



They keys to the #1 market

How To Penetrate The Pharmaceutical Market

The brand manager for Zyrtec is a busy guy. He's got his mind on fending off other prescription allergy medicines like Singulair while at the same time battling over-the-counter solutions like Claritin. "These people have a lot to do. They have to deal with a sales force, research people. There are legal considerations. If they are a publicly held company, they have to pay attention to what's going on in finance," says Joe Carey, vice president of Warjo Promotions Inc. (*asi/355440*), a distributor in New York. "The heavy promotional products buyer spends less than 5% of their time dealing with promotional products."

Marketers at some pharmaceutical companies spend less. So how can distributors get in and make the sale to companies in the number-one end-user market in the ad specialty industry? Those who have succeeded say distributors need to be willing to fight past the gatekeepers and that they must be prepared for the few precious minutes they have to sell. Then, of course, there are "price and logistics considerations," says Sammy Lasker, president of Rushking Promotions (*asi/315085*). "You want to bend over backwards because they have the ability to order mega dollars worth and they usually do."

It's no wonder. U.S. prescription drug sales alone were \$274.9 billion last year, according to IMS Health. This was up 8.3% from the prior year. And advertising by companies in the market totaled a staggering \$11.4 billion, according to

Nielsen Monitor-Plus. This was up 12% from the prior year. GlaxoSmithKline (\$1.1 billion), Pfizer (\$642 million) and Johnson & Johnson (\$618 million) are the biggest spenders. Promotional

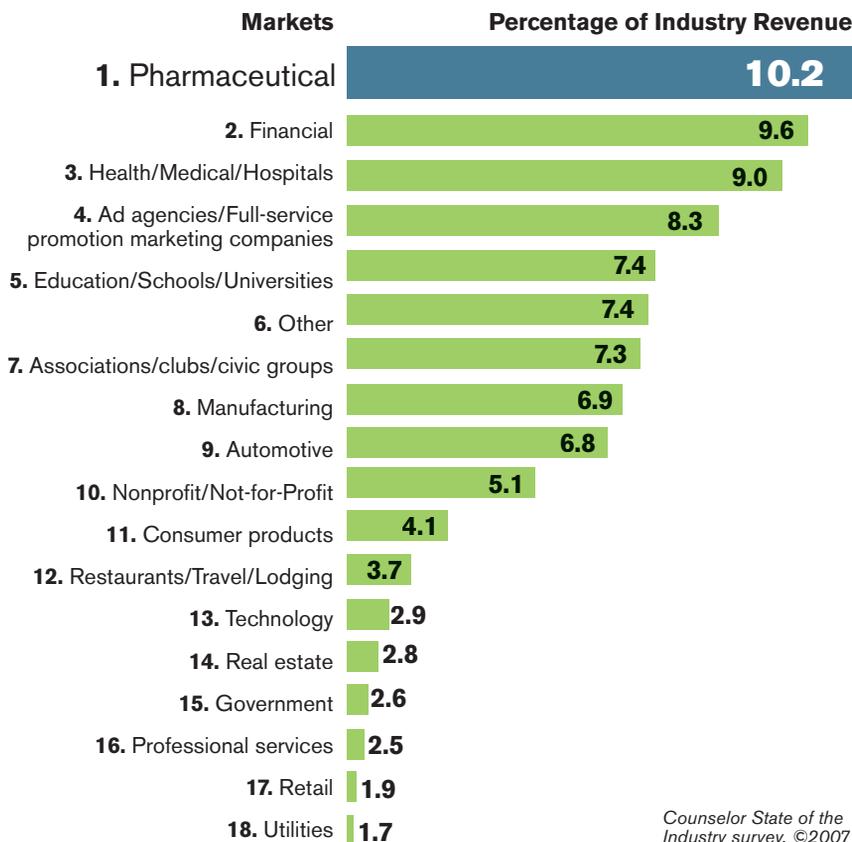
products are most often used as a leave behind for drug sales representatives visiting doctors' offices or hospitals or attending trade shows.

When visiting practices, the doctor is the central target for promotional products followed by nurses and nurse practitioners who can write prescriptions. Then there are the lab technicians, followed by the office staff that actually get them time to see the doctors. "It's hard enough to reach doctors as a patient

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TOP END-USER MARKETS

The pharmaceutical market is the number-one target sector, as it accounts for more than 10% of overall ad specialty revenues. Here is the full list of markets and how much overall revenue each accounts for in the industry.



Counselor State of the Industry survey. ©2007

Four Steps To Cracking The Pharma Code

1 Fight past gatekeepers. It's a market built on relationships.

Make the effort to get to decision-makers, and work past those responsible for protecting those decision-makers.



2 Be prepared. Buyers in this market don't have a lot of time, so hone your pitch to even less than that of an elevator ride.

3 Think low-cost. Regulatory restrictions have caused pharmaceutical companies to pare back their marketing expenses, so they can't spend lavishly anymore on big-time giveaways.

4 Be creative. Marketers are willing to spend big dollars – large quantities of low-cost items – but they won't dedicate a lot of time to thinking creatively about them. Be their creative outlet for ad specialties.



Step one for reaching the decision-maker at a pharmaceutical company is being able to get past the purchasing department and the services department.

much less as a rep doing a sales call," says Carey. "The average sales call time is 90 seconds. All these factors have to be thrown into the mix."

Step one for reaching the decision-maker at a pharmaceutical company is being able to get past the purchasing department and the services department to get to the people who are making decisions on a marketing level. Hank Peacock, president of Canadian Connection (*asi/156452*),

says, "Everything is so politically motivated. It's a nasty, tough industry to break into. It's all about who you know."

Along those lines, it's often easier to get in early with smaller pharmaceutical companies that don't have multiple layers yet, Carey says. And of course it helps to be located in their own backyard. Jean Rosenheck, president of Princess Advertising Specialties (*asi/299420*) in New York, says location plays a role although the Internet has changed that of late. "You sell the same," she says. "Find a product and adjust it to fit their needs." She's sold numerous pill holders, thermometers and other products over the years to her clients. Other typical items include tissues, hand sanitizers, wall dispensers and calendars.

Carey describes it as a very sophisticated sale. "There is a lot of preliminary work that has to go on," he says. "You need to get in there early to talk creative at the onset just like ad agencies. You

have to present creative ideas, versus asking them to pick out of a catalog."

Making the process eminently more complicated is the fact that the restrictions regarding the use of promotional products are tightening every year.

"There used to be higher-end giveaways for doctors and other people, but the industry cracked down," says Lasker. "Now it's all lower-end products. They love paper ... any paper products, scratch pads, notebooks, Post-its."

This is a far cry from the golden days when they wanted "everything leather," Lasker says. "Leather bags, goods, golf bags. It was a tremendous business." Today, the American Medical Association (AMA) offers guidelines, as do the "new PhRMA guidelines" – created by the pharmaceutical companies to police themselves. There are even watchdog groups like *Nofreelunch.org*.

"It's a very difficult industry to be involved in because the ground rules are frequently changing from a governmental standpoint," says Carey. "Marketing is constantly being attacked as a major cost component in the cost of drugs. Because the industry is heavily regulated, some firms don't want to give any impression at all of any improprieties. You have to be aware of the culture and category that you're in. But the rewards can be very generous from a percentage standpoint. It's a very large dollar sale." – KH



Watch The Video!

Go to asicentral.com/soivideo to see Editor Andy Cohen offer tips to capitalize on the number-one market.