

## Sales Management: A Sample Plan

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One of the industry's most important promotional tools is also one of its least understood. Patrick Burns, of BW Analytics, discusses new approaches to measuring the impact of sampling—and giving reps the tools they need to use samples better.

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Pharmaceutical Executive

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Patrick Burns

**Pharm Exec:** We've heard a lot of discussion lately about what a huge expense sampling is, and how little is known about how samples are actually used. Have you been hearing it, too?

**Burns:** Because of the history of sampling in this industry, it seems to be the last promotional tactic for which marketing and sales operations are exerting influence, management oversight, and integration into the overall marketing plan. My understanding is that that is primarily a result of how the sample has emerged as a method of access for sales reps when they go into a physician's office.

I've heard from multiple brand managers that they can't tell their reps what to do with samples. The mentality is: Reps ultimately know best how to distribute samples in the field, because they're the ones who see the doctors, and they're the ones who best understand the impact that the sample is having. But at the same time, companies are asking, "Am I using samples correctly? Or is there a more optimal way to think about how to use samples?"

### How do you respond to that?

We ask questions like, "How does your sales rep know the impact? Are they actually measuring impact? Are you providing them with data that help them understand?" What they usually come back with is anecdotal feedback—reps saying things like, "I was able to get in and see Dr. Williams for the first time in months, and I got in because I used samples. I had an armload of samples, and he was happy to see me."

In that instance, sampling was an effective technique for gaining access to a physician to initiate the detail. But ultimately, it didn't appear that the sales rep was necessarily aligned with the interests of the organization. Reps need to think about how distributing samples ripples through

the network of physicians, to the patients, to those patients reacting by going to the pharmacy to get their prescription filled. Reps need to understand the end-to-end effect.

### **What about the role of sampling as one of many tactics being employed by pharma companies to drive sales volume for drugs?**

There are a lot of moving parts in the product marketing mix. It is difficult for a sales rep in the field, working with a tiny portion of the overall target market, to independently make a decision about how many samples to wave. I'm not questioning the notion that reps can use a sample to get in to see a doctor. But I think reps can be more successful if they have knowledge about the impact of delivering one versus two versus 10 samples. How does a rep know whether Dr. Williams should get one or 10 samples, and what will the impact be on that particular physician's prescribing behavior? It may be a PCP sales force, but each individual physician has different influences and behaviors, and different prescribing patterns.

We've looked at two aspects to this problem: the relationship between the detail and the sample as part of a physician call, and the influences of the other promotional media that are used to influence consumers, patients, and physicians. I'll use



an example of a client who had a first-in-class, blockbuster brand that was mature. It was about 18 months out from patent expiry, and the company believed that they had been oversampling the brand for a long period of time. Because of periodic budget cuts, they had actually already taken the investment in sampling down from where it had been (at mid-product life cycle), but they still thought they were spending too much on sampling, since the product was at such a mature stage. But our analysis ultimately showed that despite this sort of widely accepted product life cycle theory, the client had actually been undersampling the product.

What the client overlooked was the relationship between the sample itself and the detail. There is something called the momentum effect, which means that if a rep leaves a sample with a doctor today, that will influence that physician to prescribe the drug in the future. There will be a lingering effect: The doctor will be thinking about prescribing that rep's drug next week, and the week after, and so forth, based on what was delivered to him today.

This momentum effect is different for every physician and disease class. So you can't say that there's a standard momentum effect for samples that works in every disease market. You can withdraw spending and cut your budget, and you may not actually see the impact to your overall market share for six months. If you're not paying attention and you don't monitor the relationship between sampling and prescribing behavior, you may not actually attribute loss in share over time to what you've done with your sampling budget.

### **When you say you can withdraw spending and see the effect over time, are you talking specifically about spending on samples?**

Yes. For this client, we developed a method by which we could measure the responsiveness of a physician to a product sample. The question becomes, "How responsive are doctors relative to sampling versus relative to the detail?" Then, "How responsive are they relative to meetings and events, journal advertising, and so on?"

The trick is for reps to look at each tactic in isolation and say, "Okay, give me the sample data that shows how many samples were dropped at all physicians over the last six months. Then give me their total prescription count [TRx] data for that same period. Then I'll look at the ratio of sampling to TRx." That kind of analysis ignores the impacts of all other media, which allows managers to tease out the individual impact of samples versus details.

### **Do you think that most companies do this?**

No. There is good analysis being done at several pharma companies, but how that analysis is being incorporated into the overall marketing strategy is another story. We've noticed a big disconnect between the analysis around sampling and how it ultimately is implemented so that sales reps in the field can benefit from the information. A lot of times, it's simply the territory manager or the district manager not wanting to disrupt what's been considered a valid mindset: Samples get us into the office and we don't want to mess with that. The reps know what they're doing.

