

Pharmaceuticals & Medical Products Practice

A 'GOLD standard' in brand growth for Japan's pharmaceutical market

Our GOLD standard will help transform your pharmaceutical brand and achieve accelerated growth.

by Raymond Chan, Brian Fox, Reinout Goedvolk, and Yusuke Nishikawa



In recent years, Japan's pharmaceutical industry has faced significant challenges because of increased competition and a complex market. Companies have found that developing blockbuster drugs is increasingly difficult. As a result, generic drugs are swiftly gaining market share in progressively shorter time frames.

Ever-increasing pricing pressure also has affected large-scale investing in R&D projects as the industry strives to rapidly consolidate. Meanwhile, access to physicians is difficult to gain, and medical representatives (MRs) have taken arduous steps to improve productivity. Along with these external factors, internal conditions have also contributed to the industry's declining competitiveness, such as the late adoption of digital tools and a paucity of analytical skills to leverage data.

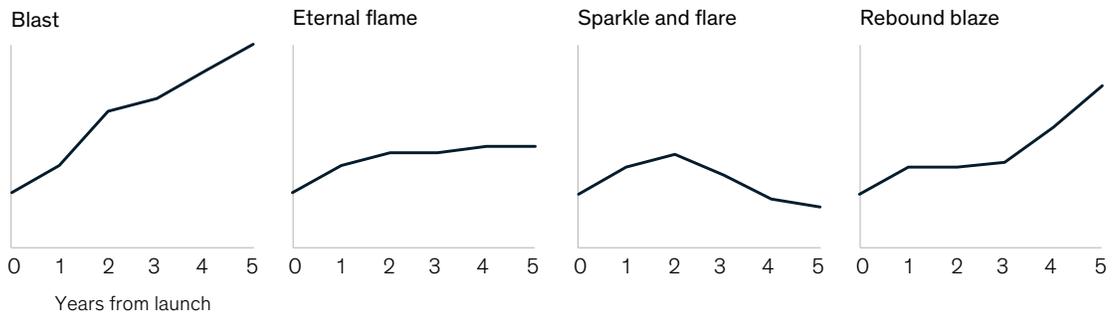
Accompanying these headwinds and the intensified market competition, new drug launches are experiencing a decline in sales growth globally.

Factors such as the efficacy of the drugs launched, market competitiveness, and marketing and sales initiatives influence how companies fare in product sales over time. All companies exhibit the following four patterns:

1. **Blast.** Products whose sales continue to grow, from immediately after launch until patent expiry. An example of this pattern is the so-called blockbusters, which demonstrate innovative efficacies or new market approaches.
2. **Eternal flame.** Products whose sales growth stops a few years after launch. Typically, products that gain market share and then patiently balance their performance with that of their competitors show this pattern.
3. **Sparkle and flare.** Products whose sales growth slows a few years after launch. Products that either have side effects or are deprived of market share by new competitive products with a better profile (for instance, less frequent administration) show this pattern.
4. **Rebound blaze.** Products whose sales growth stagnates a few years after launch but later shows an uptick. This pattern applies to products that achieve regrowth by applying some of the growth levers described later in this article.

Exhibit

Pharmaceutical products fall into four types of revenue patterns.



Many products fall under the *eternal flame* and *sparkle and flare* scenarios, but only a few can achieve *rebound blaze* (exhibit). According to McKinsey's research,¹ approximately 80 percent of the brands launched between 2005 and 2013 failed to *blast*, and only approximately 5 percent could successfully *rebound blaze*. The characteristics, competitiveness, and superiority of the *rebound blaze* brands may not be that far removed from those of the *eternal flame* or *sparkle and flare* brands.

In this article, we share our knowledge of nontraditional approaches to restarting sales growth for products that have stagnated. We also introduce the GOLD standard concept, which targets the *eternal flame* and *sparkle and flare* products, with the goal of moving them toward *rebound blaze*.

