

McKinsey  
& Company

# COVID-19 in Pharma Commercial: Navigating an uneven recovery



Peter Wright  
Ortal Cohen  
Rukhshana Motiwala  
Brent Hooper  
Nicholas Mills  
Akira Sugahara  
Jan van Overbeeke  
Miki Sogi  
Brian Fox

May 2020

Disclaimer: These materials reflect general insight based on currently available information and are not exhaustive nor do they contain all the information needed to determine a future course of action. Such information has not been generated or independently verified by McKinsey and is inherently uncertain and subject to change. Given the uncertainty surrounding the pandemic, these materials are not a guarantee of results, and future results could differ materially from any forecasts and projections. These materials do not constitute policy advice or legal, medical or other regulated advice. McKinsey has no obligation to update these materials, and, particularly in light of rapidly evolving pandemic, regulatory and market supply conditions, these materials are provided “as is” solely for information purposes without any representation or warranty, and all liability is expressly disclaimed.

# COVID-19 in Pharma Commercial: Navigating an uneven recovery

Peter Wright  
Ortal Cohen  
Rukhshana Motiwala  
Brent Hooper  
Nicholas Mills  
Akira Sugahara  
Jan van Overbeeke  
Miki Sogi  
Brian Fox

# To best respond to the changes driven by the COVID-19 pandemic, pharmaceutical companies should consider reorienting their commercial models to better fit the needs of HCPs and patients.

The COVID-19 crisis is creating extraordinary strain for society as it deals with infection, the fear of infection, and the physical, emotional, and financial implications of physical distancing. In this environment, healthcare professionals (HCPs) are facing unprecedented challenges – advising and treating patients with suspected and confirmed cases of COVID-19, finding ways to tailor treatment recommendations and providing effective care. In some instances, they are also worrying about their financial security as practices, and health systems face unprecedented financial issues.

The impact of COVID-19 on hospitals and the heroic contributions of HCPs (and the extreme challenges they face) have been well documented. Medical professionals, however, must also address fundamental changes to the treatment of patients with conditions other than COVID-19. Across medical specialties and therapeutic areas, the treatment of patients with conditions other than COVID-19 has fundamentally changed. As is detailed below, HCPs are rapidly adjusting how they deliver care. As a result, this will also change the support they need from pharma companies and other stakeholders.

Pharma companies overall, and specifically their commercial organizations, have been largely focused on the immediate crisis – facilitating access to medicines, supporting HCP/ institution and patient needs in new ways and safeguarding employees and enabling them to operate in a new environment. In this context, one of the pharma commercial organization's top priorities must be ensuring ongoing delivery of high-quality patient care and that supply of critical drugs is shored up to avert potential shortages of drugs in the future.

While pharma leaders recognize and are responding to the immediate needs, many remain unclear about where things go from here. How will patient and customer needs and expectations change in the long-term? When and how should their teams begin visiting HCPs again? How must the commercial organization adapt to accommodate the new environment? As pharma leaders ask these questions and more, it is becoming clear that the post-COVID-19 recovery will be a time of real change and, potentially, risk for commercial pharma organizations. It will be critical that each pharma company builds new ways to interact with physicians in deep and meaningful ways. For some, this will serve as a catalyst to make changes that they have been looking to make for years (e.g., shift towards customer centricity, digital interactions, new ways of working).

This article provides a snapshot of how the pharma marketplace has changed. It draws from multiple data sources; two physician sentiment surveys (one of 937 HCPs from 10 countries of which 116 participants were Japan based, the other of 1,174 HCPs from 10 countries of which 110 participants were Japan based) conducted by Sermo over April 4-5, 2020. These data represent a moment early in the evolution of this crisis. It is already clear, however, that pharma commercial organizations must contemplate fundamental changes to their go-to-market approaches for both marketed and launch products. This document highlights changes leaders to consider for marketed products.

### Immediate impact of COVID-19 – a “patchwork quilt” of effects

Overall, the COVID-19 crisis has been a massive shock to the healthcare system. This macro observation, however, obscures significant variation beneath. Initial reports suggested prescription rates were not impacted– it is unlikely that this is predictive of the future. In each of three areas: utilization, adoption of new behaviors and pharma engagement, a range of changes can be seen across specialty and geography. This variation is critical for pharma leaders to understand if they want to craft effective strategies for the recovery.

The reduction in patients seeing HCPs for non-COVID-19 related conditions will likely translate into fewer new prescriptions for most disease areas

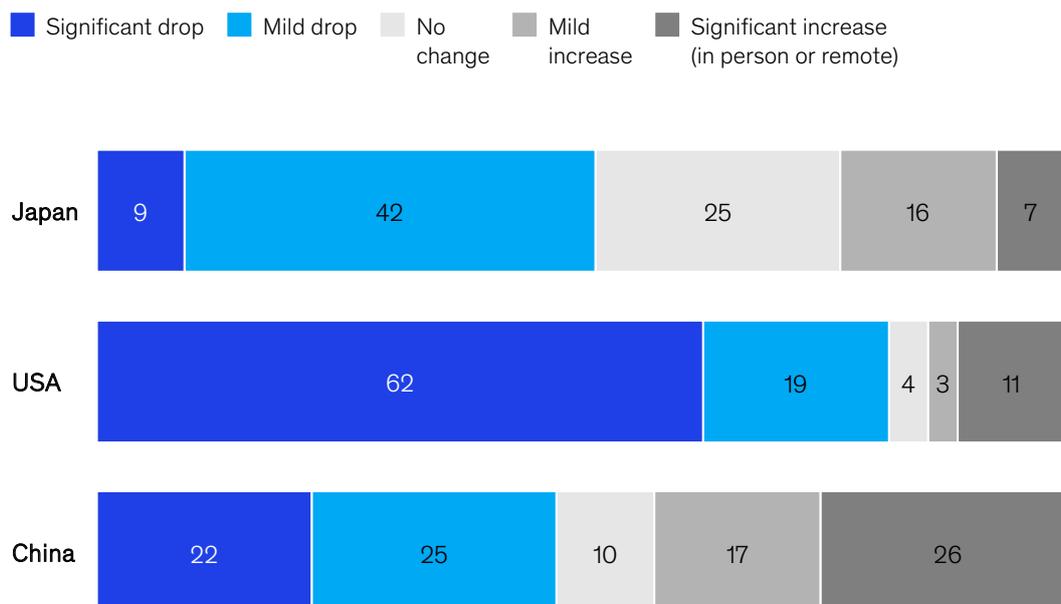
Overall, COVID-19 has reduced patient volumes in most areas. Among surveyed HCPs in Japan, 51% reported declines in patient volumes (Exhibit 1). As a result, 22% of the physicians surveyed worry that their patients will not be able to receive timely care for new or existing conditions (particularly those that are non-COVID-19 related).

