to drive hundreds of time-consuming kilometers for meetings with doctors.

In the past few years, however, new remote digital tools such as video conferences or platforms for medical practitioners have expanded opportunities for virtual interaction with healthcare providers. COVID-19 has increased the pressure on pharma companies, as social distancing and isolation measures mean that traditional face-to-face meetings between doctors and sales representatives or medical science liaisons (MSL) will be restricted for the foreseeable future.

In this “new normal”, Strategy& conducted a survey in June 2020 of 100 doctors in Germany about the impact of COVID-19 on healthcare interactions, their willingness to use virtual communication channels, and their receptiveness to digital solutions for patients. The survey compared respondents’ interactions with patients and pharma companies before and during the COVID-19 crisis. In addition, we asked respondents to set out their expectations for the next 12 to 18 months.

Our findings indicate that less face-to-face contact and more virtual interaction will on average allow pharma companies either to reassign or scale down an expected 10-15 percent of their field forces. This extra capacity can for example be deployed to expand digital infrastructure and operations, the extent of which will depend on a company’s area of specialization. We anticipate that mass-market players might reduce their field forces by up to 30 percent over the coming years. At the same time, companies producing specialty drugs and therapies may reduce their field forces by less than the industry average.

Pharma companies that fail to keep pace with increasingly digitally savvy healthcare providers (HCPs) will forfeit first-mover advantage in an intensely competitive and fast-growing market (see Strategy& report “Driving the future of health”). To strengthen their share of voice, companies need to integrate face-to-face interaction with well-orchestrated digital channel activities. These include optimized “push marketing”, where a product is actively promoted to physicians, increasing their understanding of the drug and the likelihood of prescription; and “pull marketing”, where physicians seek more information on the product from field forces and other channels. By integrating face-to-face and digital interactions at the right level, pharma companies will deepen contact with potentially high-value physicians and broaden the overall range of targeted HCPs.

Based on our survey and our work with clients, we believe that the future go-to-market (GTM) model for pharma companies will be shaped by three key characteristics. It will be:



More digital: Digital launches and digital channels such as video conferences will be integrated with face-to-face interactions and drive balanced push-and-pull offerings



More targeted: Increased digital interactions will allow more frequent and more individualized contact with HCPs for more customized offerings



More efficient: Digitization will enable operating and resource models to be optimized in line with digital GTM strategies



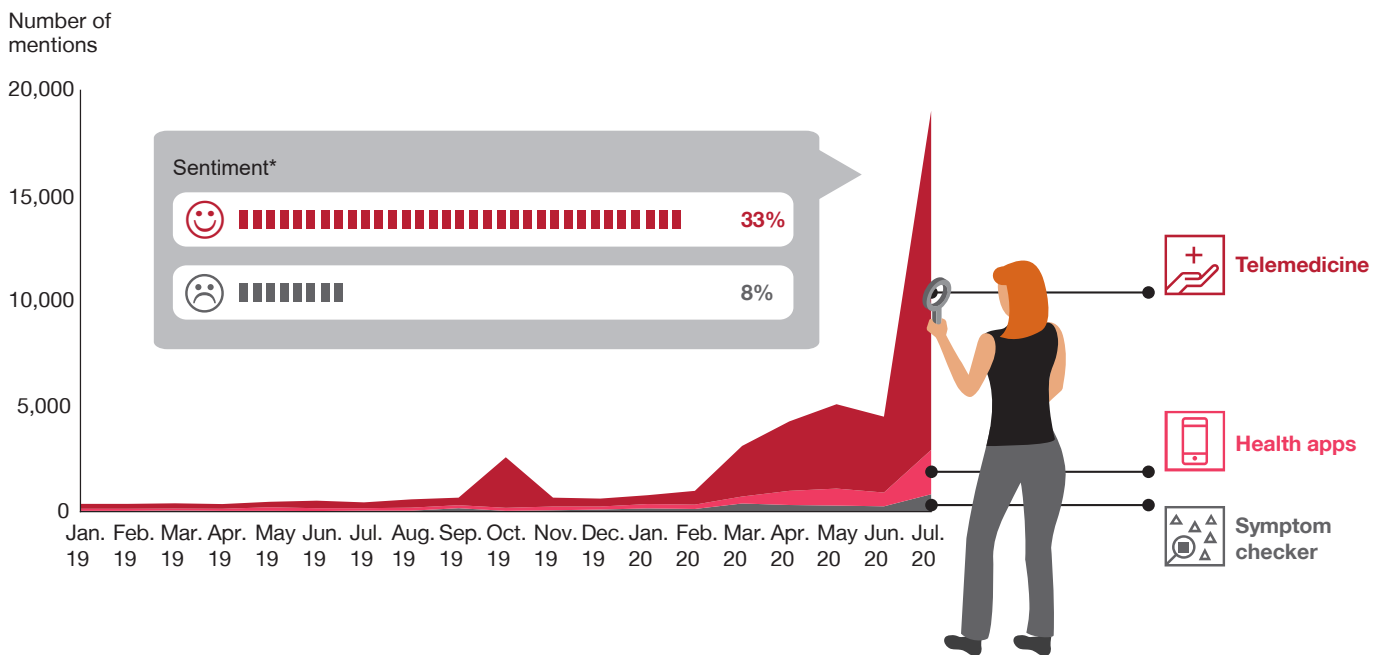
A strong majority (74 percent) of doctors in our survey anticipates fewer pharma field force visits over the next 12 to 18 months compared with the pre-pandemic period.”

