

CULTURAL COMPETENCE IN PHARMA

MULTICULTURAL MARKETING IS NO LONGER
INNOVATION, IT'S COMPETITIVE ADVANTAGE



→ **BY RHEA KIM, Ph.D.** Chief Research and Development Officer

Dr. Rhea Kim brings unique expertise with more than 20 years of leadership experience in creative management, targeted market research, branding, and strategic marketing and PR, working with global companies. Dr. Kim held the position of Creative Director at multiple marketing and advertising agencies, and also provided leadership for branding and high-level product development. Dr. Kim earned a bachelor of fine arts degree in studio arts, a master's, and a doctorate degree with emphasis on qualitative research, all from University of Southern California. Dr. Kim also serves a professor at her alma mater working with doctoral students and has a book scheduled for publication.

CUSTOMER EXPERIENCE “THE GATEWAY TO GROWTH”

The healthcare industry is in the midst of a turbulent global transformation, and with the advent of technology and the ability to reach consumers across country boundaries, cultural-value-based strategy and messaging is more important than ever before. Multicultural influence will be driving trends in the pharmaceutical industry and personalized medicine. CMOs will have to stay ahead of these trends and adapt to these influences, culture shifts, and demands on medicine.

MULTICULTURAL DIFFERENCES IN PATIENT OUTCOMES

One of the most important aspects of pharma marketing is the understanding of the patient journey and how this journey may differ across patient types.

The rich ethnic diversity we call “multicultural” or “cross-cultural” constitutes the largest, fastest-growing consumer segment in the US market, creating significant treatment gaps across therapeutic areas that not only represent potentially millions of new scripts, but also create a strong brand upside as well as a reputation boost from the opportunity for pharma to improve patient outcomes on a national scale.

The number is staggering – the sale upside can be anywhere from \$100 million to over \$1 billion per brand. This means a brand-specific, incremental sales upside. As an example, in 2012, looking at the top 50 spenders in the US Hispanic market alone, the investment range is \$30 million to nearly \$300 million per company annually, none of which were pharma companies. Why? Multicultural marketing models driven by nonpharma industries did not apply as effectively to pharma due to the other industries, different stakeholder mix, specialized analytics, highly restrictive regulations, and unique consumer insights and behaviors. Due to these differences, the business case built for pharm brands was not sufficient to persuade managers to invest. Populationwise, the US Hispanic market alone is larger than Spain, and it's expected to more than double by 2050. It's an emerging market in our backyard. So why not invest?

LEVELS OF AWARENESS OF MULTICULTURAL PATIENTS

The multiethnic segment is also in the vanguard of the consumer movement when it comes to digital, mobile, and social media use, and when communicated to in a relevant way has a higher promotional response. In an effort to gain first-mover advantage, the number of pharma companies investing in multiethnic marketing has tripled within the last decade (PharmExec.com, Volume 35, Issue 5). However, this pivotal group is not being reached and impacted effectively with the tools of engagement currently employed.

Within the difference in the patient journeys for

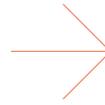
Hispanics, Asians and African Americans in therapeutic areas such as cardiovascular and metabolic, vaccines, oncology, hematology, respiratory, Alzheimer's disease, rheumatoid arthritis, hepatitis, multiple sclerosis, and others, there is a common thread, which points to significant gaps across cultures with-in diagnosis, treatment, and adherence rates. These gaps are also known as health care disparities.

Researchers argue that at times, the gap is in awareness levels, or perhaps the treatment rates across cultures compared to the non-Hispanic white patients is a lot lower. These gaps can be quantified in financials down to a brand level with the idea that if the gap can be closed, there is immediate financial upside to the brand. To close some of the gaps, an incremental investment is needed to specifically target these audiences.

SIGNIFICANT EVENTS IN THE PATIENT JOURNEY

Three major events in the past seven years have significantly heightened awareness and opportunity within the multicultural health segment overall. First, in 2008, the US presidential campaign showed the power of marketing to and building brand loyalty with US minority populations. Second, in 2010, the US Census came out with the latest population projections highlighting the tremendous growth of minority ethnic and cultural communities. Third, the Obama administration's Affordable Care Act (ACA) further heightens the opportunity specific to the multicultural health field (PharmExec.com, Volume 35, Issue 5).

Five to eight years ago, a few of the major pharma



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THREE MAJOR EVENTS

2008

US PRESIDENTIAL CAMPAIGN BUILDING BRAND LOYALTY WITH US MINORITY POPULATIONS

2010

US CENSUS POPULATION PROJECTIONS — GROWTH OF MINORITY COMMUNITIES

2010

AFFORDABLE CARE ACT (ACA)

companies started taking a closer look at these market segments. Companies such as Pfizer, Novartis, and Merck & Co. launched a multiethnic or multicultural corporate strategy, while additional firms have made isolated brand investments in a given year. In 2015, we have at least fifteen pharma companies now consciously investing into multicultural markets on a brand level; at least 40% of these companies are either exploring or already have a corporate strategy across brands. Hence, labeling multicultural as an exploratory innovation is no longer the case for the industry, but is instead a competitive advantage. A similar dynamic occurred in the retail space, and interestingly enough, over the past five years, Walgreens, CVS, Target, and Wal-Mart have all established multicultural operations internally with targeted investments in various cultural segments.

