

# Systems Marketing

Systems marketing provides one answer to the fundamental change in philosophy needed for pharmaceutical marketing and communications – applying a systems-level perspective to the canvas for marketing integration.



## By John Singer, Principal and Founder of Blue Spoon Consulting

John Singer is Principal and Founder of Blue Spoon Consulting, a management and strategy consultancy specialising in a systems approach to solving problems of pharmaceutical marketing integration and sales alignment. Prior to launching Blue Spoon, Mr Singer held executive management positions at Omnicom and Interpublic Group pharmaceutical marketing networks, working for nearly 15 years on strategic planning, market development, launch, branding, positioning, DTC and professional advertising, advocacy relations, continuing medical education, clinical trial recruitment, clinical study and regulatory approval communications, sales-force training, public relations and direct marketing campaigns supporting blockbuster drugs for most of the world's leading pharmaceutical companies, including Merck, Schering-Plough, Sanofi-Synthelabo, Pharmacia, Roche and GlaxoSmithKline.

From time to time, every community needs to take a fresh look at the ideas that govern its enterprise. Marketing is no different. Confronting today's disintegrating communications environment, the biggest consumer marketers – DaimlerChrysler, Coca-Cola, IBM, American Express – are fundamentally retooling their approach to brand management and how they work with agency networks. They're making these moves to force greater productivity from their commercial operations, but the larger issue is overcoming what Yankelovich recently described as the "socialization of marketing resistance" (1) – customers opting out in ever greater numbers by ignoring radio and television advertising and hiding behind technologies that exempt them from the onslaught of product promotion. Jim Stengel, Procter & Gamble's marketing chief, challenged advertisers at a recent media conference to overcome "antiquated thinking" and develop a fundamentally new framework for marketing (2).

'Advertising' as a business model and communications tactic has adapted to a changing media landscape by proliferating in as many new media channels as possible. The big problem is that the adaptation has been to a deteriorating environment, and that the default values of 'branding' and 'creative' have lost considerable currency as the centrepiece of marketing strategy. In the face of these trends, 'integrated marketing' has become a fashionable concept; most of the agency-holding companies offer some presumed level of it as the basis of network-level competition between them. The challenge, though, is that no complete vision has emerged of what integrated marketing really means, what it can deliver and how it should be implemented

to overcome the complexities of marketing and media fragmentation.

Paradigm shifts can happen in two categories: a change in the nature of reality or a change in the method of inquiry. Also possible is a dual shift involving both simultaneously. The marketing services industry and the pharmaceutical industry have together found themselves at this hinge-moment in time: each facing the challenge of overcoming a dual paradigm shift in their industries, each having to find new rules of the game, each needing the other to succeed. The pharmaceutical industry, however, probably has the most urgent need for a different marketing method – diminishing returns from conventional strategies are rapidly setting in, squeezed pipelines are producing fewer blockbusters, and the timeframe during which new clinical information stays relevant and can be acted upon to create useful promotional content is short. Fred Hassan, Schering-Plough's Chairman and Chief Executive Officer, recently called the current industry environment "unprecedented" and cited managing complexity as one of the most important challenges confronting his business (3).

### A SYSTEMS-LEVEL PERSPECTIVE

'Systems marketing' is one answer to the fundamental change in philosophy needed for pharmaceutical marketing and communications. It applies a systems-level perspective to the canvas for marketing integration. This has almost nothing to do with discovering new information technology applications, but entails a new way of thinking about all the diverse kinds of components brought to bear in pharmaceutical marketing operations, a set of integrative concepts for



the many disciplines that deal with them, and a practical approach to studying and working with them. Systems marketing achieves competitive advantages through connectivity, changing the frame of reference to see problems previously overlooked or to see them in a new light. One dimension is grounded in systems thinking and the field of system dynamics.

Founded in the late 1950s at the Massachusetts Institute of Technology, system dynamics is a body of tools and techniques to analyse the behaviour of systems – not only in management, but also in such other fields as environmental change, politics, economic behaviour, medicine and engineering. Accelerating technological, social and environmental changes are transforming the pharmaceutical (and marketing services) industry, challenging managers to think and act in fundamentally new ways. As the complexity of marketing intensifies, brand managers will need to develop new kinds of organisational skills and an ability to look at their world holistically, as an integrated system in which everything is connected to everything else.