Why COVID-19 is a game-changer for the digital go-to-market model of pharma companies

In the space of a few months, COVID-19 has created a de facto proof of concept for the effective use of numerous digital healthcare solutions, such as symptom checkers, self-monitoring and treatment apps or telemedicine interfaces. Following social media discussions on digital healthcare, a clear increase in positive sentiment has been obvious (see *Exhibit 1*).

EXHIBIT 1

Number of mentions of selected digital healthcare keywords on major social media networks



*33% of mentions were positive; 8% were negative; 51% were neutral
Source: Awario, Strategy& analysis July 2020

COVID-19 has also forced pharma companies to change their engagement approach with HCPs. Traditional face-to-face “push” approaches to healthcare professionals no longer work, since sales forces are frequently grounded, with little or no direct access to doctors. This situation is likely to persist for the foreseeable future, given prevailing social distancing measures and the continuing widespread fear of the virus.

The challenge for pharma companies is to rapidly convert what looks like an obstacle from a conventional sales perspective into an opportunity to digitize at pace, gaining a critical advantage in a fast-growing market. Using virtual communication channels will improve market penetration and enable sales teams to develop more tailored customer approaches, leveraging artificial intelligence (AI), augmented reality and other new technologies.

Digitization will also allow pharma companies to capitalize on how COVID-19 has sharply increased the use by HCPs of new, digital channels such as expert online panels and peer-to-peer platforms to obtain and share information. One example is Coliquio, the largest professional online network for German-speaking doctors, with around 190,000 members.

Taken together, these digital trends offer immense market potential for pharma companies, provided they build the right GTM model. Their starting point is problematic, because most players still cannot contact physicians via digital channels due to a lack of customer consent. However, COVID-19 provides the opportunity to overcome this obstacle, given current restrictions on face-to-face meetings.