Exhibit 1

### Half of physicians in Japan report drop in patient interactions; US and China report more extreme drop

#### Physician report on impact of COVID-19 changes on volume of patient interactions

% respondents, N = 110 (Japan), 221 (USA), 111 (China)



Source: Sermo COVID-19 HCP survey, April 2020

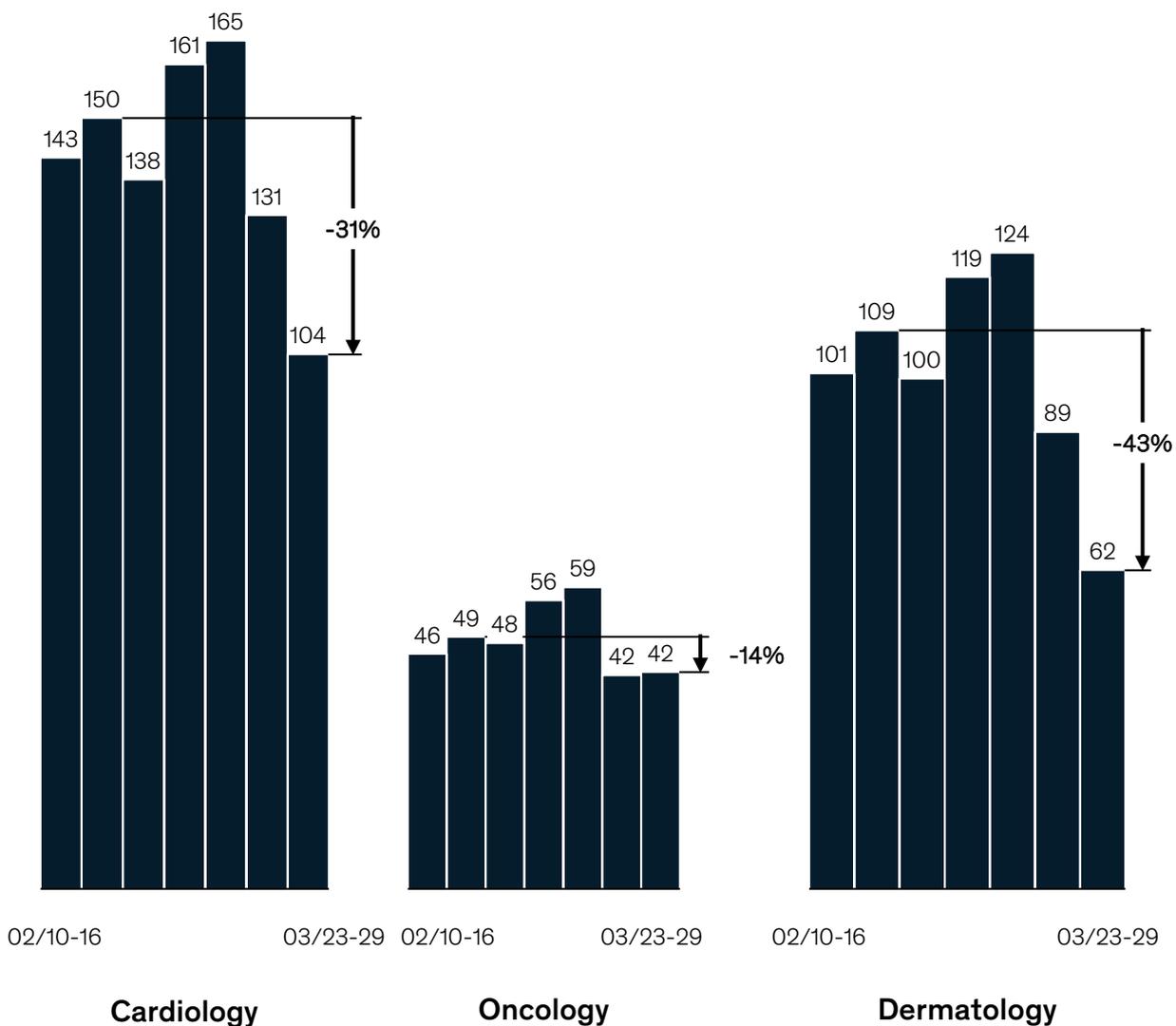
As mentioned above, while the overall reduction is widespread, variation immediately appears when looking more specifically. When examining patient visits by specialty, for example, in the U.S. oncology has declined far less than cardiology or dermatology (perhaps reflecting patient and/or physician perceptions of urgency) (Exhibit 2). Similarly in Japan, physician surveys have shown wide-ranged differences among specialty areas, from 25% of psychiatrists to 75% of paediatricians reporting a drop in patients around mid-March already<sup>1</sup>. It should be said that these data represent a snapshot that is still early in the trajectory of this crisis, but the HCPs surveyed expect these trends to continue and potentially accelerate.

