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INDUSTRY FORUM

Pharma Market Research Often Missing the Mark

New Data Shows Market Research Buyers Want Higher-Quality Insights, Impact

G&S Research, Inc.

A study conducted earlier this year by PBIRG member and healthcare market research firm G & S Research confirmed that many who commission market research are not getting the information and supplier support they need to impact brand performance.



With pharma market research spending down roughly 25% in the past year, agencies providing this service are now challenged to become more relevant and less expendable to the brands they support. The G & S Research study was conducted to assess the business landscape of healthcare market research based primarily in the US. It reveals that market research buyers are looking for the delivery of convincing, boardroom-ready reports; supplier accountability; actionable results; and a custom approach by specialist agencies. It also indicates that preferred supplier programs (PSPs) are performing well overall; but those with a primary focus on cost-savings are perceived as less successful than those with other top objectives.

The data is comprised of responses from 165 market research professionals averaging nearly 10 years experience in their field and representing 59 companies primarily in the pharmaceutical and biotechnology industries. The sample represents 19 of the top 20 global healthcare manufacturing companies, based on annual revenue*. Key finding details and conclusions include:

1. Clients expect presentation-ready deliverables

There is a gap between the need for insightful market research and the delivery of market data that actually impacts business. Nearly all respondents (97%) agree that deliverables enable effective decision-making; yet only 45% say

suppliers are doing a good job providing insightful deliverables. And since three in four of these buyers (75%) say it's their job to present results to internal stakeholders—not their agencies'—it's likely they expect reports to be boardroom ready at delivery and follow-up support available as needed. In fact, 72% are interested in a supplier that "provides a unique set of deliverables designed to help influence stakeholders' understanding and adoption of market research."

"There is clearly an unmet need in this marketplace," says George Grubb, principal of G & S Research. "Buyers of market research want suppliers to do a better job at providing information and tools they can use to impact strategic decisions. And this is going to require clients to accept some ownership for their agencies' ability to offer insight. For starters, buyers should be investing time upfront to educate suppliers about internal perspectives and existing knowledge-like past studies and secondary data." (see figure 1)

2. Buyers want their agencies to be accountable for the results they deliver

Most respondents (68%) agree that market research suppliers should actually be held accountable for the impact their study deliverables have on brand strategy. That is, about three in four people (73%) are interested in suppliers that "defines

*Based on the June 2007 MedAdNews ranking for 2006.

a project's success by the extent the results influence business." Yet, with nearly half (42%) reporting that many projects don't reach potential to impact business, there's clearly a service gap to be addressed.

The data suggests that buyers expect their market research agencies to help them affect change. To achieve this, buyers may be looking for researchers with former client-side experience, as 72% of respondents believe that agencies provide additional value to a project if their key staff has previously worked as an employee of a pharma/ biotech company and, presumably, are familiar with the reality of their needs and processes.

"Both clients and suppliers should investigate ways to reward suppliers-or hold them accountable for providing market research that has a direct impact on brand/ company strategy," suggests Grubb. "Maybe suppliers can identify a percent of the project profit pool as a bonus that is awarded only if the predetermined impact occurs post research."

3. Market research clients seek practical results that are actionable and resonate cross-departmentally

In today's business environment, market research agencies wanting to secure new studies must be sure that the information they deliver is on point and presented in a way that can progress through various departments. But not all suppliers are meeting this standard, as two in five respondents (42%) say many of the study recommendations they receive from suppliers are "naive and/or superficial; [they] cannot act on them." Since 63% agree that brand strategy decisions are made with information from more than one study, agencies must understand the scope and context of the data they collect and ensure that questionnaires are focused tightly on top information objectives.

"Again, strong study recommendations rely on joint ownership of projects by clients and their agencies," says Grubb. "Agencies are in the best position to deliver high-quality results and recommendations when they work with buyers-prior to starting a project-to identify the critical success factors for the study and figure out how to communicate well with pivotal stakeholders of the research. Suppliers need to ask the right questions upfront, so they are prepared with the perspective they need to make appropriate and provoking recommendations."