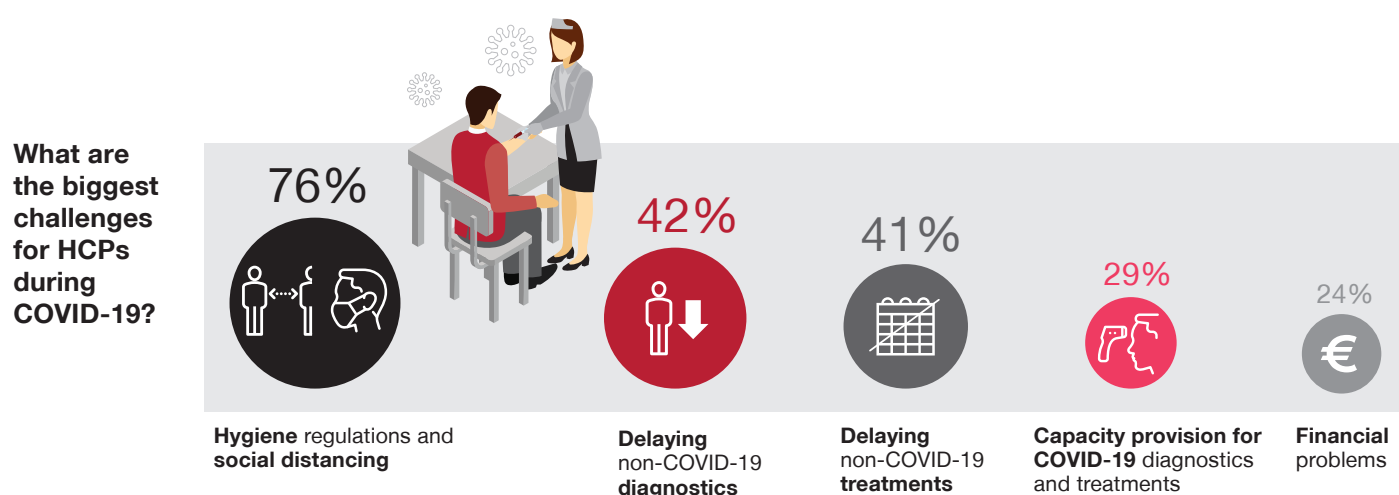
Time is short, because companies that are slow to digitize risk losing a race that has already begun. Some leaders are supporting their employees in embracing a new mindset – e.g. through provision of training on digital skills. Others have invested into and tested the use of virtual channels to reach HCPs more effectively. To gain momentum, laggards should launch small-scale, experimental pilot programs for new digital activities and channels. Above all, they need to grasp the speed of change in the market, as revealed by the insights and lessons in our survey.

What is the impact of COVID-19 on the digitization of healthcare: View from German doctors

In June, Strategy& surveyed 100 doctors in Germany about the principal challenges they faced as HCPs, across three time periods: before the pandemic, during the COVID-19 crisis, and looking forward 12 to 18 months, following the initial wave of infection. The survey sample consisted of experienced physicians, with an average post-qualification tenure of around 24 years. More than half (57 percent) are in private practice, while the remainder work in clinics which span both the public and private sectors. A large majority (82 percent) are specialists in disciplines ranging from oncology and neurology to internal medicine, while 18 percent are general practitioners.