Exhibit 2

## Patient visits vary across specialties

Weekly patient visits at the time recorded by switching houses  
Thousands

U.S. DATA



Source: HealthVerity Medical Claim

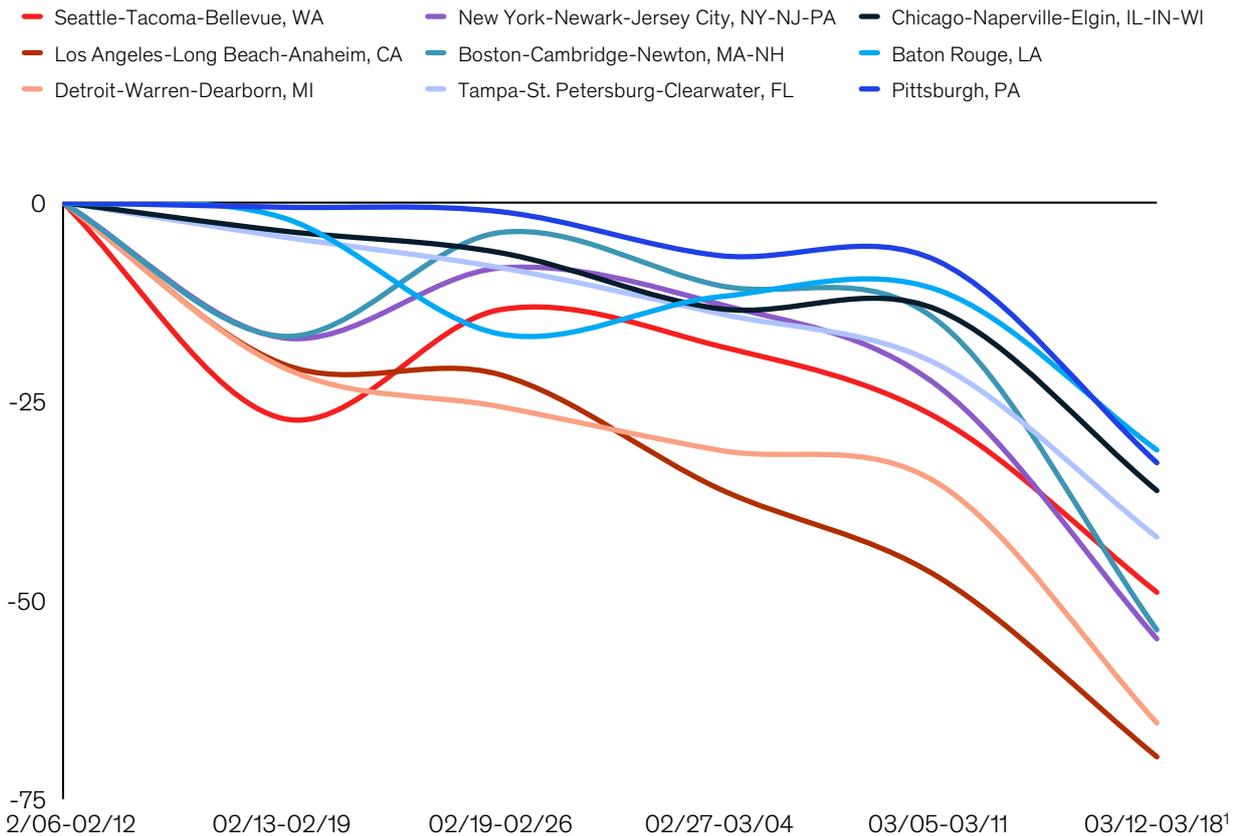
<sup>1</sup> Nikkei Medical Electronic Version March 27, 2020

In the U.S., the declines also appear to vary significantly by geography, closely tracking COVID-19 infection rates and public health actions. For example, claims data from March show significant differences across geographies. The Los Angeles area, where infections and stay at home orders were imposed relatively early, saw a fall in claims earlier than other large cities, many of which have seen rapid declines in claims more recently (Exhibit 3).

Exhibit 3

### Considerable geographic differences in timing and severity of decline

Percent change in weekly medical claims for select US CBSAs<sup>1</sup>



<sup>1</sup> Based on medical claims data collected during last week of March and adjustments to account for immature data/time lag in data/time capture. Downward trends in mid-March corroborated by other claims data sources