In addition, personalized medicine is a new healthcare paradigm where proper medication and dosage are customized to special characteristics of

→ COMPANY PROFILE

Nice Consulting

That's Nice LLC — a New York-based global science agency — and Los Angeles-based Haig Barrett, Inc. Management Consultants have created Nice Consulting. Nice Consulting brings strategic and specialized consulting tailored to the needs of life science companies as a global science agency and management consulting firm working in a single integrated team.

Solutions for the Life Sciences Industry from Nice Consulting are strategic and scalable to the needs of emerging and established organizations.

- + Build your company's value and identify areas for growth
- + Refine and focus your marketing and sales for growth and profitability
- + Find strategic acquisitions to grow and expand your business

Market Growth Strategy

- + Product / Service Innovation
- + Adjacent Business Development
- + Geographic Expansion

Brand Strategy & Development

- + Brand Positioning / Repositioning
- + Target Market Strategy
- + Brand Execution

Product Launch

- + Customer Experience
- + Marketing Effectiveness
- + Sales Effectiveness

Go-To-Market

- + Sales Channel Enablement & Activation
- + New Customer Acquisition
- + Value Proposition Messaging

Mergers & Acquisitions

- + Acquisition Targeting
- + Valuation / Due Diligence
- + Post-merger Integration

Supported by custom proprietary research services.

a patient and his/her disease. Individuals respond differently to drugs. A growing list of genetic polymorphisms in drug-metabolizing enzymes, drug transporters, and drug targets have been linked to the efficacy, dosage, and toxicity profile in humans.

CURRENT IN THE HEALTHCARE INDUSTRY:

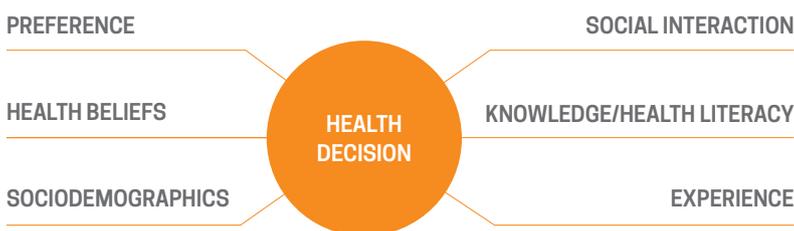
- + With the advent of technology, ability to reach consumers across country boundaries
- + Need cultural-values-based messages to reach consumers
- + New studies reveal healthcare decision making
- + Increased complexity in cultural landscape for consumers worldwide
- + Alternative healthcare methods more prominent
- + Healthcare reform and fiscal restraint with unsustainable cost trajectory
- + Healthcare disparities among different racial groups
- + An increase in diversity that has been accompanied by a sharp decrease in white Caucasian “mainstream” culture
- + Increasing demand of services by expanding pool of consumer-patients
- + US alone seeing more dynamic changes in its demographics – nonwhite US population will reach 47.2% by 2050
- + Each culturally diverse group defines health and illness differently
- + Growth in personalized-medicine needs as the culture change affects consumers, demand for pharmaceuticals and medicine
- + Personalize Your Care Act of 2013 (only relevant in US)

WHY MULTICULTURAL AWARENESS IS IMPORTANT

- + Multicultural influence forms the driving trends for personalized medicine

→ **INSIGHT**

Health Decision Model



There needs to be continued effort in contextualizing the customers within their cultural setting through different marketing efforts (print and online), staff training, and leadership profiles and in putting the consumer at the center and radiating outward.

CHANGES IN DEMOGRAPHICS



- + Manufacturing to stay ahead of these trends and adapt to these influences, culture shifts, and demands on medicine, and specific needs by consumers that will have to be met by manufacturers which include adapting new ways of manufacturing; i.e., portable manufacturing, producing orphan drugs, etc.
- + Personalized medicine drives innovations in manufacturing
 - Multicultural influences are at the root of the demand for personalized medicine and other upcoming trends for pharmaceuticals
- + Global growth and expansion strategies in need
- + Need to integrate Medicine and Healthcare – Digitally Accelerated
- + Need to redefine market access

WHAT IS CULTURAL COMPETENCY AND HOW DOES THAT TIE TO MARKETING STRATEGIES?

There is no one definition of cultural competence. Definitions of cultural competence have evolved from diverse perspectives, interests, and needs, and the definition has been widely adapted and modified during the past fifteen years.

Cultural competence is a set of congruent behaviors, attitudes, and policies that come together in a system, agency, or among professionals, and enable that system, agency, or those professionals to work effectively in cross-cultural situations. It is about responding to the different ethnic and racial groups with sensitivity, going beyond “awareness.”

The word *culture* is used because it implies the integrated pattern of human behavior that includes thoughts, communications, actions, customs, beliefs, values, and institutions of a racial, ethnic, religious, or social group. The word *competence* is used because it implies having the capacity to function effectively.

There needs to be continued effort in contextualizing the customers within their cultural setting through different marketing efforts (print and online), staff training, and leadership profiles, and in putting the consumer at the center and radiating outward. **P**