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Pharmaceutical sales reps succeed by offering the right incentives to physicians

ABSTRACT:

If there is a prescription for success in selling pharmaceuticals, it is probably to offer doctors meaningful incentives that help forge friendly relationships with them. For years, physicians have been showered with all sorts of incentives by drug companies, but as the growth of the pharmaceutical industry escalates - and the competition among opposing sales representatives gets more intense - it is the one-to-one relationship between a sales rep and a physician that is becoming critical. A recent report by ABC News stated that pharmaceutical companies spent an average of \$13,000 on every physician in the country last year, which adds up to more than \$8 billion. Furthermore, drug companies now employ about 70,000 sales reps - or one for every 9 doctors. Yet many of these reps could stand to improve their sales techniques.

BODY:

If there's a prescription for success in selling pharmaceuticals, it's probably to offer doctors meaningful incentives that help forge friendly relationships with them. For years physicians have been showered with all sorts of incentives by drug companies, but as the growth of the pharmaceutical industry escalates-and the competition among opposing sales representatives gets more intense-it's the one-to-one relationship between a sales rep and a physician that is becoming crucial.

"The problem in pharmaceutical sales is the impression that because the time spent with a physician is short, the relationship is less necessary to emphasize," says Dr. Charles E. Parker, a Virginia Beach, Va.-based psychiatrist and president of PharmaceuticalIU.com, a virtual training Web site for pharmaceutical sales reps. "But the reality is just the opposite. The shorter the time, the more you have to emphasize the relationship. A lot of reps really don't know how to do it."

If they don't, they'd better learn fast. The pharmaceutical industry has been growing by leaps and bounds in recent years. According to the Plymouth Meeting, Pa.-based IMS Health, a healthcare information company, more than \$125 billion was spent on prescription medication last year in the United States (up from just \$89 billion in 1997).

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The importance of establishing direct relationships with physicians—who, of course, are the ones actually writing the prescriptions—is certainly not lost on the drug companies. A recent report by ABC News stated that pharmaceutical companies spent an average of \$13,000 on every physician in the country last year, which adds up to more than \$8 billion. Furthermore, drug companies now employ about 70,000 sales reps or one for every nine doctors. Yet many of these reps could stand to improve their sales techniques.

Personalization is key

"The biggest thing with incentives is the personalization and customization of the item offered," says Parker. "I've seen reps give the standard fruit basket. Now I can't speak for physicians across the board, but when I receive a fruit basket it feels like I'm being depersonalized and being bought."

What works a lot better in Parker's case is a genuine appeal to his interests. And one of his biggest interests happens to be fly-fishing. "Anybody that's spent a minimum amount of time with me knows that," he says. "I have a flyrod on my wall."

So while a fruit basket will likely end up in his wastebasket, a more thoughtful fly-fishing-related item could become a treasure. "A \$2 fly will go a long way with me," he says. "I don't think it's a money thing, I think it's a personalization and customization thing. The more personalized it is, the more effective it is. If they've hit me right in my heart, it's an emotional connection."

Trying to establish that emotional connection can occasionally cost some money, although the American Medical Association's (AMA) guidelines limit the suggested value of an incentive to less than \$100. If reps exceed that limit, the AMA's guidelines state that the incentive should serve a genuine "educational function."

Katie Clark, a former pharmaceutical sales rep and now a senior account executive at DVC ActiveCare, a Morristown, N.J.-based marketing company that specializes in the healthcare industry, says that a drug company's profits are directly linked to the rep-physician relationship. "If a physician sees product A and product B as more or less effective, and if he sees no difference between them, then it will come down to which rep he uses more often . . . which one he likes better personally," she says.

Clark, who specialized in medications used for treating HIV and cystic fibrosis when she was a rep, says she often supplied lunch for the physicians she was trying to get to know better. "It was helpful if you brought in lunch, but not mandatory," she says of her meetings with cystic fibrosis physicians. But the same was not true for the HIV specialists. "In HIV, you have to bring in lunch if you expect to talk to the physician," she says. Because HIV doctors must contend with a whole slew of maladies affecting all areas of a patient's body, they are continually being approached by a variety of sales reps. Each physician's time is subsequently that much more precious, so the incentives offered by a rep must be extra special. Bringing in lunch is the bare minimum. "The competition is very stiff," says Clark.

In the end, though, no matter how wonderful an incentive may be, it's the scientific research behind a medication that's the bottom line. "That's what really sways the physician," says Parker.

Clark concurs. "The incentives will help you along, but the scientific backing of the drug is what's really going to help the physician decide," she says.

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