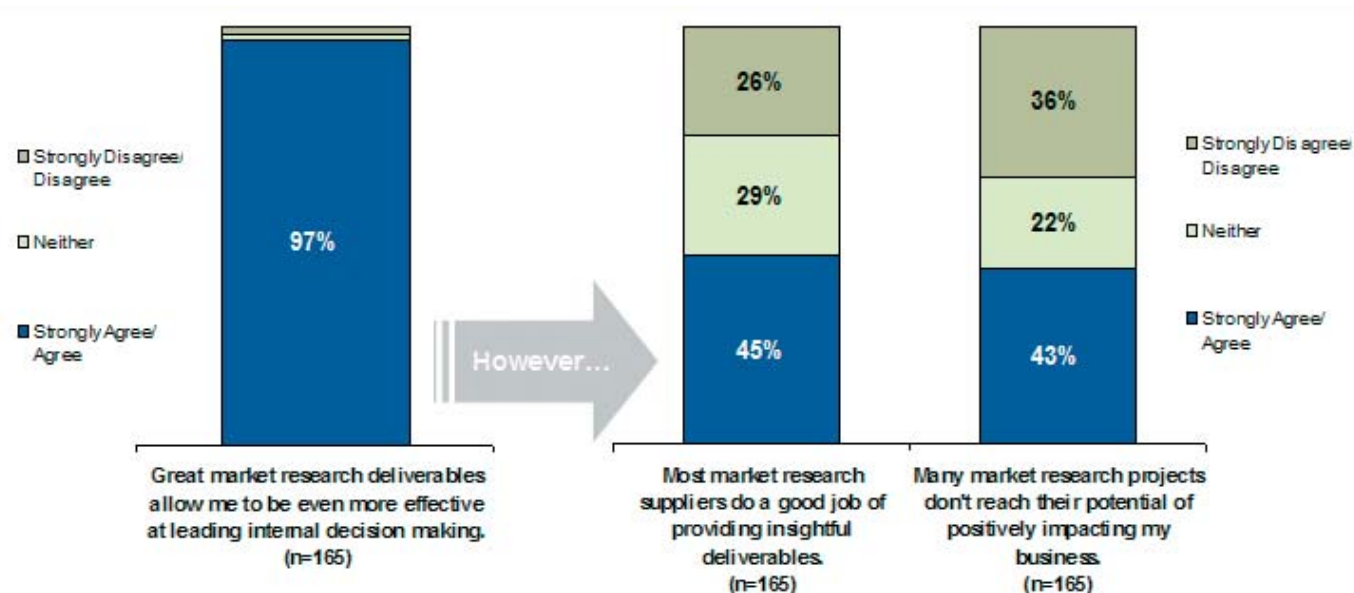
4. Buyers prefer specialist agencies that take a custom approach to their project(s)

Clients indicate a preference for custom-designed market research-versus a proprietary method. This is particularly true for qualitative research, as 73% favor a custom design for qualitative work and 65% have the same preference for quantitative work. Most (61%) have little-to-no preference on whether their agency recruits from its own panel or hires out data collection. Many (62%) are interested in a supplier who "provides expertise in a few select chosen areas of research instead of offering a full-range of methodologies." Similarly, 75% prefer to work with several market research suppliers across brand projects to benefit from different perspectives.

"To get the most from research investments, buyers should be encouraged to gauge the value that suppliers provide rather than relying solely on company-driven heuristics, such as CPI [cost-per-interview]," says Grubb. "When selecting an agency, clients should ask questions related to their specific research and business objectives-using everyday language-to get beyond industry buzz words and technique names, and they should challenge agencies on how their work is best suited for particular needs and situations."

Research buyers should be cautioned to balance a desire to use multiple agencies with the benefits of attaining synergy

figure 1



that comes from one supplier leading a spectrum of projects. These benefits theoretically include an ability to better address 'big picture' recommendations."

5. Preferred supplier programs based on cost-savings are perceived as less successful than others

Three of five respondents (59%) have a PSP that contains an average of 22 primary market research suppliers, and these programs are meeting their needs overall. However, these buyers were split on the ease of hiring a market research supplier that is "not on the list." That is, 37% say it is "easy" or "very easy" to work with an agency not in the PSP, while the same percent report that it is "difficult" or "very difficult" to do so.

Nearly 60% say the primary purpose of their firm's PSP is cost-savings. A distant second selection is "greater efficiencies in project execution." Less than 10% say "better market research" is the primary intent of the PSP.

Of those with a PSP with a primary focus on cutting the cost of market research, one in three feel it is not actually doing so. In contrast, when a PSP's primary purpose is something other than cost-savings, there's overwhelming agreement (90%) that the program is successful in its intent. Similarly, nearly a quarter of those with a PSP focused on cost-savings say that the program is not meeting their market research needs. Only 2% of those operating a PSP with other objectives report the same problem.

"While the majority of companies with a PSP believe it is addressing recognized needs, they do not report that their market research suppliers are providing a higher level of insight than those without a PSP," points out Grubb. "This may suggest that you 'get what you pay for' when operating under a closed-formulary system aimed at reducing costs.

Those commissioning market research should try to ensure that cost is not over-emphasized in their agency-selection process and ensuing relationship. Beyond a certain point, selections based on cost may be inconsistent with the agency-partnership model and expectations for research results to impact strategic decision-making, as agencies' economics need to be supported by their fees, and greater business impact is typically related to experienced suppliers who dedicate more time to thinking strategically for their clients."

A free synopsis of this market landscape study is available on the G & S Research website at www.gs-research.com. A full report is available at no charge to qualified individuals. For more information on these results, please contact Jenny Brown, media relations manager, at 317-819-4339 or jbrown@gs-research.com.

About G & S Research

G & S Research provides difference-making market research to healthcare decision-makers. With inside experience at top pharmaceutical and biotechnology companies, G & S Research helps clients engage internal groups in the research process and influence brand strategy with results. Visit www.gs-research.com for details.



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1-3p

Workshop

Forecasting for the Pharma and Biotech Industries

Presented by
 Nancy Wilkerson, Eli Lilly & Co.
 and Dr. Andrew Becker, Becker Pharmaceutical Consulting

Workshop Session 2
3:15-5:15p

Workshop

Secondary Data Sources for the Hospital Setting

Presented by
 Anthony Palkovic, Director of Analytics, The Medicines Company

Networking Reception
5:15-7:15p

Reception

Presentation 6-6:30p

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