EXHIBIT 2

Biggest challenges for HCPs during the crisis



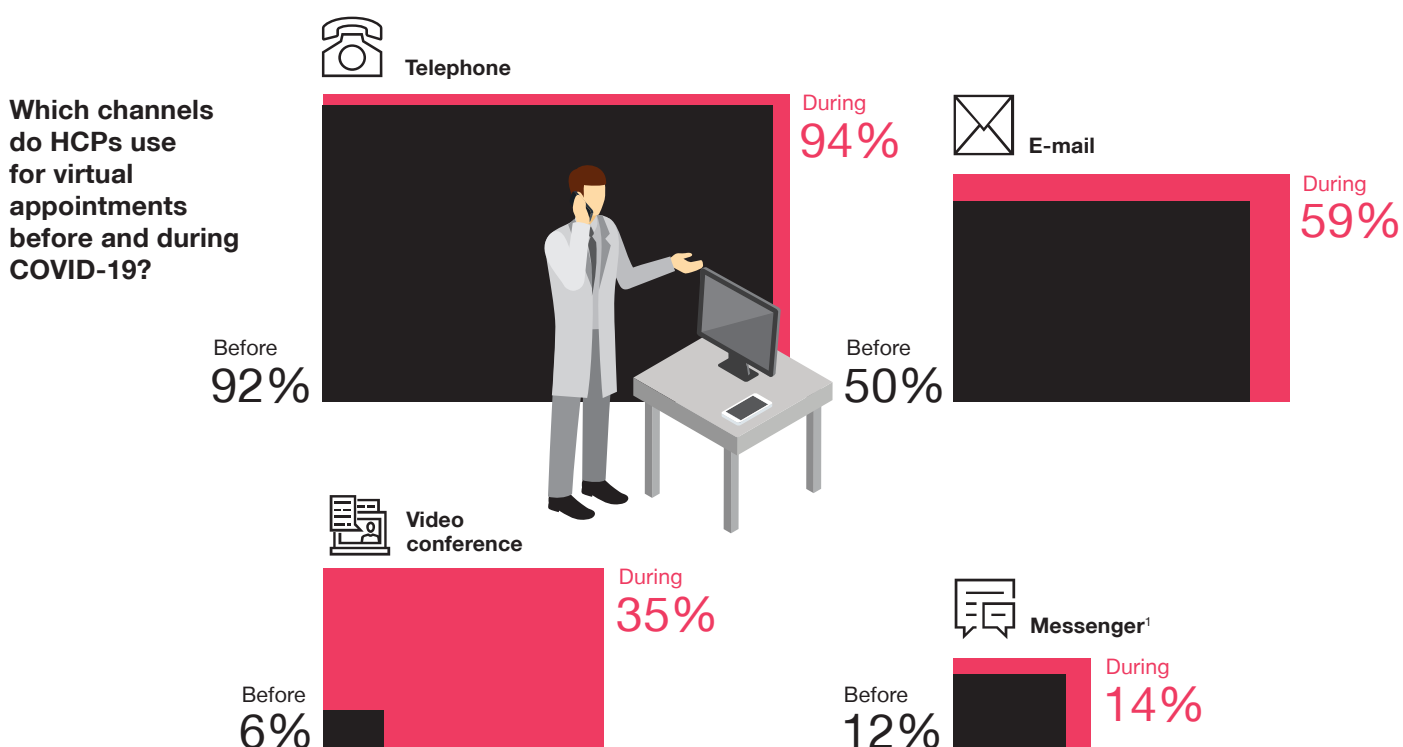
Source: Strategy& survey June 2020

Three-quarters (76 percent) say their biggest challenges during the COVID-19 crisis have been observing strict hygiene regulations and maintaining social distancing (see *Exhibit 2*). Looking forward, a majority believes this “new normal” with limited face-to-face patient interactions is here to stay. Almost two-thirds (61 percent) predict that there will be no return to pre-pandemic ways of working in the next 12 to 18 months, given the continuation of social distancing and general fear of the virus. Meanwhile, COVID-19’s side effects for doctors have included delays in being able to diagnose critical illnesses such as cancer (42 percent) and postponed treatments for chronic conditions such as heart disease (41 per cent).

Respondents say that they expect to maintain a higher level of remote communication across multiple channels over the next 12 to 18 months. This is in line with our previous findings that indicate that digital healthcare solutions filled a critical gap within the disrupted healthcare landscape (see Strategy& report “Will COVID-19 jumpstart the digital healthcare revolution”). It is especially striking that the proportion of video conference users rose sharply from 6 percent to 35 percent (see *Exhibit 3*).

EXHIBIT 3

HCPs' usage of virtual channels for appointments before and during COVID-19



Source: Strategy& survey June 2020

Undoubtedly, some respondents continue to regard virtual channels as an inferior route for communicating with patients. “Personal contact always has its advantages,” says one. “It is also about gestures and emphasis.” Another observes: “The personality of the speaker also plays a role in patient-doctor interactions, which is more effective with face-to-face contact.” Yet such views are not universal. “Getting used to video-conferencing has already happened,” a third doctor remarks. “It makes no difference to me whether the patient is on a screen or directly opposite.”

Overall, 77 percent of those surveyed say lack of social contact and the poor quality of interaction are hurdles to using virtual communication channels. In addition, 70 percent cite patients’ lack of digital skills as a problem, and 64 percent think lack of clarity about reimbursement and legal issues such as preserving patient confidentiality are also barriers. More encouragingly, respondents generally do not see lack of digital tools (55 percent) or skills among medical staff (48 percent) as obstacles to remote interaction with patients. In addition, 67 percent of respondents are interested in using intelligent, digital healthcare treatments and 62 percent are interested in patient-monitoring apps.