Source: Compile Medical Claims Database. CBSA = core-based statistical area

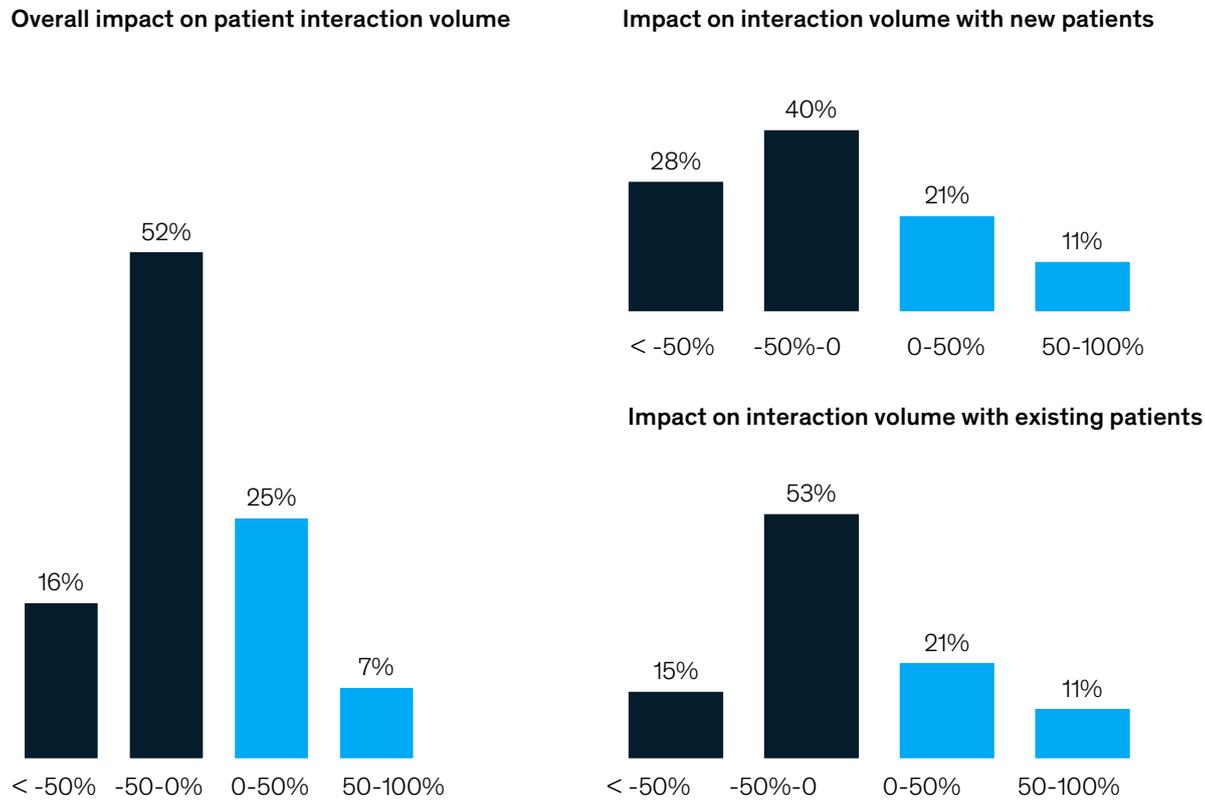
These reductions in patient visits will undoubtedly have significant effects on prescription volumes. So far, some pharma watchers have observed relatively steady prescription volumes in the U.S.; in some cases, there have even been increases. These prescription gains, however, are likely to be short-lived (as has been seen in China, where TRx declined by over 27% at crisis peak in February<sup>2</sup>). Patient stockpiling of refills and a shift to 90-day fills likely buoyed recent prescription numbers. Physicians surveyed report greater volume reductions when it comes to new patients (Exhibit 4). This is likely to translate into fewer new prescriptions in the future.

<sup>2</sup> "China Healthcare Hospital Rx Monthly," Morgan Stanley Research, April 7, 2020

## Around 70% of physicians in Japan are reporting reduced patient interaction, especially with new patients

% respondents, N = 81

■ Volume decrease ■ Volume increase



Source: Sermo COVID-19 HCP survey, April 2020

**70%**  
of physicians in Japan are reporting reduced patient interaction, especially with new patients

Furthermore, as the economic situation evolves, so could the impact on patient demand such as abandonment of prescriptions due to patients' lower willingness or ability to pay.

Anecdotal evidence also points towards broader shifts in healthcare delivery. In the U.S., for example, in oncology, HCPs surveyed report some patients receiving infusions being moved to different/closer-to-home infusion sites. Small community practices are concerned about their ability to continue operating as a result of COVID-19<sup>3</sup>.

Overall, pharma companies should expect to see significant disruptions in many therapeutic areas and geographies. The pace of these changes is expected to vary significantly in depth, pace and timing, making it difficult to both "call the bottom" and plan to effectively support the recovery.

While physicians and pharma companies are adapting to new ways of interacting, the rise of telemedicine and remote pharma interactions does not offset the loss of in-person interactions.

<sup>3</sup> "Doctors worried about survival of their medical practices: 'This could be the death blow,' says physician," FierceHealthcare April 3, 2020.

Remote working tools for patient care, administrative needs, and education are being embraced in different ways across geographies and physician specialties and affiliations.

As has been broadly observed in the U.S., telemedicine has spiked across specialties and geographies – a trend that many physicians surveyed believe will endure post crisis (although, based on this survey, physicians do not think it will become “the norm”) (Exhibit 5).