The GOLD standard for restarting sales growth for products that stagnated after launch

The GOLD standard framework can help your brand move from stagnated to accelerated growth. We present here the framework, along with examples of companies that achieved such growth in Japan:

G: Go-to-market model transformation

1. Comprehensive transformation of a sales structure by determining product attributes early on. Reexamining sales structures can promote sales growth of existing products. Potential approaches include identifying a competitive brand(s) from a company's portfolio, increasing the number of MRs and internal stakeholders involved who specialize in brands or specific disease areas, and addressing and/or redefining hospitals targeted for promotion.

Example: A Japanese pharmaceutical company launched a promising oncology

drug. Expectations were high for its market competitiveness. The company expected the drug to rapidly capture a large market share and begin contributing to sales growth. While the drug did show stable revenue growth a few years after launch, its speed of growth was slower than expected. Believing in the potential of the product and refusing to accept the imminent danger of the *sparkle and flare* pattern, company leaders evaluated their options. They found that a major reason for the product's stagnation was that the company was not optimizing its reach to the potential patient population. For an oncology product, the number of patients in each hospital can be limited. Triggered by the drug's new efficacy, the company decided to increase the number of MRs carrying oncology drugs, thereby broadening the number of physicians to whom they reached out. While the MRs had formerly targeted only the big regional hospitals, with the increase in numbers they could expand their scope to include small to midsize healthcare institutions that handled outpatient care in surrounding local areas. As a result, the company could relaunch itself onto a growth trajectory. Although strategically reconfiguring sales structures is a basic approach, it is effective in promoting growth.

2. New service models targeting key accounts (such as regional hospitals). Effective sales growth can be achieved by understanding and reproducing patient characteristics and unique situations at each hospital and connecting them to the broader stakeholder group. This involves responding to hospital needs as a whole by considering not only the physicians but also other healthcare professionals, including pharmacists, nurses, and long-term-care professionals and providing them with comprehensive support.

¹ Team analysis based on Testa Marketing and Fuji Keizai.

Today, physicians can retrieve the information they need at any point through chatbots that are available on some pharmaceutical-company websites.

Example: An advanced pharmaceutical company in Japan with a strong presence in the antedementia drug market faced industrial disruption while transforming to a more localized service model. Seeking to catch up with the latest trends and get back on track in the *rebound blaze* scenario, the company built a network around the broader stakeholder group, including in-home nurses from key local hospitals, local pharmacies, and public institutes, and assigned managers to holistically design and manage the service, which was then offered locally to patients with dementia.

3. Establishing effective sales activities by tailoring detailing message to each physician, potentially leveraging data/advanced analytics and sales support based on artificial intelligence (AI). Conventional sales methods targeting physicians have relied heavily on the individual experience of sales representatives. The frequency of visits to physicians is not meaningfully differentiated, and the information provided is not necessarily best suited to each physician. So the possibility exists to further base the tailoring of the detailing message to each physician on the MR's experience and relationship with the physician. By introducing data/advanced analytics and AI, it may be possible to analyze big data—such as the history of customer visits or of a customer's use of the company's website—to optimize the visit-plan design and enable data delivery that aligns with customer attributes. Preparing data for AI use is also imperative for this effort.

Example: A large Japanese company faced challenges while attempting to improve the

productivity of its MRs' activities, especially while deploying customer-visit plans. Significant resources were invested in the effort before the company decided to launch a new initiative that would provide structure and furnish MRs with a tool to help them plan their visits. With continued advances in technology, physicians' attributes have become more visible, and associated information has become more accessible. Recognizing this improvement, the company introduced AI to leverage its understanding of physicians' behavior, implementing centralized management of the information-technology infrastructure using a single identification for each physician. The company could then gather more valuable analysis results in real time. Ultimately, this initiative led to more effective sales and eventually to the creation of a core product for accelerating sales growth.