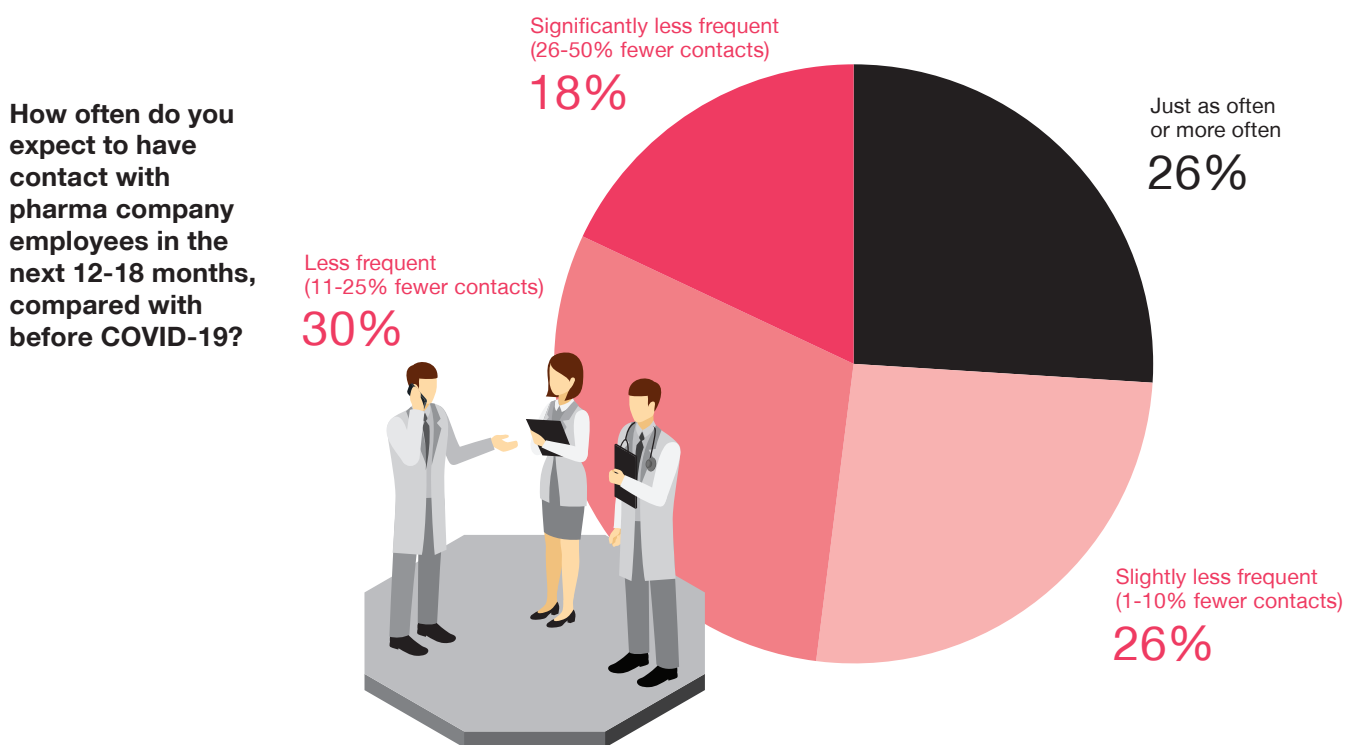
These results raise the key question of whether interactions between pharma companies and doctors can revert to being largely face-to-face once the COVID-19 threat diminishes, given that virtual interactions between patients and HCPs are clearly here to stay. We believe that for their own convenience, HCPs will increasingly use digital channels on a daily basis to communicate with pharma companies, just as they do with their patients.

How future interactions between HCPs and pharma companies will evolve

A strong majority (74 percent) of doctors in our survey anticipates fewer pharma field force visits over the next 12 to 18 months compared with the pre-pandemic period. Approximately one-fifth of surveyed HCPs expect a reduction of visits by up to 50 percent (see *Exhibit 4*).

Pharma companies are advised to treat the resulting idle field force capacity as a chance to redirect sales teams to digital activities, including skills training for sales representatives. This training needs to address the widespread perception among HCPs that virtual interactions with sales representatives and MSLs are inferior to physical meetings, and the preference of some HCPs for paper versions of medical and commercial information about products.

EXHIBIT 4
HCPs' expectations about frequency of interactions with pharma company employees