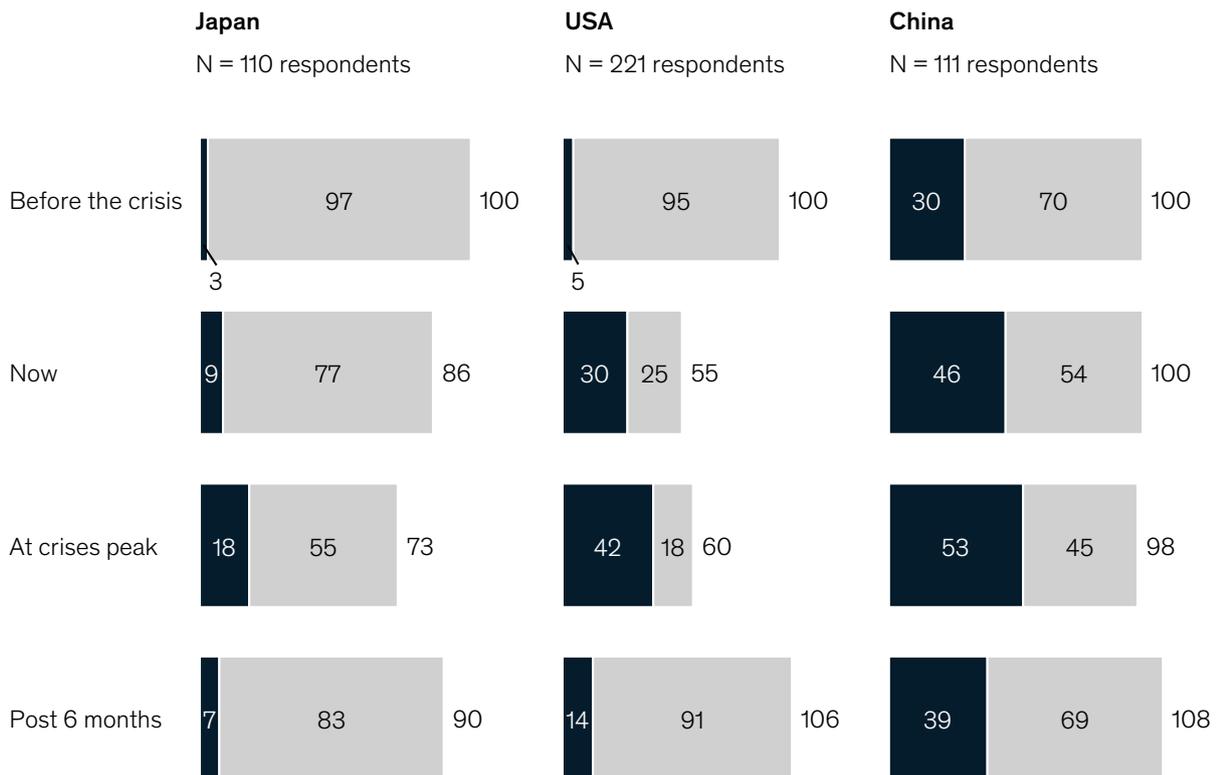
In Japan, reimbursement for new patient telemedicine (via phone or internet device) was introduced mid-April as an ad-hoc and time-limited measure to manage medical needs during the pandemic. While the number of hospitals and clinics that had adopted the online practice was limited (~1000 facilities, less than 1% in 2018 according to a survey conducted by MHLW) till recently, as of Apr 25, more than 10,000 medical facilities were listed on the MHLW website as conducting telemedicine<sup>4</sup>.

Exhibit 5

### While growing in use, remote patient engagement is not off setting overall decline in patient interaction in Japan

Change in weekly patient consultations by type, indexed to before the crises

■ Remote   ■ In person



Source: Sermo COVID-19 HCP survey, April 2020

<sup>4</sup> Nihon Keizai Shimbun Electronic Version Apr 14 and 26, 2020

Pharma interactions are significantly down – physician sentiment on addressing the immediate crisis appears to be part of the reason

Most pharma companies have partially or completely pulled their representatives out of the field. As a result, HCPs surveyed report their interaction frequency with pharma (including remote interactions) has declined more abruptly than reported interaction frequency with patients, falling by an average of 70%. Remote interactions with pharma reportedly remain flat, not offsetting the overall decline. (Exhibit 6)

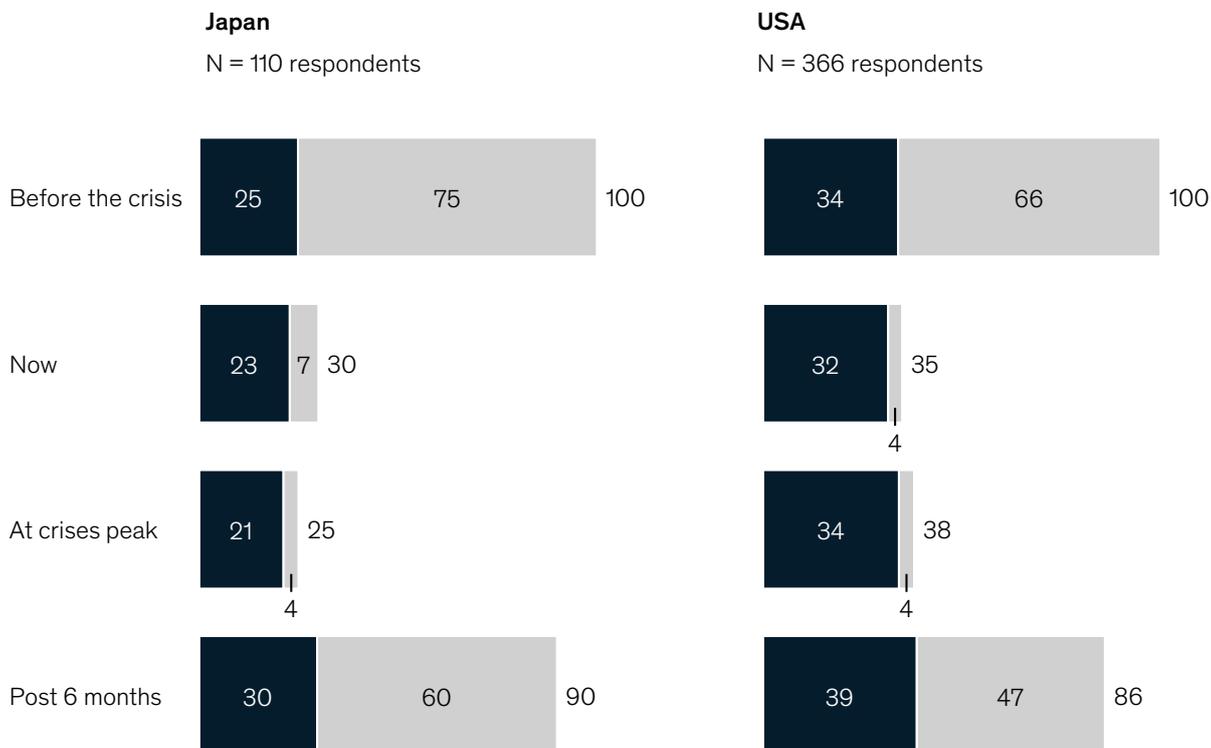
Exhibit 6

## Customer engagement with pharma has declined significantly, and is not expected to fully recover after the crisis subsides

Change in weekly interactions with pharma reps by type

### Engagement with pharma

■ Remote ■ In person



Source: Sermo COVID-19 HCP survey, April 2020

# 74%

of physicians surveyed in Japan agreed pharma should “stay out of the hospital/ clinic until the pandemic is better controlled.”