O: Omnichannel engagement tools to support healthcare professionals

4. Leveraging digital to build support tools for healthcare professionals. Providing tools to support pharmaceutical use has also proved effective for healthcare professionals. In the past, a physician wanting more information on a product might get in touch with an MR or a call center, or locate the required information on a website. Today, physicians can retrieve the information they need at any point through chatbots that are available on some pharmaceutical-company websites. The information they retrieve through chatbots is accurate and available in less than the time formerly required to retrieve such information. From a physician's perspective,

such support tools also serve to increase the value of pharmaceuticals in Japan's future pharmaceutical marketplace.

Example: Although chatbots in Japan have a way to go to reach the maturity of those in the United States and Europe, Japanese pharmaceutical companies have already leveraged such tools to regain sales. Chatbots provide an instant response based on voice input and the vast amount of pharmaceutical data retained in their databases.

L: Linkage to patient needs

5. Building patient-support tools. While directly reaching out to or promoting pharmaceutical products to patients is prohibited under the Pharmaceutical Affairs Law, providing support services to patients is allowed as long as other guidelines are met.² Providing support services to patients to help with adherence or nonproduct areas could promote brand and company awareness. Typical support tools include smartphone apps used to record and visually present information to patients daily, and to remind patients to take their medicine or visit the hospital. These apps also enhance the effectiveness of treatment for patients and physicians alike. They are available with different features depending on product, dosage, and treatment.

Example: With its highly effective drug, a leading company was capturing the top share in the attention-deficit-hyperactivity-

disorder (ADHD) drug market. To maximize treatment efficacy, the company considered several initiatives. One was aimed at providing comprehensive support to ADHD patients and widening communication channels with patients by offering an app. The app primarily helps manage such tasks as taking medicine and visiting the hospital. An app for patients with inflammatory bowel disease records day-to-day symptoms and visually presents the data in a graph. Sharing this information with the physician during checkups enables more effective treatment. The apps also allow physicians to access patients' real-time data and tie this information to effective treatments. Improving the user interface is a crucial part of app development, and often pharmaceutical companies establish tie-ins with technology companies to develop the apps.

D: Data reimagination

6. Increasing the reliability and added value of products. By conducting large-scale clinical trials and developing and leveraging real-world evidence (RWE) to discover new medicinal effects and verify true clinical efficacy, we can increase both the reliability of a product and value to the patient. Even with products in the same market, it is possible to increase reliability and achieve differentiation from competitor products by discovering new medicinal effects and verifying clinical efficacy through large-scale clinical trials and by leveraging data analysis through RWE.

Providing support services to patients to help with product compliance or nonproduct areas could promote brand and company awareness.

² In Japan, promoting medicine and medical products for specific diseases to patients is prohibited to eliminate any misunderstanding about their effectiveness.

Example: In the first few years after launch, a new drug class for diabetes struggled to uptake revenue because of concerns about side effects. There are cases of increased sales for certain products following the discovery of new medicinal effects through large-scale postlaunch clinical trials. For those products, postlaunch clinical data contributed to verifying clinical efficacy, and the drug price was amended upward after that efficacy was recognized. This case study suggests that clinical trials can contribute to product growth.

Beyond these six approaches, a medium- to long-term initiative plays a potent role in enabling a company's continuous growth. Some of the innovations in the United States and Europe can be brought into the Japanese market for the long term. These innovations include finding further unmet needs by analyzing raw data and ratings of medicines collected from patient and healthcare-professional apps. In the future, big-data analyses will be more advanced and offer even greater opportunity.

Even in Japan, the market environment is increasingly challenged, and in recent years, growth in product sales after market launch has been sluggish. Yet even after temporary stagnation, sales growth can be restarted by applying the six GOLD-standard approaches, individually or in combination.

Throughout this short-term and mid- to long-term transformation, pharmaceutical companies in the Japanese market should focus on efficiently reinvesting in R&D and pursuing the considerable potential for achieving sustainable sales growth.

Raymond Chan is a partner in McKinsey's Kansai office, **Brian Fox** is a senior partner in the New Jersey office, **Reinout Goedvolk** is a senior partner in the Amsterdam office, and **Yusuke Nishikawa** is an associate partner in the Tokyo office.

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