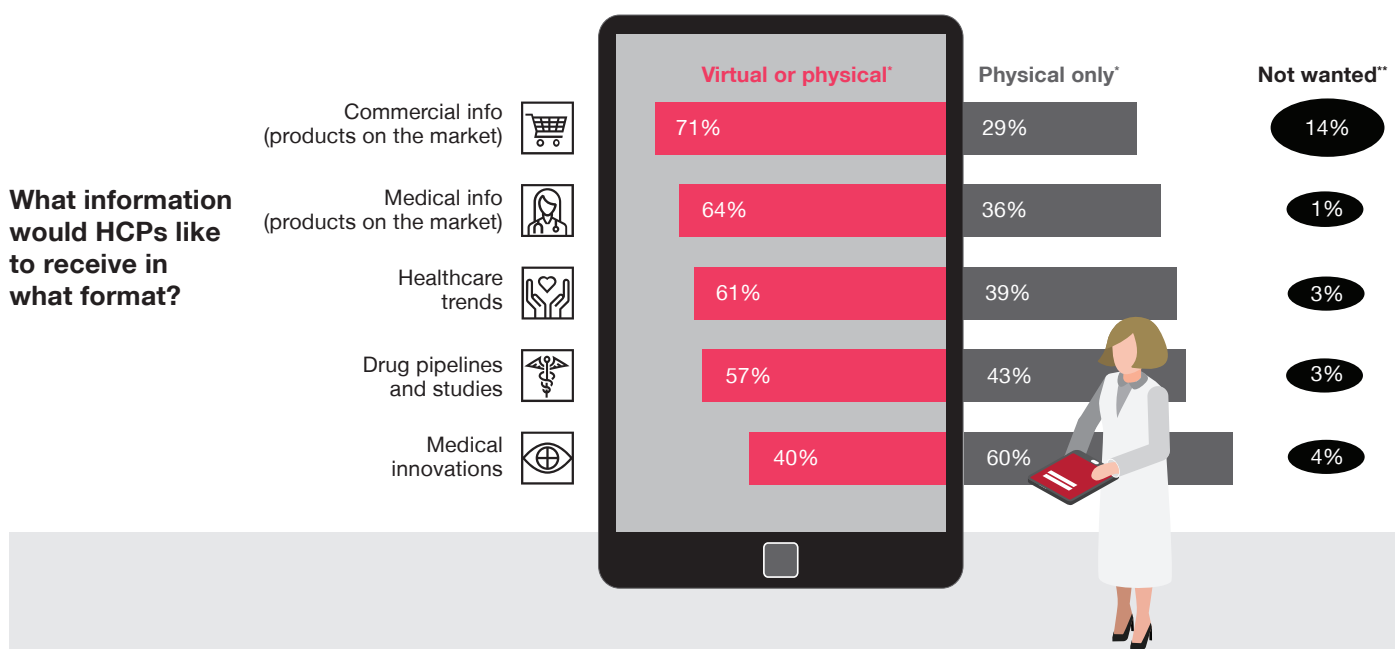
Source: Strategy& survey June 2020

COVID-19 has facilitated the task of shifting HCP sentiment towards virtual channels. For example, the survey found that 64 percent of respondents who want information about products that are already on the market are open to receiving it virtually (see *Exhibit 5*).

Revealingly, only 28 percent of the doctors surveyed cite long-standing relationships as a critical differentiating factor, thus undermining one of the main pillars of the traditional GTM model. By contrast, more than half (58 percent) perceive medical expertise as important, while 47 percent value receiving scientific studies and information during their interactions with pharma companies. From this perspective, the survey results provide guidance about how pharma companies can differentiate their digital offering from competitors.