Although most physicians surveyed in Japan expect in-person interaction with pharma to resume after the crisis, 17% of the physicians surveyed believe it is unhelpful to have pharma “on call to support critical non-COVID related procedures” during the crisis, and 74% agreed pharma should “stay out of the hospital/clinic until the pandemic is better controlled.” These are strong signals that pharma leaders will need to carefully consider how best to “re-enter” in the right way and time.

# 44%

of physicians surveyed in Japan indicate that the crisis will have a lasting impact on their willingness to welcome pharma representatives for live meetings

Certainly, some of this sentiment is specific to the immediate challenges of the crisis, but 44% of physicians surveyed in Japan indicate that the crisis will have a lasting impact on their willingness to welcome pharma representatives for live meetings. Physicians do expect remote engagement with pharmaceutical representatives will be a more prominent part of the interaction mix after the crisis, but, compared with pre-crisis interactions, Japanese physicians expect a 10% reduction in overall interactions, with all of that decline coming from in-person interactions.

## A catalyst for pharma companies to commit to a customer-centric commercial model

As noted above, COVID-19 is, first and foremost, a global humanitarian challenge and two of the pharma commercial organization's top priorities must be ensuring ongoing delivery of consistent supply and access to drugs, high-quality patient care and safeguarding employees. With immediate priorities being addressed, pharma commercial leaders can turn their attention to the recovery and how to steer their organizations through a highly uneven recovery that will demand real commitment to a customer-centric commercial model.

In some ways, this could be a wake-up call for pharma commercial. Historically, many in the industry have had a vision for how to transform the customer interaction model but has suffered from "pilot paralysis" and/or unwillingness to risk near-term sales disruptions to make a change with long-term benefits. Now, for many, the disruption has happened. Commercial leaders can consider the following when planning their responses:

### 1. Be precise about WHEN to re-engage

The uneven shifts in healthcare delivery described above are likely to result in a similarly uneven return to a stable healthcare delivery ecosystem post-crisis. Variations by country and region, by specialty and, in some cases, by individual HCP/ institution are to be expected. Two thirds of Japanese physicians surveyed expect that it will take longer than 2 months for their practice activity to return to pre-pandemic levels (with similar sentiment observed in the U.S. and across top EU markets). Geography and HCP affiliation will likely play a bigger role, Pharma's return to the full breadth of customer engagement and support activities should mirror the nature and speed of customers' transition to recovery. While pharma companies typically shut down face-to-face engagement quickly, reversing this will likely require a staged approach that mirrors the highly uneven way in which the healthcare system is expected to "switch back on." Commercial organizations will likely need to tune into HCP- and account/ institution-level shifts in behavior, needs and expectations to assess the appropriate timing and nature of re-engagement. This likely will require monitoring of local epidemiological and economic factors to determine when an office may be "open" to re-enter. Predictive analytics can play an important supporting role here.

Re-entry should be approached with the right level of sensitivity and testing how the physician would like to interact with pharma representatives. This will typically require representative judgment and a process to ensure representatives remain close to their customers. Pharma companies should consider investing in this "market intelligence" process and conduct comprehensive readiness assessments by geography, TA, site of care and individual HCP/practice.

Post-crisis recovery likely will also be shaped by capacity of physicians and clinics in a period of unique demand as pent-up demand for care returns to the clinic. Many appointments have been cancelled during the lockdown, creating the risk that conditions will worsen due to undertreatment or the stress of the crisis. Also, new, undiagnosed patients will present with symptoms that emerged during the crisis. A challenging counterweight to the release of pent-up demand will be affordability of much-needed care.

## **2. Revamp HOW you engage with HCPs/practices and patients to be able to personalize value propositions to respond to each stakeholder's needs and create an agile operating model that "tests and learns"**

Many commercial pharma companies are on a path toward a more customer-centric, integrated, omnichannel customer engagement model. Brand leaders are considering how to best expand the interaction channels for their brands and how expectations are changing regarding coordination across a coherent journey. Regardless of what the "next normal" looks like, transition out of the crisis is likely to require greater integration of in-person and remote interactions, careful tailoring of mix by geography/specialty/site of care, and tailoring to individual physician / patient preferences and expectations (ideally informed by two-way interaction).

The targeted reintroduction of customer-facing teams during the recovery from the COVID-19 crisis, however, is a moment where commercial pharma leaders can reset aspirations to match the enormity of the situation, leveraging the new ways of working that their organizations have rapidly adopted during the crisis. This will require a rethinking of customer engagement approaches with a significantly more responsive interaction model (likely informed by predictive analytics). Immediate investments in data, systems and analytics – as well as efficient approaches to measuring the appropriateness of new channels and customer engagement approaches will be important to achieve this dynamism.

