D&E DATOS Y ESTRATEGIAS

PHYSICIANS' PERCEPTIONS

ABOUT THE PROMOTIONAL PRESSURE

BY NATIONAL AND MULTINATIONAL PHARMACEUTICAL COMPANIES

FOR THE PERIOD 2005-2013

Survey 2013

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CURRENT SCENARIO IN ARGENTINA

The pharmaceutical industry has been increasing in Argentina in the last years both in values and units, in a 4th place after Brazil, Mexico and Venezuela. The expected future growth is likely to experience some deceleration and re-arrangements due to government policies tending to prioritize the local productions of medicines.

An increasing is observed for national companies like Bagó, Roemmers, Gador and Baliarda. Multinational companies continue focusing its efforts in niche products that require a strong investment in R&D, specifically in the vaccines market, and some companies are going through the path of technology transfer.

The current scenario of the pharmaceutical industry is characterized by:

a) Control of prices (non oficial) that do not fit neither the inflationary context nor the increase of salaries approved in peer groups.
b) Control of imported goods in order to level the balance of trade.

This situation demands changes in the strategy for pharmaceutical companies in order to achieve the expected profitability: 1) acquisition of small companies (i.e: by Roemmers), 2) orientation to mass consumption products (i.e: Sanofi Aventis), 3) focus in niche products and sale of licenses of primary care products or massive products (i.e: Merck, Roche, MSD), 4) to incentive exportation (i.e: Bagó) and 5) to produce generic products of low cost.

PERCEPTION OF PROMOTIONAL PRESSURE

The challenge that pharmaceutical companies are facing in the current context is to keep presence in physician's mind, through promotional actions that support and promote the differential image of products, with a tight margin of investment. The building and development of this communication bridge with physicians is the key to succeed in sales as a result of marketing actions.

Physicians' perceptions regarding this approach are essential when evaluating the promotional actions performed by pharmaceutical companies.

Datos & Estrategias, a Market Research Consulting Agency specialized in the Pharmaceutical Industry, through its Systematic Observatory of Opinion, has carried out a comparative historical analysis about the perceptions of the physicians regarding promotional actions of the pharmaceutical industry, among five research studies: December 2005, March 2007, October 2009, August 2011 and July 2013. This analysis reflects the different strategies of national and multinational pharmaceutical companies.

These studies were carried out between GPs and Specialists, with national coverage.

In this research, interviewees answered about:

- Perception of the level of promotional pressure performed by national and multinational pharmaceutical companies.
- Objective indicators of how the promotional pressure is performed.
- Level of agreement with the promotional pressure received.
- Suggestions regarding promotional actions to pharmaceutical companies (included in the last three researches).

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HIGHLIGHTS 2013

Between 2011 and 2013 the perception of promotional pressure of multinational pharma companies experienced an abrupt fall-off, and there is a slight decrease for the national pharma companies. While national pharma companies increased their targeting efforts mainly to Specialists and slightly decreased the promotional pressure among GPs, multinational companies have currently decelerated the promotional pressure in their historical target (Specialists) and among GPs too.

The relative proportion of physicians perceiving an increase of the promotional pressure is lower for multinational companies vs. national companies.

While in 2005 the promotional pressure was mainly associated with the communication of price improvements of products (through discount systems and shared treatments), in 2007 and 2009 the percepctions were focused on the sales force (size and frequency of detailing) and in 2011 on the **frequency of detailing.** The year 2013 is not characterized by deceleration only: many physicians could not define indicators of promotional pressure, especially regarding multinational pharma companies. Regarding national pharma companies, the perception of a higher frequency of detailing is still an indicator of promotional pressure.

