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# Editorial

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Medical marketers dislike uncertainty. In fact, it is only since the late 1990s that financial analysts began to express uncertainty as to whether the pharmaceutical industry would be able to deliver double-digit sales growth into the near future. We are now faced with serial drug withdrawals, patent expiries resulting in a loss of more than \$50bn in sales in the next five years, continuous challenges to patents, erosion of the image of the sector and near-empty pipelines — all making for very uncertain times. Perhaps the greatest source of anxiety relates to the future of the global integrated pharmaceutical company business model.

The wave of mergers and acquisitions has done little to placate the public market scepticism about the future of the global pharmaceutical giants. It is likely that we will soon see another round of marriages involving some major US companies — seen by some as short-term fixes for long-term problems. At the heart of the problem lies the fact that very few companies can indeed offer strong hope (nobody is asking for certainty) that they will be bringing substantial numbers of innovative, revenue-generating products to market within the next few years. Investors no longer look at pharmaceutical companies as gold plated vessels containing a stream of profitable products, but rather as see through repositories, where even the largest has maybe 100+ long-distance shots at goal in product development.

The convergence between pharmaceuticals and biotechnology is indeed occurring, but in an unexpected

way. Biotechnology companies have also not demonstrated anything close to spectacular success in discovering new therapies. Gary Pisano in his recent book, *Science Business: The Promise, the Reality and the Future of Biotech* (Harvard Business School Press, 2006) highlights the lag between our expectations and the reality of the biotechnology industry. At the end of the day, drug discovery is a lot different from designing silicon chips or aircraft and investors have underestimated the costs of pure R&D. The model of the small, nimble biotechnology company built on the intellectual property of a research team transforming itself into the next Genentech has proven itself to be flawed and Pisano offers concrete solutions, including a stronger focus on basic research, knowledge sharing and collaboration.

What are the implications of this salutary history for medical marketing? Does almost half a century of good returns mean that the fully integrated pharmaceutical business model is not perhaps flawed? This question is impossible to answer and not that relevant, as pharmaceuticals companies will not disappear overnight — they have strong cash flows and play a vital role in health and healthcare. Parts of the equation that created the pharmaceutical giants have indeed changed; and even a cursory reading of the articles in this journal will permit us to identify that we are no longer living in the age of a happy conjuncture between innovation, no financial constraints and long periods of IP protection and commercial exclusivity.

We need to fine-tune the pharmaceutical business model. On the R&D side, some of the solutions are becoming apparent. They include a strong focus on early stage research, more alliances with universities and other institutions, more collaborative research efforts and perhaps most importantly greater transparency and realism in terms of assessing the promise of a pipeline. On the sales and marketing side of the value chain, the necessary adjustments are not very clear. We can certainly slash the size of the salesforce or try to extract the maximum from new marketing channels and niche products, but is this enough? What are the next big ideas in life sciences sales and marketing? We have some hints about where marketing in the healthcare sector will be within a few years. The growing devolution of decision-making power to local authorities, the increasing power of nonmedical stakeholders in prescribing and

reimbursement and a host of other factors are changing the pharmaceutical marketing landscape. Similarly, the much talked about health consumer is finally becoming an incontrovertible part of 'networked healthcare'. Overall, there is growing evidence that quality and professionalism will play a dominant role in pharmaceutical marketing. Smaller and better teams that break the traditional barriers between the multiple functions that make up sales and marketing are here to stay. In order to ensure that we have a next generation of medical marketers, we need to nurture talent and shortsighted hiring freezes or vicious downsizing of salesforces may have long-term negative impacts on the industry. These are indeed exciting times for medical marketing.

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