



Keys to success in multi-channel marketing in Japan

Abstract

In the US and Europe, we have seen a drastic decline in the number of MRs and a rapid shift towards “non-traditional” multi-channel marketing (MCM) efforts. While the MR will continue to be the driving force in Japan, it is anticipated that Japan will follow the same trend as in the US and Europe, albeit at a slower pace. This article discusses keys to deploy successful MCM models and guidelines adopted by best-in-class MCM organizations.

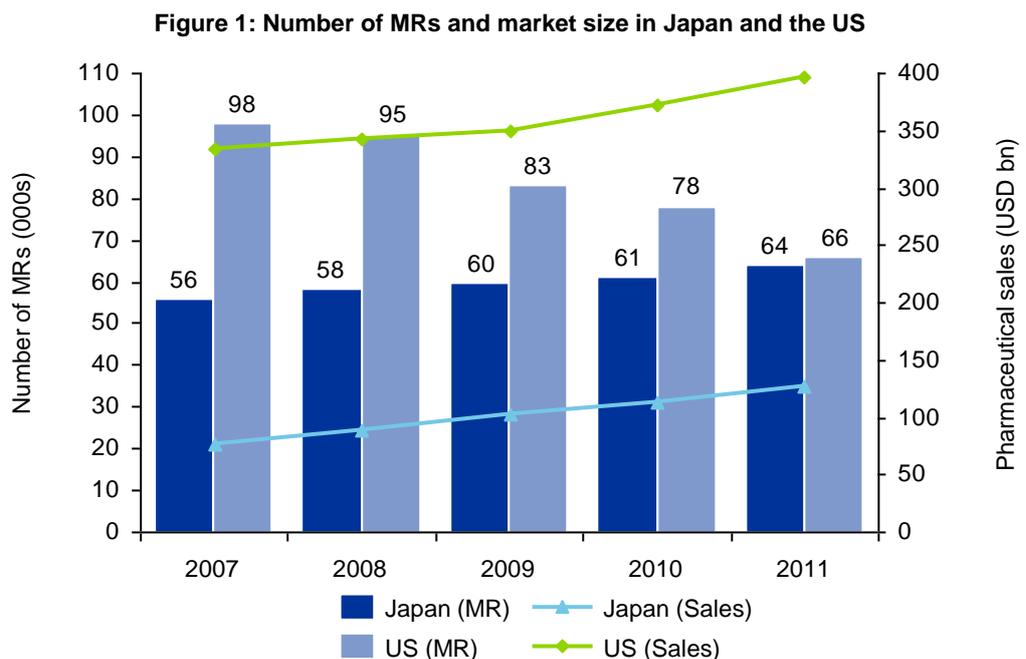


Introduction

Competition in the Japanese life science industry for customer share of mind continues to intensify in the face of shrinking access to physicians for face-to-face sales interactions. At the same time, pharmaceutical industry executives struggle to manage revenue shortfalls from weakened R&D pipelines and patent expirations. This has resulted in a rapidly increasing shift towards “non-traditional” multi-channel marketing (MCM) efforts and a tremendous need for marketers “to do more with less” to address the cost play in the US and Europe.

While the number of MRs has drastically declined in the US and Europe over the past five years (in the US alone from 100,000 in 2007 to fewer than 70,000 in 2011), the number of MRs in Japan has increased steadily over recent years (Figure 1). We see this changing with the number of MRs stabilizing and at some firms

reducing. However, MRs will continue to be the mainstay of detailing and customer contact in Japan, perhaps augmented by new channels for those medical professionals open to them, and pharmaceutical products will continue to be promoted until much later in their lifecycles than in other countries. For example, a multinational pharmaceutical company in Japan recently ceased MR promotion for a cardiovascular product which was first launched in the 1970s. Although the product still generated significant sales in Japan, the company thought that the promotional resources could be more profitably deployed elsewhere. However, when promotion was stopped, it attracted a great deal of attention in the market and led to inquiries from physicians as to why promotion had been stopped.



Source: MR Education & Accreditation Center of Japan, “Shadowing the Reps”, MM&M, Nov 2012, The Economist Intelligence Unit Limited

Trends in MCM

While the MR will continue to be the driving force in Japan, what has evolved in the US and Europe is an extremely competitive “virtual marketplace” where all major Pharma and Biotech manufacturers are battling it out to use the latest technology and tools to compete for effective share of voice in the MCM space. Our experience working with pharmaceutical clients, as well as our recent primary and secondary research on this topic, tell us best-in-class MCM organizations are developing strategies that leverage global centers of excellence (CoEs) to significantly reduce marketing costs, improve speed to market and drive innovation in this very dynamic market place while minimizing the exposure to company risks. These smart organizations are placing careful bets on where this market will evolve and how they can be the market maker.