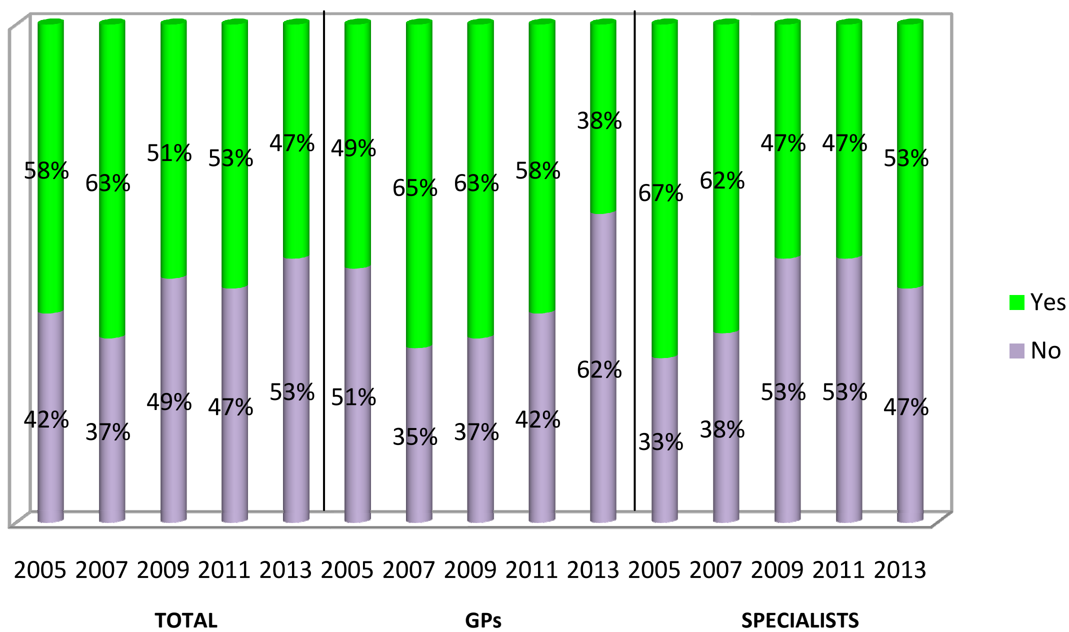
Although both profiles of companies (national and multinational) share a promotional approach: **to ask / to pressure physicians for the prescription of the promoted product, by mentioning audits data**, there is no different perception of typical historical indicators of each company profile.

Between 2009 and 2011 the level of agreement with the intensity of the promotional pressure decreases for both company profiles. There is an increase of the level of disagreement with the intensity of the promotional pressure, especially among GPs. The average of suggestions about promotional activities decreases vs. 2011. These suggestions are focused in actions oriented to physicians mainly (Congresses, Workshops, Courses, Grants both local or international). It is important to point out the decrease of expectations towards receiving promotional actions from the pharma companies, as consequence of the partial/selective achievement of suggestions observed during the previous research (2011).

Q1 - ¿Do you feel that <u>national pharma companies</u> exert a higher promotional pressure than in previous years?

Currently, there is a considerable decrease in the perception of the physicians about the promotional pressure exerted by national pharma companies when compared to the last research. Such decrease is focused strategically on GPs, where there is a historical sustained and noticeable decrease of promotional pressure vs. 2011. National pharma companies have increased their promotional pressure on Specialists according to their perceptions in the last research.