Crisis response and remote working have forced companies to radically change how they work. Although in-person working will return, the commercial pharma operating model will need to look different from today in order to raise the level of customer support. First, cross-functional collaboration across customer-facing (or interfacing) functions ranging from medical information, to events management, digital and in-person channels is both necessary and possible in a virtually-connected organization. In the mid to longer term, this may require revisiting the underlying commercial organizational structure to enhance customer centricity (e.g., transitioning from organizations structured around the brand to structuring around customer type). Secondly, the need for speed of response has heightened expectations for fast-acting messaging and materials. Agile decision-making processes to develop current content and (re)deploy resources can help. The enhanced use of data and technology to stay informed, to stay connected, to derive insights and measure the effectiveness of new tactics, and to stay productive has underscored the fact that every function in the commercial organization must raise its "digital IQ" to deliver their best. In the immediate term, this means investing in capability building and upskilling across the organization, while considering longer term implications on new roles and talent mix. Finally, the ability to dynamically shift budgets and resources outside of the annual business planning process to where they are most needed (e.g. geographies or therapeutic areas that will be quicker to recover), will be a critical underlying success factor. Practices developed during the crisis to think outside of the normal brand planning cycle and continue to work in iterative, cross-functional "scrum" approaches can be very helpful to sustain.

## **3. Reimagine the WHAT and re-write the commercial mix to re-balance towards new needs and preferences of HCPs and patients**

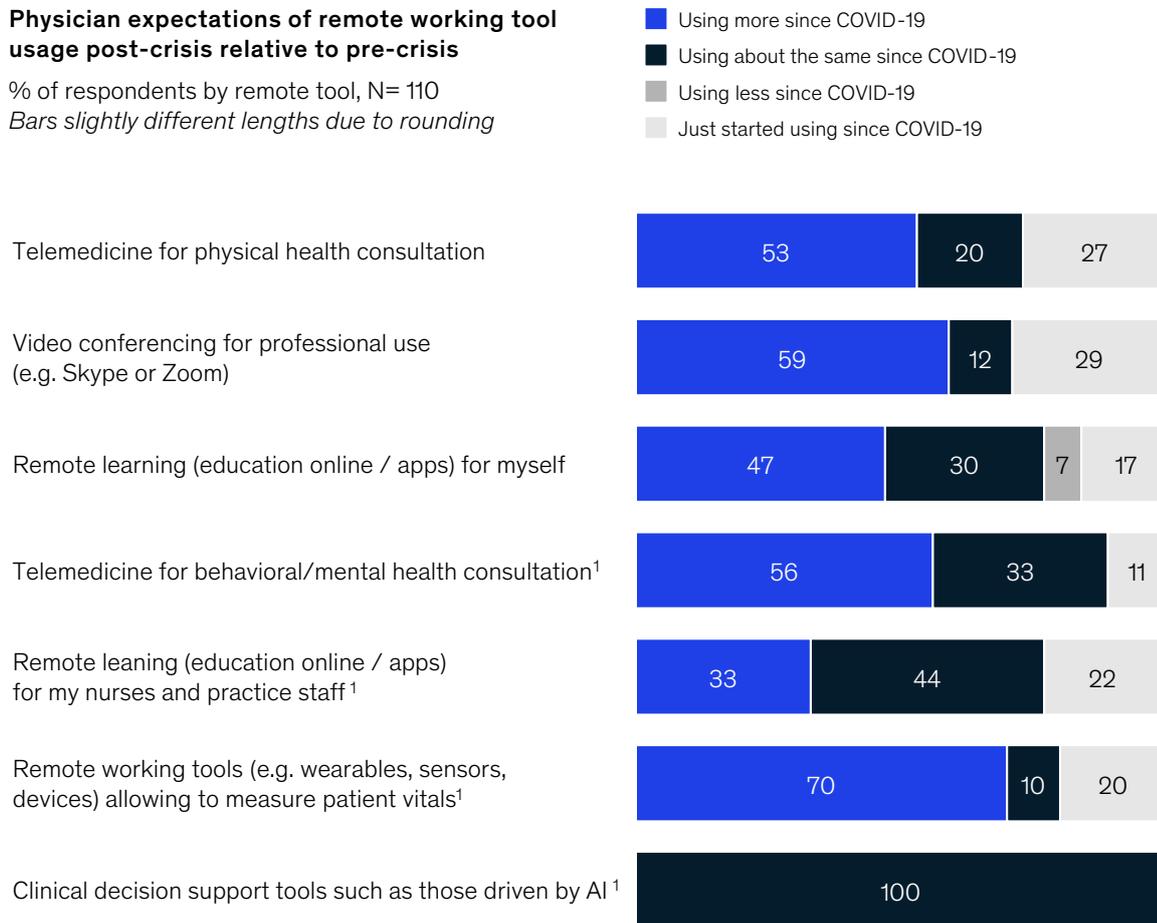
How physicians interact is expected to markedly change. More than 53% of surveyed physicians in Japan expect that use of telemedicine to increase. A broad basket of technology enablers will also be used more often – for example, 70% of Japan-based physicians surveyed think that remote working tools for measuring patient vitals and clinical decision support tools could be more broadly adopted (Exhibit 7).