Pharmaceutical marketing has many pieces, many layers, many collaborations between third parties – and many interdependencies and feedbacks between human, physical and technical systems of behaviour. There's a wealth of marketing partners and vendors serving the pharmaceutical industry who conceive, execute and measure their programmes in isolation. The greatest leverage point to transform pharmaceutical marketing will come from finding complementary relations between components, creating feasible tactical systems and wholes from the pieces, synchronising them through interconnected thinking and action, and efficiently co-ordinating their transactions with the marketplace.

- ◆ Integrating publication planning and publicity with data-collection technology from clinical studies
- ◆ Harmonising health learning and information branding with CRM (customer relationship management) and customer segmentation technologies
- ◆ Optimising sales force and sampling management with field-level marketing automation campaigns
- ◆ Connecting brand communications and enterprise-wide information processing strategies

- ◆ Aligning pharmaceutical research, commercial and manufacturing operations with advances in genetic testing and personalised medicine

A second dimension introduces the latest ideas from information management to the dialogue about brand planning. This framework organises a wide range of marketing issues around a shared understanding of business strategy and brings together completely different ways of seeing the world, integrating the diverse mindsets, functional groups and technologies used in all stages of marketing activity. Information management includes:

1. A Network Theory to connect and manage the points of information exchange with customers at a field level
2. Information Processing to ensure functional groups are acting with the same mental models of product development, performance criteria, target market and positioning
3. Information Branding so that health learning content is aligned with consistent messaging and greater marketplace value
4. Data Transmission that sequences information-flows to the marketplace, efficiently captures feedback from the exchange process with customers and allows adaptive planning to changes in the marketplace
5. Information Value Chain that organises a company's information asset along the concept of value from the customer's perspective

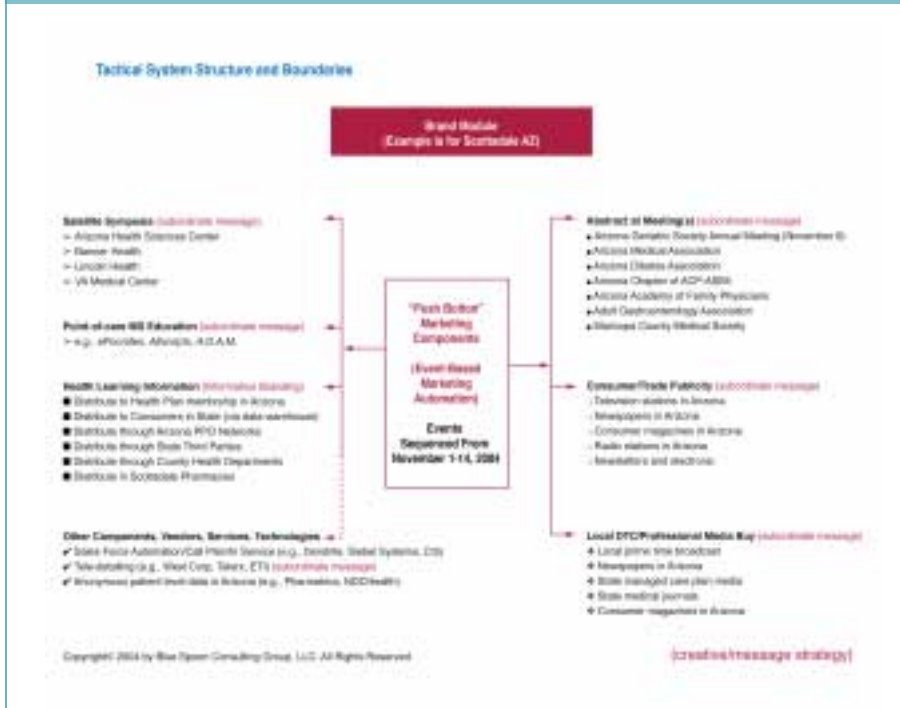
The final dimension to systems marketing for the pharmaceutical industry is to plan communications strategy for the common consciousness. Women and primary care physicians drive the overwhelming majority of prescribing decisions and health-seeking behaviour for nearly all disease and medical conditions. It's standard practice for pharmaceutical companies, and their agency account teams, to create marketing strategies for these audiences as if their communications plans and promotion vehicles were unique, individual, fresh, compartmentalised experiences for their drugs alone. Systems marketing takes a modular approach to optimise organisation-wide return across franchises, overcome tactical parity between competitors and respond better to the needs of customer cohorts by producing customised product/information batches at lower break-even points.