PERCEPTION OF PROMOTIONAL PRESSURE INCREASING BY THE <u>NATIONAL PHARMACEUTICAL COMPANIES</u>



BASE: TOTAL INTERVIEWEES

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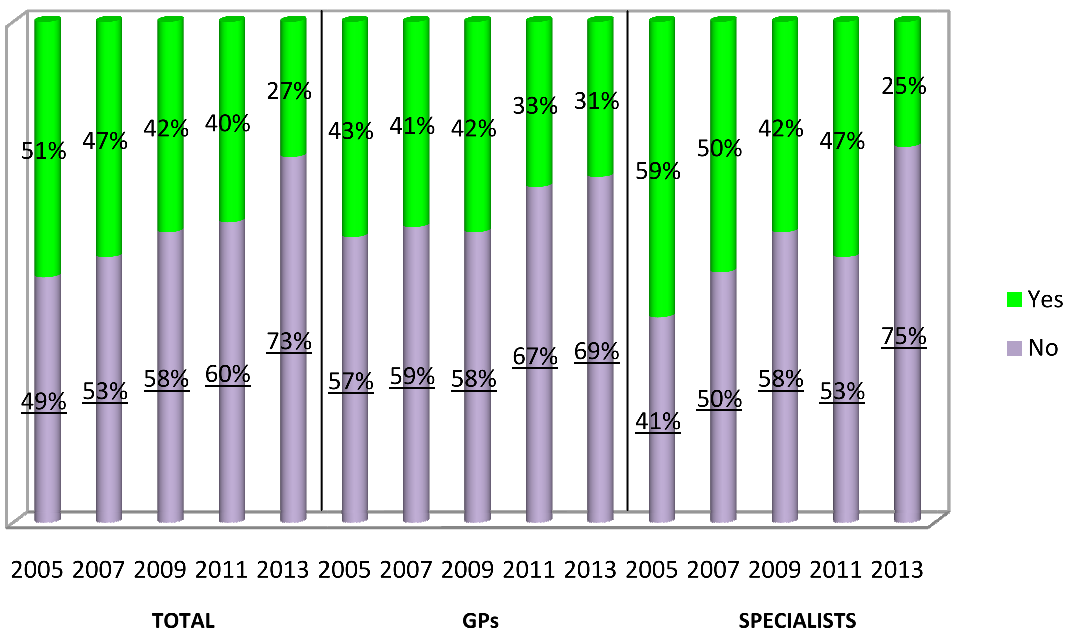
P2 – ¿Do you feel that <u>multinational pharma companies</u> exert a higher promotional pressure than in previous years?

The historical trend of decreasing continues for the promotional pressure exerted by multinational pharma companies. There is an abrupt decrease in 2013 vs. 2011, especially among Specialists. Besides, in the 2013 research there is a noticeable decrease of the perception among Specialists of the promotional pressure exerted by multinational pharma companies vs. national pharma companies.

PERCEPTION OF PROMOTIONAL PRESSURE INCREASING BY THE <u>MULTINATIONAL PHARMA COMPANIES</u>



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P3 – What does this promotional pressure consists of?

The promotional pressure has been historically associated with the **"increase of the frequency of promotional detailing."** It is important to point out that in the last research it decreases for all pharmaceutical companies, but strongly for multinational pharma companies.
National pharma companies currently keep on exerting pressure by its "frequency of detailing" (but with a slight decreasing trend between 2011 and 2013), besides asking intensively "to increase prescriptions" during the promotional visit, and mentioning data from audits.
The "provision of medical samples" shows an abrupt decreasing trend, together with "promotional motivation" and "frequency of lectures, courses, congresses, scholarships." Currently, there is a perception that multinational pharma companies have focused their promotional pressure mainly by asking intensively "to increase prescriptions" during the promotional visit and mentioning data from audits. It is clear that multinational pharma companies have adapted their strategies to the current scenario, by decreasing the "frequency of detailing", "provision of medical samples", "promotional motivation" and "launching of new products." It is important to remark the decrease in the frequency of lectures, courses, congresses, scholarships and promotional brochures. The current economic model conditions the current policies in the healthcare area and has an impact in the possibilities to apply systems of price improvement used in the past, both for national and multinational companies. As the slight decrease trend of the indicator "price improvement: discount systems / bonus" and the cost reduction in the main promotional factors persists, we can sustain that the adaptive behavior of all pharma companies to the current economic scenario continues.

PROMOTIONAL PRESSURE INDICATORS BY PHARMA COMPANIES (Nationals vs Multinationals)