We anticipate Japan to follow the same trend as can be seen already by some firms rapidly ramping up MCM activities looking to find the right channel mix albeit at a slower pace and with a different mix.

Understanding how technology, operating processes and marketing in the multi-channel space intersect is a complex exercise that must be carefully planned at the regional and local market level. It is not enough to simply be able to deploy a marketing channel or campaign in an individual channel. Today’s most effective promotional campaigns integrate messaging across multiple channels which are optimally aligned based on customers’ needs and preferences.

Transforming the MCM landscape within a life science organization is a complex undertaking that requires an experienced and well thought-out approach. For instance, while engaged by a

top 5 pharmaceutical company, we observed first-hand the unique challenges and nuances of scaling a global operating model, and more tactically, taking a global campaign and deploying it to the Japanese market.

Firms deploying successful MCM models are following the same guidelines:

- The MCM digital operating model should be designed to provide the right information at the right time to shape marketing and brand plans
- The operating model should be developed to be scalable and flexible based on the competitive needs of the local markets, available resources in those markets and the needs and preferences of their various customer segments
- A digital governance framework should be developed to manage the risks associated with digital assets that are owned and, digital activity that is not owned or controlled by the organization
- The digital solution should create a seamless stakeholder and customer experience across channels
- Best-in-class organizations leverage analytics to drive innovation and optimize channel and promotional mix
- The MCM operating model should be the single “source of truth” for an integrated view of the customer
- The marketers need to drive towards a holistic market view to identify areas of value that will drive growth

Digital marketing in Japan

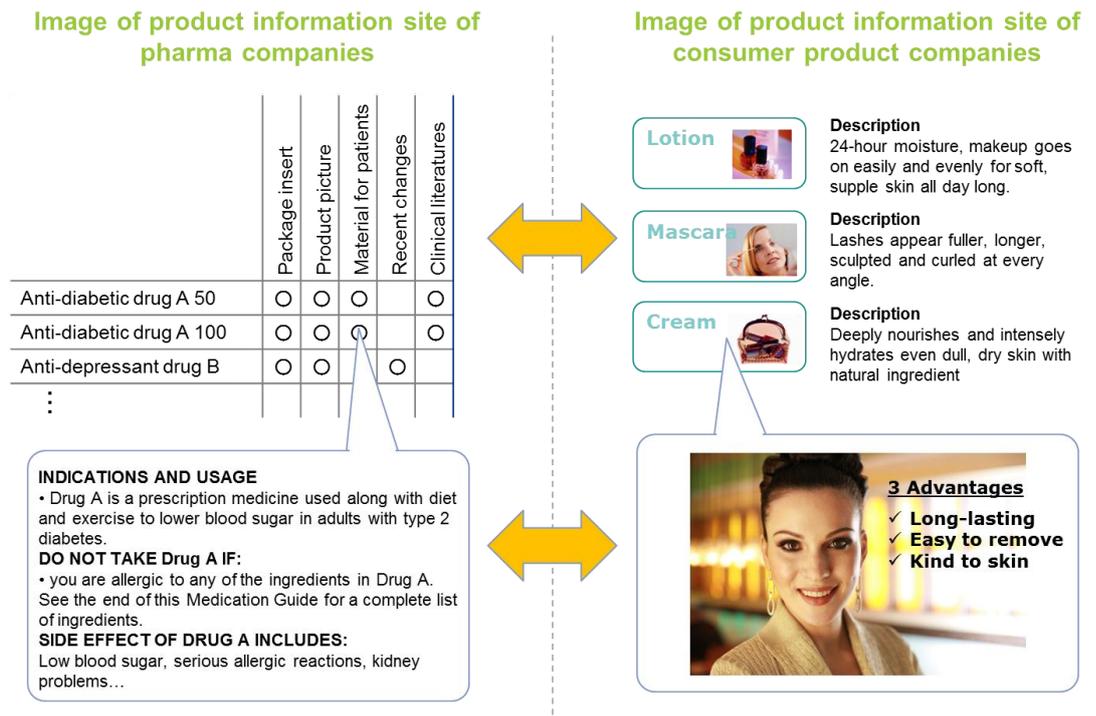
In Japan we see similar key trends as in other developed markets:

- Customers remain interested in traditional channels, but find innovative digital tools increasingly helpful
- Demand for information and tools remains strong across channels, including traditional channels
- Demand and adoption of emerging channels is growing rapidly
- Customers prefer to seek / manage information, rather than being “pushed” content

One area where we have seen Japanese life science firms often lacking is in the sophistication of websites that provide drug and

disease information. Whereas in the US and Europe those websites are on the same sophistication level as consumer product company websites in Japan that is rarely the case. There is a lot of room for improvement here (Figure 2).