EXHIBIT 5

Preference for different formats by type of information



*of respondents who want information, **respondents who not want information

Source: Strategy& survey June 2020

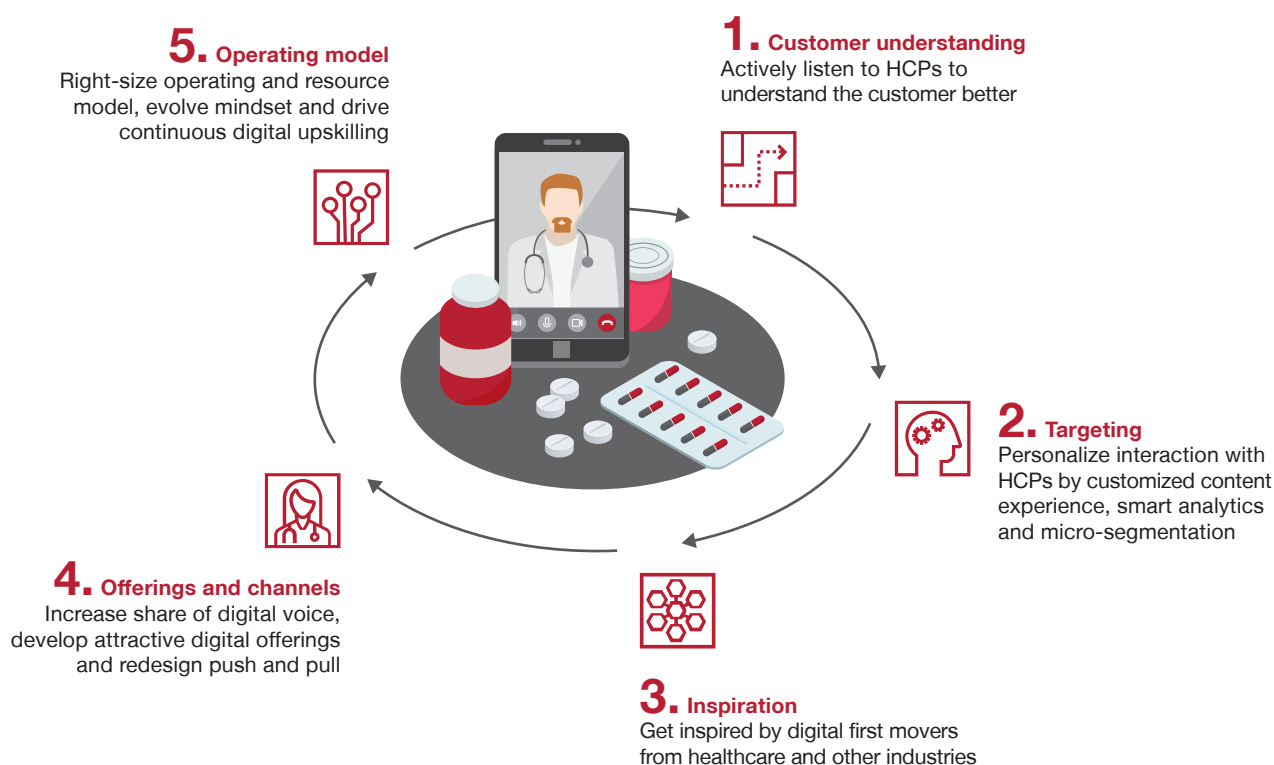
How to digitize pharma companies' go-to-market model: Five key steps

How can pharma companies leverage their differentiating capabilities to build successful offerings and content that will be increasingly marketed through virtual channels? At the same time, how can they maintain personalized customer engagement with HCPs?

The overriding message from the survey is that companies must deliver “the right content to the right customer at the right time via the right channel”. With that goal in mind, we have identified five steps that pharma companies should take now to remain competitive in a fast-moving market (see *Exhibit 6*).

EXHIBIT 6

Five steps to enable companies to digitize their GTM model



Source: Strategy& survey June 2020



1. Customer understanding

Conventional sales and marketing wisdom still holds true in the digital age. There is no substitute for understanding the customer's individual needs and preferences; for example, by going beyond Key Account Management (KAM) and appreciating the different requirements of general practitioners (GPs) and specialists. Careful segmentation of the target audience will be critical for defining tailored approaches, while user experience (UX) tools will be essential for successfully personalizing HCP interaction. Virtual marketing material can be made more readable and appealing, using new technologies such as facial recognition and eye tracking.



2. Targeting

With an increasing volume of digital information provided to doctors, it will be critical to ensure that content is customized and well-communicated for maximum individual impact. Sales and MSL teams need a personalized mix of standardized and tailored content delivered via both face-to-face and digital channels. For efficiency reasons, content should be approximately 80 percent standardized and 20 percent personalized, while delivering a completely personalized customer experience. Data analytics and smart technology should be used to measure sales results from different virtual and face-to-face meetings with HCPs; for example, by developing data-driven indicators such as a return on interaction score to guide decision-making.



3. Inspiration

Pharma companies need to learn from other industries' successful digital interactions with customers, especially in sectors where a close, individual relationship yields obvious dividends. One powerful example is the impact of Google Analytics on internet advertising, where smart processing of customer data means users are targeted with personalized adverts. Another relevant case study is the US clothing company Levi Strauss's online "Digital Stylist", which acts as a substitute for traditional in-store assistants.