INDICATORS	PHARMA COMPANIES									
	Nationals					Multinationals				
	2005	2007	2009	2011	2013	2005	2007	2009	2011	2013
Increasing frequency of promotional detailing	45%	58%	62%	36%	**33%** ↓	26%	41%	33%	28%	**16%** ↓
Increasing frequency of lectures, courses, congresses, scholarships	16%	11%	10%	23%	8% ↓	14%	25%	19%	14%	9% ↓
Increasing provision of promotional brochures	9%	14%	10%	3%	1% ↓	8%	17%	12%	5%	1% ↓
Increasing provision of scientific literature based on clinical trials	7%	7%	6%	9%	1% ↓	8%	15%	5%	10%	7% ↓
Increasing provision of medical samples	23%	25%	21%	27%	8% ↓	10%	15%	16%	23%	7% ↓
Price improvement: discount systems / bonus	49%	20%	21%	8%	6% ↓	47%	15%	14%	7%	4% ↓
Promotional motivation	2%	14%	17%	17%	1%	2%	13%	9%	12%	1% ↓
Research protocols		7%			1%		12%			1%
Strong demand to prescribe / usage of audits data to persuade	11%	13%	8%	29%	**21%** ↓	14%	12%	12%	23%	**21%** ↓
Persistent messages about quality / being original drugs					4%	9%	8%	12%	11%	3% ↓
Products launching	4%	12%		8%			4%		11%	1% ↓
Mass advertising for OTC products	2%	9%	4%	5%	1% ↓	2%		5%		
Social events				8%				7%		
Mailing / Newsletter			4%		1%			7%		1%
Training to pharmacists and sellers			2%							
Impossibility to define a promotional pressure indicator					28%					37%
Other	21%	5%	4%	13%	4%	14%	8%	1%	9%	4%
Avg. responses	1,89	1,95	1,69	1,86	0,90	1,54	1,85	1,52	1,53	0,78

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Both GPs and Specialists always characterized **multinational pharma companies** by a lower "frequency of promotional visit" vs. national pharmaceutical companies. In 2013, this trend is more noticeable vs. 2009. Both GPs and Specialists perceived that these companies have decreased their level of investment in promotion with a high impact for physicians: "provision of prescription samples", "price improvement: discount systems / bonus", "promotional motivation", "frequency of detailing" and "frequency of lectures, courses, congresses, scholarships." There is a noticeable mention of GPs regarding asking strongly "for the increasing of prescriptions" during the promotional visit, and mentioning data from audits.

Regarding **national pharma companies**, both GPs and Specialists perceive almost the same frequency of promotional visit vs 2011 but there is a slight decrease. They also perceive that these companies have also reduced their level of investment in promotion in general, especially in "provision of prescription samples", "frequency of lectures, courses, congresses, scholarships", "price improvement: discount systems / bonus" and "promotional motivation." The perception of slowdown of promotional pressure is reflected also in the impossibility of some physicians to define promotional pressure indicators.

PROMOTIONAL PRESSURE INDICATORS FROM PHARMA COMPANIES BY SPECIALTY

INDICATORS	PHARMA COMPANIES																			
	National										Multinational									
	GPs					Specialists					GPs					Specialists				
	2005	2007	2009	2011	2013	2005	2007	2009	2011	2013	2005	2007	2009	2011	2013	2005	2007	2009	2011	2013
Increasing frequency of promotional detailing	25%	82%	73%	38%	**35%**↓	38%	46%	57%	34%	**32%**↓	33%	57%	33%	29%	14%↓	22%	34%	33%	28%	**17%**↓
Increasing frequency of lectures, courses, congresses, scholarships	13%	19%	13%	25%	5%↓	19%	8%	8%	22%	10%↓	5%	21%	20%		6%	21%	26%	18%	28%	9%↓
Increasing provision of promotional brochures	8%	5%	7%		2%	6%	19%	11%	6%	1%↓	14%	7%			2%	4%	21%	15%	10%	
Increasing provision of scientific literature based on clinical trials	8%	9%	20%	13%	-	9%	6%		6%	2%↓	5%			13%	11%	11%	21%	6%	7%	6%
Increasing provision of medical samples	25%	27%	20%	38%	11%↓	22%	23%	22%	16%	7%↓	14%	14%	12%	29%	10%↓	7%	16%	18%	17%	6%↓
Price improvement: discount systems / bonus	54%	14%	7%	13%	4%↓	47%	23%	27%	3%	6%	58%	21%	10%	14%	3%↓	40%	13%	15%		4%
Promotional motivation	4%	5%	27%	13%	1%↓		19%	14%	22%	1%↓		7%	1%	14%	↓	4%	16%	12%	10%	1%↓
Research protocols		9%			1%		6%			1%		14%			1%		11%			1%
Strong demand to prescribe / usage of audits data to persuade	4%			25%	**18%**↓	16%	19%	11%	31%	**22%**↓	10%			14%	**23%**↑	18%	16%	15%	31%	**21%**↓
Persistent messages about quality / being original drugs					5%					4%	5%		10%	14%	3%	14%	11%	12%	7%	4%
Products launching	8%	14%		13%			11%		3%			7%		14%	1%		3%		7%	1%
Mass advertising for OTC products		14%	7%		1%	3%	6%	3%	6%	1%						4%		6%		
Social events			7%					3%					5%					6%		
Mailing / Newsletter			7%		1%					1%					1%					1%
Training to pharmacists and sellers				13%					3%				10%					3%		
Impossibility to define a promotional pressure indicator					24%					29%					33%					39%
Other	8%	10%		13%	2%	21%	4%		13%	4%	8%	14%			2%	19%	6%	3%	11%	5%
Avg. responses	1,57	2,08	1,88	2,04	0,86	1,81	1,90	1,56	1,65	0,92	1,52	1,62	1,00	1,41	0,77	1,64	1,94	1,62	1,56	0,76