## Physicians in Japan expect significant growth in the use of digital tools post-crisis relative to pre-crisis

### Physician expectations of remote working tool usage post-crisis relative to pre-crisis

% of respondents by remote tool, N= 110

Bars slightly different lengths due to rounding



1. n is below 15

Source: Sermo COVID-19 HCP survey, April 2020

Beyond channels of interaction and the role of technology, different content and value propositions will be needed during and after the recovery. Careful consideration is needed to determine how to best meet the needs of patients, individual HCPs, and HCP practices/institutions as HCPs and health systems transition to recovery. Depending on the specialty and disease area, new customer support priorities could span the full patient journey and would require adaptations based on real-time “physician journeys” out of the crisis. Consider how to:

- **Build a much more engaging suite of virtual interaction models** – moving away from the traditional “push digital channels” of banner ads, HQ-driven emails and web-based content that are already out of date in a COVID-19 world to more engaging ways to interact virtually with customers (e.g., virtual peer-to-peer sessions, medical webinars on the latest data, multi-customer video-conferences on treatment protocols). Consider also how to upskill the frontline on the how to best connect with customers virtually (e.g., how to navigate technical issues, anatomy of the conversation, how managers coach virtually).

- **Evolve branded and unbranded content to meet the needs of the moment:** During recovery, there are a set of new needs to address with new branded and unbranded content. Examples include guidance on new processes for accessing treatment and products (e.g., reimbursement of telemedicine, e-prescription), insights on the impact of COVID-19 on specific patient populations, patient management best practices, drug interaction with COVID-19. During and after the recovery, efficient approaches to content development and management will be a crucial enabler.
- **Reach new patients, enable remote (or mostly remote) diagnosis, and reshape customer journeys for the future:** Telemedicine is likely here to stay (albeit not at current levels of use) and there are significant needs linked to access and utility. Even with easier access, many ailments will be inherently difficult or impossible to diagnose remotely. Disease state education, innovative approaches to identification of undiagnosed patients and redesign of patient journeys to minimize in-person interactions to achieve a diagnosis are potential ways to help. Beyond diagnosis, patient journeys, and the nature and site of interventions could look meaningfully different during the recovery (and potentially in the “next normal” that later emerges). Will patients be more interested in directly-shipped medications than they previously have been, for example? Now is the time to find ways to play a more constructive and active role in shaping these journeys for the better. Being at the forefront of care delivery innovations will require a bold approach to ecosystem partnerships/BD to add required capabilities.
- **Expand adherence and disease management:** In the immediate term, extended periods between patient-physician interactions may lead to adherence challenges. Fifteen percent of physicians in Japan expect a negative impact on patient adherence to therapy during this period. Backlogs and capacity constraints may mean this issue persists beyond the immediate crisis. Companies should consider expanding the range of support that they provide to patients, including services such as remote monitoring programs, home-health services to support patients on appropriate use of their therapy, a broad range of education tools that can be delivered through virtual and digital channels, as well as broader content/solutions that can support a patient through the emotional stress of their condition (including peer-to-peer patient communities).
- **Reimagine service and value propositions for health systems:** Health systems globally are experiencing the full set of challenges associated with COVID-19. Given the breadth and complexity of their services, the local nature of the recovery, and each health system’s “individuality” even before the crisis, one can expect an even greater variability in their needs and expectations coming out of the crisis. Engagement that is highly sensitive to their needs/situations and grounded in problems they are actively trying to solve – for example, care delivery adaptations, patient support enhancements, supply and inventory management innovation – could pave the way for a greater spirit of partnership as the “next normal” is established after the crisis.

## Where to go from here

The challenges of the present can feel daunting to even the most resilient leaders, yet history has many examples of institutions emerging from such crises stronger and more vibrant than before. As of this writing, the timing and nature of the recovery remains unknown – as are the severity of the public health and economic challenges ahead. With this in mind, consider taking four fundamental actions to prepare for the uncertain future:

1. Task your individual commercial teams to thoroughly evaluate the needs and journey implications of their individual customers – HCPs, patients, and other stakeholders, both in the immediate term and in the scenarios that lie ahead.
2. Establish a re-engagement control tower across the business in each major market – this group would be responsible for running analytics to inform when to re-engage, and for manning the feedback system to monitor re-engagement dynamically for agile response.

3. Launch a scenario-based strategic planning effort to prepare for widely different outcomes (high and protracted disruption down to a more modest return to normal somewhere in the near-future), define no-regret moves across scenarios and identify scenario-specific actions with appropriate triggers.
4. Mobilize strategic working groups to scale-up and accelerate the changes that have previously been contemplated for the commercial model but have not had the resources, remit or required urgency to truly be pushed forward.

\*\*\*

The COVID-19 crisis is markedly changing things for the pharma commercial model. Rapidly and effectively adapting will require careful consideration as the healthcare system “switches back on” in highly uneven ways across geographies and specialties and both HCPs and patients begin see their needs and preferences differently.

Commercial pharma organizations that are willing to take steps now to re-think their commercial models to meet the new needs and expectations of customers – and to do so in timely and collaborative ways – will be best positioned to successfully adapt through the recovery and the “next normal” that follows. Fully adopting these new capabilities and practices at scale across the commercial organization will require an ambitious transformation of the commercial model. Executive-level sponsorship and resolve will be necessary to reassure an organization seeking stability in a time of crisis. One message must be clear – to come out of the crisis stronger, the future must look different than the past.

## About the authors

Peter Wright is an associate partner in McKinsey’s New York office where Ortal Cohen is an engagement manager and Rukhshana Motiwala is a senior expert. Brent Hooper is a partner in McKinsey’s Brussels office and Nicholas Mills is a senior partner in the New Jersey Office. Akira Sugahara is a senior partner in the Tokyo Office where Jan van Overbeeke is a partner and Miki Sogi is an associate partner. They are the global co-leaders of the HCP Engagement domain within McKinsey’s Pharmaceutical and Medical Products (PMP) Practice. Brian Fox is senior partner in the New Jersey office and the global co-leader of the McKinsey’s Commercial Practice in PMP.

Copyright © McKinsey & Company

Designed by VG&M

[www.mckinsey.com](http://www.mckinsey.com)

 @McKinsey

 @McKinsey