#### **BRAND MODULE: THE SYSTEM IS THE TACTIC**

Designing a system solution to a marketing problem is an iterative process that consists of three distinct but

**Figure 1: Tactical System Structure and Boundaries**

Brand module takes a systems approach to designing a new marketing capability – in this example, a tactical system that achieves competitive advantages through component connectivity and synchronisation at the field level.



magnitude improvement in the throughput of the system compared with an ad hoc ROI collected from separate pieces. What follows summarises brand module – one specific application of systems thinking to design a new marketing capability with a business objective of driving new patient starts (NRx growth) for a primary care drug in Scottsdale, Arizona (US).

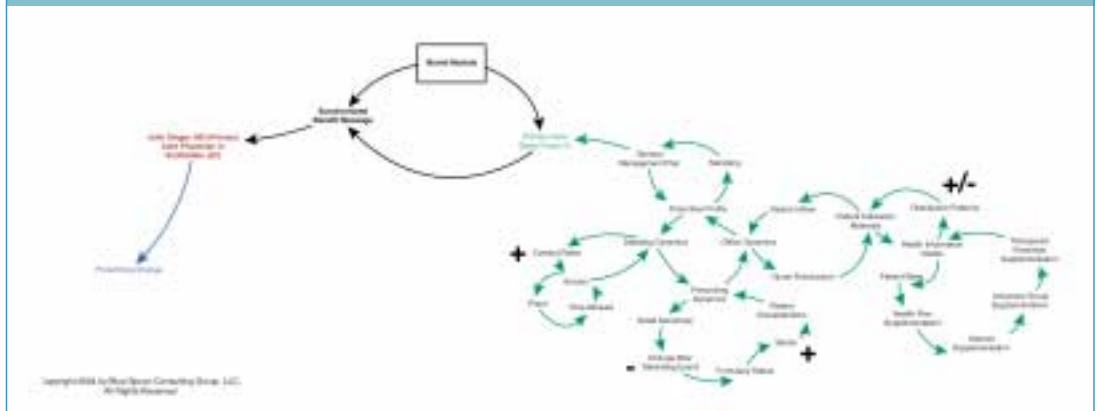
A brand module connects a set of marketing components – brand communications (continuing medical education, publication planning, advertising, and public relations media and message strategies), sales and CRM technology – into a tactical system that actively generates synergy among all its dimensions. It addresses the semantic problem, the technical problem and the effectiveness problem of multiple

inter-related platforms: (i) structure (defining the boundary of the system, the components to integrate and their relationships); (ii) function (defining the business objectives of the system and its outputs); and (iii) process (defining the specific sequence of activities and know-how required to produce the outcomes). The vision is to produce an order-of-

stages of marketing activity and multiple decision-makers within one framework. It synchronises marketing and sales. As part of the design process, brand module evolves assumptions about business strategy, creative and message strategy, marketing resource management and the criteria for measuring value. The result is a strikingly different perspective than that of traditional modes of

**Figure 2: System Dynamics of Customer Segmentation (Behaviour-Based CRM)**

A system dynamics model of customer segmentation/prescriber profiling. Each of the circles (subsystems) is its own story that answers questions about message strategy, health content design, performance measures, business objectives, resource allocation decisions, and the linkages and interactions between them. The circles combined (systems integration) create a new, holistic form of territory management that can be integrated with current SFA and CRM technologies.