BASE: TOTAL INTERVIEWEES

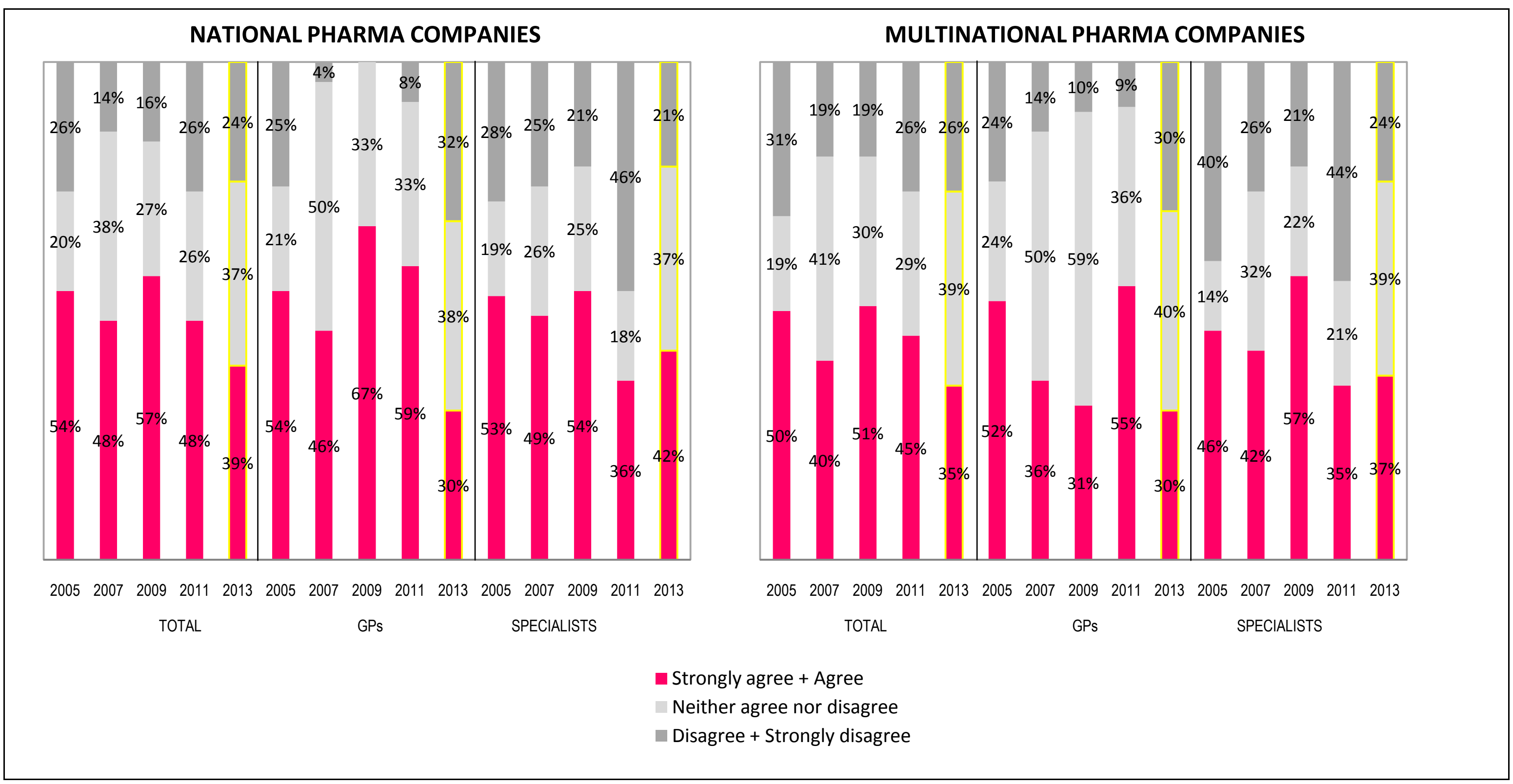
Q4 - In general, to what extent do you agree with the intensity of the promotional pressure exerted by these companies?

