



Pharmaceutical Business Strategy & Forecasting: Creating Insights from Market Research

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Opinion

The pharma sector has transformed significantly, with most pharma and biotech companies now focusing on launching new products, developing innovative technologies, virtual clinical trials and rapid digitalization, which are proving to be quite challenging. To develop a revenue forecast for a new pharmaceutical product in development, primary research is conducted in which physician respondents are shown a target product profile and asked how much they would use "Product X" if it was available. Everyone who has experience doing physician market research will be quick to point out that one must apply a standard research "haircut" to account for bias. Take 50% off of physician-reported responses, they say. Or potentially chop based on a top two box score. Either way, it's acknowledged common practice, everyone does it. But an arbitrary standard haircut may not be appropriate for every market research study. Physicians have a general idea of their historical prescribing but asking them to estimate future prescribing share without putting their responses in the context of a structured process may result in a significant margin of error. Different biases may cause physicians to over-estimate stated prescribing share (HCP-Reported Adoption), particularly for new novel products.

Physician responses also typically do not account for other stakeholders such as payers and patients. Payers may manage access to certain products by implementing restrictions or placing them on non-preferred tiers (Payer Access). Patients are bearing an increased burden of pharmaceutical costs, as more and more patients are enrolled in high-deductible or high out-of-pocket maximum insurance plans. Determining patient "fill rates", or what percentage of patients pick up the prescription at the pharmacy, is

key – particularly in conditions with very expensive or non-covered therapies (Patient Fill Rates) Lastly, because of patient volume or previous prescribing behavior, some physicians may never be detailed on a new product, and therefore should be accounted for differently in terms of commercial forecasting (Manufacturer Detailing Reach Adjustment). It is imperative to find the impact of each factor can be identified and analyzed to both arrive at the most accurate forecast and identify potential levers to optimize launch uptake. Physicians do not treat all patients within a condition with the same therapeutic option. When asking physicians about the potential uptake of a new product, it is important to not only focus on the relevant patient segments but also to consider all current and future treatment options.

An example line of questioning may be:

1. For your last 10 patients, how many would receive (currently available) Competitor A? How about Competitor B?
2. For your next 10 patients, how many would receive Product X (product being forecasted) vs. currently available options (Competitor A and B)?
3. For your first 10 patients in 2 years, after Product Y enters the market and Competitor B goes generic, how would you allocate treatment across all different options?

Using this methodology, the physician is forced to think about the tradeoffs of allocating patients to each of the potentially available products within a relevant patient segment, instead of simply estimating the share of patients that would receive the novel product that is being studied. This approach also allows pharma

manufacturers to have visibility into which competitors they may be gaining or losing share against. The physician is ultimately asked to consider how the market might evolve as products become generic and new products enter, generating a more dynamic and informed forecast estimate.

Payer Access and Competition Payers determine the level of access (e.g., covered/not covered, preferred/not preferred) and restriction (e.g. prior authorization, step edit, new to market block) that a product will receive. Novel products that are classified as preferred or nonrestricted may be prescribed more often than products with significant restrictions. Forecasters can assess likely formulary coverage by conducting primary research with payer decisionmakers as well as exploring coverage for analog products. In addition to payer research, discussions with physicians should be designed to understand prescribing behavior given different levels of access. An understanding of the potential “lift” these strategies offer can help the manufacturer determine their attractiveness.

Patient Fill Rates

For many therapeutic areas, the pharmaceutical industry has long been considered a price inelastic market, where the price of therapy does not significantly impact fill volumes. However, over the last decade average deductibles and out-of-pocket maximums have steadily increased and a growing number of patients are enrolled in high-deductible plans. As a larger portion of the pharmaceutical cost sharing burden is placed on the patient, patients are becoming increasingly sensitive to price. Other initiatives that may impact prescription volumes are direct-to consumer or advocacy campaigns. These initiatives can impact the ‘top of the funnel’, prompting patients to ask their physician about a specific product; or at the end of the process, pushing the patient ‘over the hump’ to fill a prescription. In many cases, forecasters would be wise to either identify fill rates for analog products or conduct patient research to understand willing to pay under different out-of-pocket cost scenarios. The inclusion of patient input into product forecasting can often lead to more robust and reliable results.

Physicians cannot prescribe a novel new treatment if they do not know about it. When conducting primary research to assess a new product opportunity, one must account for the eventual breadth of detailing upon launch. Forecast uptake should only account for physicians who will be detailed or become familiar with the product. However, there will still be a portion of non-detailed physicians who will not become aware of a new product, at least early in the product’s lifecycle. It is imperative to have an overview of the strategic imperatives to drive the effectiveness of the above tactics. Few of the ways to do that effectively can be as follows:

Identify consumer need

Big pharma doesn’t just serve patients, it also serves a host of other types of consumers, from the clinicians who prescribe drugs and the hospitals that buy and administer them to the distributors and pharmacies that stock and deliver them. With so many customer types, it’s paramount that drug companies learn as much as possible about each one so that they can identify the areas and

people with the most profitable issues to address. They can do this through a variety of research measures. They can use established secondary research literature or conduct primary research (such as ethnographic studies and satisfaction surveys with physicians, hospitals and/or patients) themselves.

Assess the market

Picking the right environment (both physically and generally) in which to market a drug is critical. Disease patterns, political turmoil, economic stability, as well as market size/segmentation and operating conditions, are just a few of the key factors affecting a company’s overall success with a product. Pharmaceutical market research can highlight any obstacles or opportunities that might disturb or encourage favorable outcomes.

Provide a competitive analysis

Emerging new products to the market are only one type of threat. Generic products can also severely impact a company’s bottom line. Thus, it’s imperative that pharmaceutical companies keep on top of the products that their competitors are developing, as well as improving. They can utilize SWOT analyses and sales force assessments to diagnose and treat deficiencies. Focus groups and interviews can be used to expose untapped technological innovations and other resources. Competitive analysis can save companies from reinventing the wheel. They can observe and use others’ successes for their own benefit instead.

Address compliance and other regulatory concerns

The pharmaceutical industry is strictly regulated. It must deal with patient and data privacy issues and comply with FDA and patent regulations. Pharmaceutical market research can help companies monitor developing patent laws and any changes to FDA legislation and gather consumer feedback so that they can protect or modify their practices as needed.

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Conclusion

A good pharmaceutical market research project can reveal industry trends and help forecast market growth. It can describe how well a company is (or is not) doing with its consumer encounters, marketing efforts and distribution methods. It can provide the raw data needed for accurate benchmarking, and it can uncover unmet needs. These facts assist shareholders, who use them to focus and direct decisions, shaping their business’s future.

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Conflict of Interest

No conflict of interest.

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