Digitization of services has even been observed in sectors that strongly relied on personal interactions, trust with regards to validity of information and personalization of advice. An example is the transformation of retail banking and investment advisory: The digital investment manager Scalable Capital is one of a growing number of financial services companies which now uses a robo adviser for investment decisions that complement traditional approaches.

Within the pharmaceutical industry, trends towards the adoption of more digital engagement models from other industries have been apparent too. Examples include hiring retail UX experts to improve customer journeys; developing chatbots for physicians; and launching smart decision tools for sales forces which identify physicians to visit and subjects to raise during meetings.



4. Offerings and channels

Leave aside the traditional pharma marketing maxim that the greater the sales force in the field, the higher the turnover. Share of voice (SoV) will remain relevant for supporting drug prescriptions, but it will increasingly integrate face-to-face and digital SoV. In this context, face-to-face engagement should only be used for the most important content. This holds particularly true given the rising cost of meetings and limited accessibility of doctors.

To strengthen digital SoV, companies should develop innovative virtual offerings and interactive channels such as platforms, chatbots, podcasts and hackathons, which are rapidly broadening the current multi-channel model.

Pharma companies should also seek the right balance between push and pull communication approaches, depending on what is most convenient for the HCP. Physicians are increasingly searching for information on new platforms to find best practices and to pursue training in order to receive their required Continuing Medical Education (CME). To meet this demand, push-only engagement models should be rebalanced to provide sufficient pull channels for doctors to request advice, information and training.



5. Operating model

We expect pharma companies to reduce the total size of their sales force and MSL teams by an average of 10-15 percent, depending on sectors and specializations. For example, the customer journey for mass-market manufacturers is expected to become more heavily digitized, with up to 30 percent of field force teams needing to be reassigned. By contrast, customer demand will remain for regular face-to-face meetings about complex specialty and innovative products. HCPs will also continue to seek personal contact with MSLs to discuss scientific issues.

In general, we anticipate decreasing use of sales forces, while MSL numbers will remain relatively stable. As a result, we expect pharma companies to shift the composition of their teams from sales representatives to MSLs. Against this background, companies will need to redefine the role of their sales force to focus on higher value-add tasks such as product launches and interactions with new doctors, while low-value tasks are digitized.

Pharma companies should implement digital upscaling and upskilling by procuring or developing tools and integrated IT infrastructure to enable teams to meet future digital challenges. An open mindset towards these new solutions among the teams is key for success and will in many cases require cultural change efforts. Pharma companies must also hire or train people with the right digital skills, particularly in customer experience, online marketing, software development and agile ways of working (see Strategy& report “Agile Healthcare 4.0”). The correct alignment between traditional and virtual channels will be critical to achieving a more digitally focused marketing mix that ensures a seamless customer experience.

Companies should also deploy key performance indicators (KPIs) for monitoring digital progress and measuring success against clearly defined targets. One essential KPI for personalization should track outcomes from virtual interactions with HCPs, using measures such as the degree of customer consent to receiving information via virtual channels and the proportion of HCPs using a company’s HCP sales and marketing platform.

How to stay competitive as a digitized pharma company: Upcoming analysis by Strategy&

While our survey respondents have different views about aspects of healthcare digitization, there is strong agreement on one point: interactions between HCPs and pharma companies have moved increasingly online due to COVID-19 and this trend is set to strengthen. There can be no going back to the “old normal”. To remain competitive, pharma companies will need to rethink their future GTM model to be more digital, more targeted, and as a result, more efficient. Pharma companies need to find their individual future GTM model. Strategic choices with regards to the GTM are affected by a company’s therapeutic areas, key market regions and culture.

With the digital race under-way, companies must advance into new digital territory to have any chance of winning. In further reports over the coming months, we will outline in more detail how pharma companies can succeed in this rapidly evolving market, including:



Digital launch excellence

Our next report will focus on how pharma companies can use digital technologies to increase product awareness among HCPs and enable successful future launches. We explore topics such as multi-channel customer messaging, consent for digital engagement and organizing delivery for maximum impact.



Customer-centric growth

We analyze how digital technologies and data analytics can enable pharma companies to deliver more targeted, personalized content about in-market products to meet individual customer needs. The report explains how to achieve a competitive advantage by using data on HCPs’ individual preferences to select personalized messages and information from a “pick-and-choose” digital repository.



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