Currently, the level of agreement with the intensity of promotional pressure is similar both for the pressure exerted by national pharma companies (39%) and multinational pharma companies (35%).

Between the last two studies (2011-2013), there is an increase of the disagreement with the promotional intensity, specially focused among GPs. There is a lower level of agreement among GPs towards the promotional pressure exerted by national pharma companies when compared to Specialists. Among GPs, there is a noticeable increase of the disagreement with the promotional intensity that leads to discouragement towards promotion. Among Specialists, there is a slight increase towards the perception of promotional pressure; although there is a noticeable increase of discouragement too.

Regarding multinational pharma companies, there is marked decrease vs. 2011 in the level of agreement towards the promotional intensity among GPs vs. Specialists, who show a slight increasing trend also, with discouragement too here.

LEVEL OF AGREEMENT WITH THE INTENSITY OF PROMOTIONAL PRESSURE BY PHARMA COMPANIES



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Q5 – What would you suggest to national and multinational companies about their promotional activity?

This question was included since the 2009 study. The average of suggestions decreases vs. 2011, especially regarding improvement of promotion, probably as a consequence of the increase of discouragement.

The suggestions keep on focused mainly in physician-oriented actions.

In the current scenario, even the suggestions about patient-oriented actions are reduced, due to the diminishing in the demand of "improvement of prices by discount systems / bonus," especially among GPs.

