

Rethinking the customer engagement model in Japan for COVID-19 and beyond

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COVID-19 has disrupted the traditional engagement model and demands a fundamental rethink of how pharma companies engage with their customers. But few players seem to be rising to the challenge, write Patrick Branch (pictured) from LEK Consulting and Ludwig Kanzler from Hanegi LLC, in an Expert View piece.

Severe disruption

Unlike many other markets in the world, Japan had until very recently been driven by 'share-of-voice', with market development and patient share being largely sensitive to sales activity. Growing pressure on pricing and creeping restrictions on HCP access had begun to chip away at the sustainability of this model pre-COVID. Companies had been experimenting with new channels such as remote and digital to find lower-cost alternatives to the traditional sales model. In specialties such as oncology and immunology, as well rare and orphan diseases, a shift had already occurred towards a leaner, more medicalized engagement model. Nevertheless, whether due to challenges around customer acceptance, effective execution, or commercial relevance, sales for most franchises and brands in Japan were still largely driven by sales-muscle prior to COVID-19, even as companies broadened the array of engagement channels they used.

COVID-19 has severely disrupted the prevailing engagement model in Japan. The activities of particularly specialty reps targeting hospitals have been severely diminished due to quickly erected restrictions on in-person access. In some cases, reps who were pre-COVID making 20 calls plus per week, have seen their activity decline to just one call per week (ie, a 95% reduction in sales activity). Clinic-focused sales activity has also been curtailed, although not to the same extent as that targeted at the hospital. If-and-when COVID-19 abates, all signals point to restrictions on rep access being here to stay. It seems there will be no return to 'business-as-usual' for the pharma engagement model in Japan.

Struggles to adapt

The challenges this shift poses are obvious: Without an effective channel or channels by which to engage with and shape the market, in-market products sit in a state of suspended animation, with companies struggling to further impact the market beyond what they could do pre-COVID. Meanwhile, launch products languish, absent the energy needed to pinpoint unmet needs, communicate value propositions, mobilize influencers, and shift HCPs behaviors. For companies looking to establish themselves in the market or certain disease areas, or introduce novel therapies requiring reengineering of patient- and stakeholder work-flows, the implications are more drastic, with hoped-for growth drivers and lynchpin product falling far short of expectations.

Unfortunately, pharma companies have struggled to rise to the challenge and reinvent their engagement models, despite the competitive advantage such a pivot may entail. In part, the cause of this inaction lies in customer behaviors, preferences and capabilities. Pre-COVID, HCPs had a strong preference for in-person engagement with only a minority addressable through remote and digital. While many HCPs have proactively adopted digital and remote since the emergence of COVID-19, their appetite for engagement around the topics of a typical sales call is significantly lesser if conducted through remote and digital compared to in-person calls. Many HCPs have struggled to adopt remote and digital on account of archaic IT infrastructure or restrictive IT policies at their institutions. A further 50% or so of HCPs simply refused to engage via digital or remote.

Pharma companies have struggled to mount a meaningful response to this new reality: Reps lack the skills and the confidence to adapt to and overcome the pandemic's challenge; sales operations' infrastructure and practices have failed to enable the new approaches demanded by the fast-evolving situation; sales leadership has been slow to recognize the need for change and provide the necessary sticks-and-carrots required to redirect their sales teams; company leadership has been complacent, and failed to drive the change required from the top-down to upgrade the engagement model.

Lack of dynamic leadership

Why has this happened? At the field-level, a sales approach focused on frequency rather than content and quality has been deeply ingrained in pharma sales in Japan, leaving field forces ill-equipped for the current situation, where a different cadence is required to sales interactions and content-rich conversations are essential. Sales trainers meanwhile are products of the status quo and are not capable to retooling the field force with the necessary skills to generate results when the reps cannot physically see the HCP.

At the leadership level, the challenges are more intractable. Many sales leaders are either unwilling or unable to make the change required, even when data and reality of the situation points to new engagement approaches. Leaders are also often detached from the realities of the field and assume (or rather hope) that everything is fine while being ignorant of the actual situation. Japanese sales forces are also very large; the apparent redundancy of this capability is a bigger problem than many leaders are willing to tackle, despite the cost savings that beckon.

Continuing with the status quo, and its semblance of comprehensive market coverage, is proving to be preferable for leaders versus the difficult decision to remodel their engagement approach.

Questions for leaders

To effectively address this situation, companies need to revisit the fundamentals of their engagement model, and to do so fast. Leaders should be asking themselves the following:

- Do we have a clear understanding of our customers, and the extent to which they are or are not accessible, and their preferred engagement approach under COVID19?
- What are our actual engagement activities today across channels? What is the on-the-ground reality in terms of access and activity?
- What 'alternative' channels do we already have at our disposal? What can we learn from how these have been used to-date during COVID19? What further experiments could we run to fine tune their design and deployment?
- What would be the actual impact to revenues of reducing or redeploying traditional sales headcount given drastically diminished account access?
- What is the right resourcing of other channels (remote, digital) and capabilities (marketing, medical)? What impact would we see from such any redeployment?
- How should these channels and capabilities be woven together to ensure their effective and targeted orchestration?
- How might we expect a revamped engagement model to evolve as we move to (hopefully) the other side of COVID-19?
- Do we understand the barriers – real, imagined or otherwise, internal and external – that are preventing our sales and overall engagement model pivoting as needed?
- To the extent we have done the above, have we infused this thinking into all our activities and plans across our franchises and brands?

Those companies that stand still will struggle, not only while the pandemic lingers, but also post-COVID when the changes wrought by the pandemic show themselves to be permanent. The companies that rise to the challenge will be best positioned to weather the immediate storm and emerge from the crisis well-equipped to navigate the post-pandemic market.