Figure 2: Comparison of website of pharma and consumer product companies in Japan



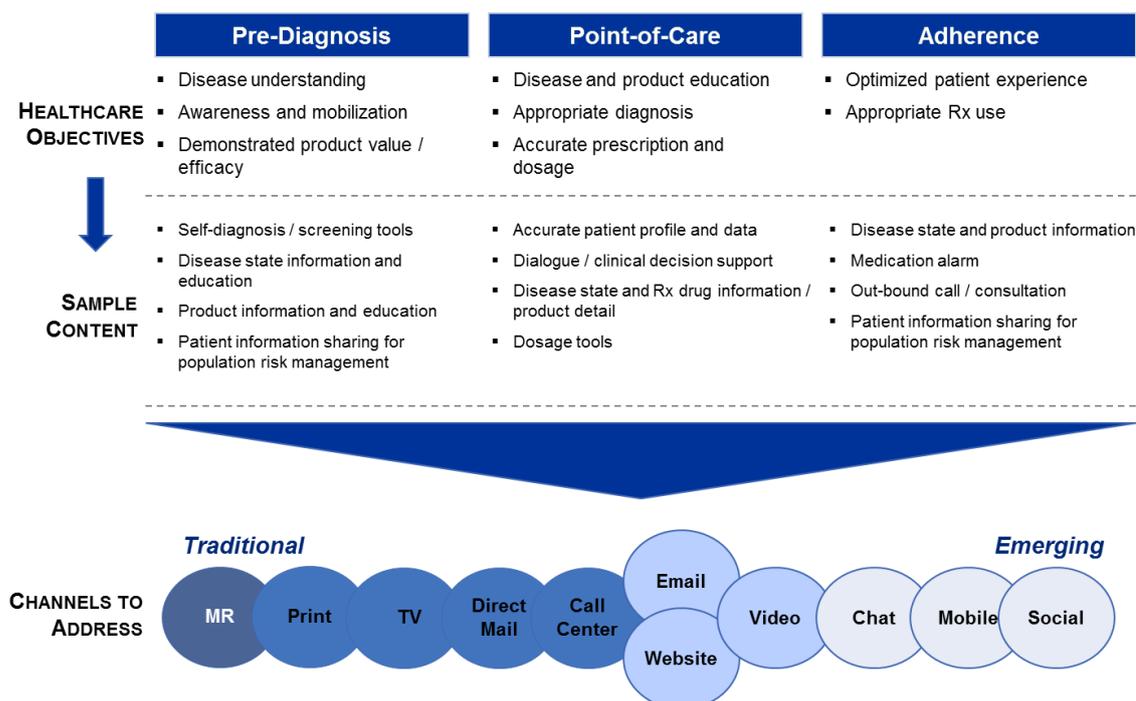
Keys to success in MCM place

Identifying the right and appropriate channel mix is key. Certain channels are better suited than others to deliver specific content and the key is to match the right channels to the right content to meet customer demand (Figure 3).

There are numerous critical success factors for implementing a digital operating model that drives efficiencies and increases promotional effectiveness:

- Operating model needs to be clear and well understood
 - Our approach is to help clearly define the processes that enable digital services and highlight the roles, responsibilities, and hand-off points across multiple groups from consultation, design and build to delivery and measurement of the channels and campaigns
- MCM / Digital organization needs to be built with a focus on continuous improvement
 - Executing the transformation to a new digital operating model is half the battle - building in an approach and plan for on going measurement, improvement, and innovation is key to long-term success
 - Having realistic and tangible metrics to measure will drive continuous improvement

Figure 3: Match the right channels to the right content



- Influencing behavior change needs to be quick and effective
 - Operating plan should include development of a communication plan targeted to elicit input, maximize impact, and anticipate reaction through tailored messages depending on the audience and stakeholder community
 - It is critical to identify and deploy change champions across the organization who will successfully promote and influence change
 - Where there is a significant value play that is met with stakeholder resistance a top-down push may be necessary

- Design needs to align with strategic priorities and be focused on driving value
 - Design should be anchored on business outcomes that will drive value to the end customer
 - Deliver effective services beyond the standard expectations and provide added value without jeopardizing cost efficiencies

- Implementation approach should maximize opportunity for success
 - Other organizational elements such as capabilities, governance, process, right leadership and core competencies are important to define before deploying the new model
 - Don't force fit; consider piloting, i.e.. "Early Experience Program", the concept across a few Brands/Channels to prove it works and to capture stakeholder feedback for input into full deployment plan

Conclusion

MCM is progressing in Japan, albeit at a slower pace than in other countries. The Japanese MR population will for the meantime not see the drastic cutbacks as has happened elsewhere. Some select companies are pushing a more progressive channel mix, while other companies, especially smaller domestics appear slow to jump on the MCM bandwagon. Making MCM work in Japan requires channel mix adjustments. Life science firms in Japan that have been early adopters and adjusted their approach to local market conditions are reaping the rewards.

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