SUGESTIONS	PHARMA COMPANIES																	
	Nationals									Nationals								
	TOTAL			GPs			Specialists			TOTAL			GPs			Specialists		
	2009	2011	2013	2009	2011	2013	2009	2011	2013	2009	2011	2013	2009	2011	2013	2009	2011	2013
ACTIONS ORIENTED TOWARDS PHYs	*75%*	*63%*	*53%*	*74%*	*64%*	*49%*	*74%*	*61%*	*56%*	*67%*	*64%*	*52%*	*62%*	*64%*	*47%*	*70%*	*69%*	*54%*
To provide invitations to Congresses, Workshops, Courses, Scholarships (presence-based or web-based), nationals and/or internationals	28%	24%	↑28%	26%	13%	↑23%	27%	33%	↓30%	29%	31%	↓27%	21%	25%	↓23%	32%	36%	↓28%
To provide scientific material /literature /Clinical trials	21%	18%	↓9%	4%	25%	↓11%	27%	12%	↓9%	18%	10%	↓8%	4%	13%	↓11%	23%	8%	↓7%
Special gimmicks /useful (prescription pads, scrubs, etc.)	3%	7%		9%	13%		1%	2%		2%	7%		8%	13%			3%	
Books, CDs, DVDs		7%	↓1%		13%			2%	1%		7%	1%		13%			3%	1%
To promote local researches	11%	3%	3%	9%		2%	12%	5%	4%	7%	3%	3%	8%		1%	7%	5%	↓4%
To provide samples	8%	3%	↑6%	17%		↑8%	5%	5%	5%	7%	4%	↑5%	17%		7%	4%	8%	↓4%
To provide access to medical magazines	1%	1%					1%	2%		1%	1%	1%				1%	3%	↓1%
To pay for the time physicians spent in detailing	3%		↑5%	9%		↑3%	1%		↑6%	3%		↑5%	4%		↑3%	3%		↑6%
To support the role of the phys with messages against self-medication											1%						3%	
Same detailing policy for new and experienced physicians			↑1%			↑2%			↑1%			↑2%			↑2%			↑3%
ACTIONS ORIENTED TOWARDS PATIENTS	*16%*	*22%*	*20%*	*26%*	*38%*	*15%*	*14%*	*11%*	*21%*	*19%*	*28%*	*20%*	*29%*	*38%*	*16%*	*16%*	*21%*	*21%*
To improve prices by discount systems / bonus	12%	15%	↓13%	17%	25%	↓10%	11%	7%	↑14%	15%	18%	↓12%	25%	25%	↓11%	12%	13%	13%
To increase the amount of tablets per package		5%	↓2%		13%	↓1%			↑2%		6%	↓2%		13%	↓1%			↑2%
To create integral programs to support patients	4%	1%	1%	9%		1%	3%	2%	1%	3%	1%	1%	4%		1%	3%	3%	1%
Higher social commitment from pharma companies		1%	4%			3%		2%	4%	1%	3%	5%			3%	1%	5%	5%
ACTIONS ORIENTED TO IMPROVE PROMOTION	*14%*	*38%*	*27%*	*8%*	*26%*	*30%*	*15%*	*49%*	*26%*	*20%*	*34%*	*27%*	*8%*	*26%*	*30%*	*23%*	*42%*	*26%*
Ethical promotion		15%	↓2%		13%	↓3%		17%	↓2%		13%	↓2%		13%	↓2%		13%	↓3%
To increase the frequency of detailing	5%	12%	12%	4%	13%	↑11%	5%	12%	12%	5%	13%	↓10%	4%	13%	12%	5%	13%	↓10%
To decrease the demand to be prescribed /down step the pressure to phys	3%	8%	↓3%	4%		4%	3%	14%	↓3%	6%	6%	4%	4%		4%	7%	10%	↓4%
To increase promotion by e- mail / Virtual Meeting	3%	1%	1%			3%	4%	2%	1%	3%	1%	2%			3%	4%	3%	1%
To improve reps´ efficiency, quality and commitment.	3%	2%	6%			5%	3%	4%	6%	5%	1%	6%			5%	6%	3%	5%
Better distribution of promotional visit time (both in the public and private setting)			2%			4%			1%			2%			4%			2%
Staff of well-known medical advisors			1%						1%			1%						1%
OTHER	*6%*	*12%*	*5%*		*13%*	*6%*	*8%*	*12%*	*5%*	*3%*	*10%*	*4%*	*1%*	*13%*	*7%*	*2%*	*8%*	*3%*
To improve the quality of generics	5%	3%	2%			1%	7%	5%	2%									
Other	1%	9%	3%		13%	5%	1%	7%	3%	3%	10%	4%	1%	13%	7%	2%	8%	3%
Avg. of Responses	1,11	1,35	1,05	1,08	1,41	1,00	1,11	1,33	1,08	1,08	1,36	1,03	1,00	1,41	1,00	1,10	1,40	1,04

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In 2011, GPs suggested that national pharma companies should offer them “scientific material /literature /clinical trials” and “improvements in prices by discount systems / bonus.” And they suggested to the multinational pharma companies that they should offer them “congresses, workshops, courses, scholarships both local and internationals.” Both company profiles fulfilled these suggestions very selectively.

Specialists suggested in 2011 that both company profiles should offer them “congresses, workshops, courses, scholarships both local and internationals.” Both company profiles fulfilled these suggestions selectively also for these physicians profile.

It is important to point out the noticeable decrease of expectations in both physicians’ profiles towards promotional actions offered by pharmaceutical companies.

Date: December 2005 / March 2007 / October 2009 / August 2011 / July 2013

Projectable sample (whole country): 390 physicians (2013)

Specialties: GPs (n=195) Specialists (n=195)

Level of confidence: 95%

Error margin: +/- 4.9%

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