Reps absolutely have tremendous intuition about their physicians. They know them better than anybody in the organization, but it's still too hard for a single individual to process all the information in a way that allows the pharma company to understand the relative impact of samples versus details, versus other things.

### **And why is that important?**

Well, if a pharma company knows that sampling accounts for X percent of Dr. Jones' responsiveness, a custom-tailored marketing mix can be created for that physician, as opposed to delivering a marketing mix that's designed for a whole class of physicians. Knowing the ratio of physicians' responsiveness can help companies know how much to invest in sampling to each physician. The basic economic premise here is you keep investing until your marginal return is zero. You keep sampling until a point of saturation, where additional samples are not going to make a physician write any more prescriptions. That's the Holy Grail of promotion-response modeling. Having that information helps managers realize ways that sales reps can fine-tune their approaches in ways that result in additional prescriptions for the same level of sampling.

### **Is that feasible though, to have a marketing plan that is customized per physician?**

Sure. The analogy to that from the financial services industry is the case where companies like Capital One pioneer the concept of an information-based strategy that results in mass customization. Financial services companies develop millions and millions of consumer lending products that they test in the marketplace, and determine that certain subsets of this large national population are more apt to use a credit card when it's a loyalty card, or when it has no annual maintenance fee. Clearly, pharma is unique, because it involves a physician-patient relationship; the patient isn't the ultimate purchaser that you're marketing to per se. So there is added complexity, but the same concepts should apply.

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There's no reason to believe that one can't come up with a mass customization model that focuses on unique marketing mixes for each physician. Now, it's not going to be an economically viable proposition to have one particular mix for every physician, but if you can take one large mix of 100,000 physicians down to eight or 10 unique marketing mixes, that can yield tremendous results. Physicians are going to respond more favorably when they're presented with opportunities that they feel are catered to them.

A physician who's prescribing in cardiology may have different prescribing behaviors and attitudes than a doctor who works in another disease area. Marketing mix strategies that are focused on a per physician level can also be focused on a per disease market level. If a pharma company has a women's health franchise as well as a cardiovascular franchise, for example, and it has multiple field sales forces, messages can be tailored based on the disease market that the doctor being called on treats.

#### **How can pharma companies actually get the data required to tailor messages?**

In this industry, the data is there. It's not perfect, but it's there. It's a matter of having the analytical methodology that allows companies to use the data to understand the nuances of different physicians and disease markets. There are pharma companies that are doing good work in this area. They clearly have the experience in the industry, they have the analytical talent, and their approach and methodology can be considered valid.

But when it comes to solution providers, we've seen a lot of catering to standard marketing strategies and tactics. Rather than giving Big Pharma what it wants, we want to give it what it needs. There's often a period of discomfort and disruption when we do that, because we put ourselves in the position of saying things that go against intuitive thinking. But when you can explain things in a rational fashion, and tie it all back to rational economic theory, most companies are willing to consider it—and many are actually willing to try.

#### **Can you give an example of a company that's tried it?**

One of our clients had been a first-in-market leader for six or seven years. In the last 20 months or so, the company took its sampling down to almost a negligible level. But then a competitor came into the marketplace. And as many companies do, in the early stages of the product life cycle, this competitor was going to be investing heavily in multiple promotional areas, including sampling.

Our client said, "Uh-oh. We haven't been sampling much, and now we have a competitor who's going to come in and sample heavily. We'd better think about how to adjust our strategy." The problem, though, was that they had no rational strategy in place for deciding how much to invest, because they didn't understand the impact of sampling.

We built a model designed to help this client understand the impact of sampling—apart from detailing and other promotional media. With that calculation in mind, it became possible to go out and look at the impact their samples were having on a per physician basis. Through that analysis, we were able to help the client answer several questions, such as, "What's the optimal way to allocate the samples associated with a fixed budget?"

We encouraged them to focus on physicians who were high prescribers, and those who showed potential because of their sensitivity to samples—doctors that sales reps otherwise might not have chosen to see because they didn't see the potential.

**Patrick Burns**, managing principal for BW Analytics, a consulting firm that focuses on pharmaceutical brand performance, has more than 20 years of experience as an executive and consultant in the public and private sectors. He specializes in physician-level promotional mix planning for pharmaceutical brands. Recently, Burns successfully directed the optimization of a brand sampling strategy for a top 10 global pharmaceutical company. The analysis identified an opportunity to increase annual revenues for a blockbuster drug by more than \$70 million.