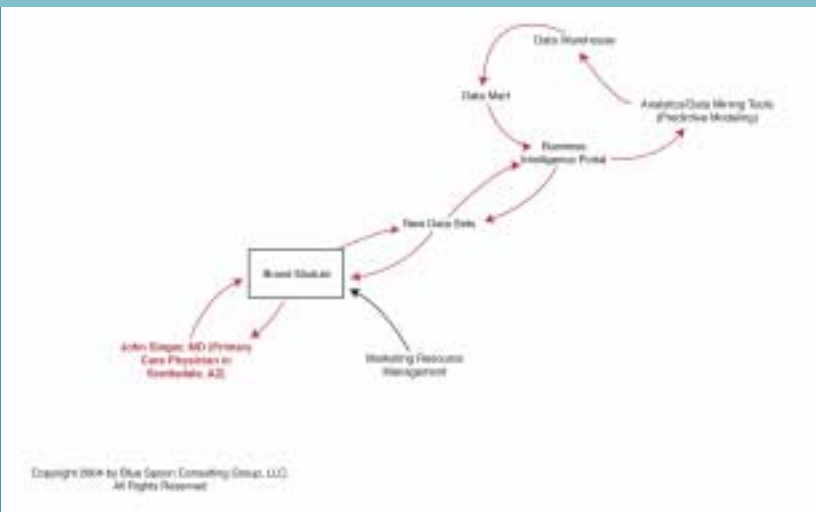
thinking about pharmaceutical marketing and sales alignment.

The starting point for designing brand module in this example (see Figure 1) begins with an integrating component at the field level – in this case, an abstract on a clinical study presented at the Arizona Geriatric Society Annual Meeting on November 6. The abstract has news value for all print and broadcast media in the state of Arizona, creating an opportunity to connect a publicity component to the data presentation. Knowing the time-period of the data presentation and publicity campaign allows the DTC (direct-to-consumer) media buy to be directed locally and in the same time sequence. Satellite symposia can reach all of the hospital and health systems in the state simultaneously. The process evolves as more components get added and their outputs synchronised, all designed to execute at the ‘push of a button’ and create multiple message inputs to prescribers and consumers simultaneously. All component activities are conceived and funded within the boundary of the tactical system and at the field level. Ultimately, brand module is an example of marketing automation.

Brand module takes a holistic perspective – it backs away from the reductionist tradition of buying and studying the value of individual pieces toward designing whole systems and looking at system effects. Co-ordinating connections and interactions between components, and the input to and output from the system, are the primary concerns. Brand module will create novel behaviours from the interaction of its constituent elements – emergent properties that weren’t there previously in any of its parts alone. A behaviour-based CRM strategy becomes the system of measurement that complements territory management and SFA (sales force automation) technologies (see Figure 2). The management information/business intelligence system for brand module captures new data-sets about what has happened in the marketplace and lays out strategies for adaptive planning (see Figure 3). Marketing resource management decisions are based on calibrating brand module via this feedback and the incremental effect of adding components to the system.

**Figure 3: System Dynamics of Communications Feedback and Control**

A system dynamics model of a management information and business intelligence system. Brand module creates and captures new data-sets about what has happened in the marketplace and lays out strategies for adaptive planning. Marketing resource management decisions are based on calibrating brand module via this feedback and the incremental effect of adding components to the system.



### A PATH TO ALIGNMENT

Contrary to popular belief, using a multidisciplinary approach to marketing and generating information from different perspectives is not the same thing as the ability to synthesise findings into a coherent whole. The nature of the beast has changed radically, creating an entirely new set of practical problems on many levels. What’s needed is a new way of looking and thinking about marketing. Taking a systems perspective – a system of values, of ideas, of planning co-ordinated changes in motivation, knowledge and understanding – can offer the marketing services and pharmaceutical industries a new path to alignment.

*The author can be contacted at [john@bluespoonconsulting.com](mailto:john@bluespoonconsulting.com)*

### References

1. “The New Consumer: The Craving for Comfort and Connection” by J Walker Smith, President, Yankelovich, Inc, in remarks delivered at the 2003 AAAA (American Association of Advertising Agencies) Management Conference in New Orleans.
2. Inaugural speech by Jim Stengel, “The Future of Marketing”, which opened the 2004 AAAA (American Association of Advertising Agencies) Management Conference in Orlando, Florida (US).
3. Keynote speech by Fred Hassan, June 8 2004, to the Pharma, Biotech and Device Colloquium held at Princeton University (a summary of which is posted on the Schering-Plough website).