
IN THIS ISSUE

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MARKET ANALYSIS

- **Networked Healthcare — Organising for networked healthcare: Towards future organisational models**

In the third part of a series on Networked Healthcare, Pablo Erat and Olaf Zorzi provide vital insight for market success in an increasingly networked healthcare world where new decision makers are irrevocably changing the prescription process. The authors argue that companies, which do not adjust their organisations to these changes, will lose ground to the competition as the name of the game is rapid transformation to succeed in a fast-changing market environment. An organisational design framework and ideas on how to redesign commercial operations, with real case examples, is proposed.

- **Marketing Strategy — The Chinese pharmaceutical market: Dynamics and a proposed investment strategy**

Hu Yunajia *et al.* review the evolution of the Chinese pharmaceutical market and its close interrelationship with the rapidly developing local economies. The authors advise foreign investors to be cognizant of the fragmented nature of the Chinese pharmaceutical industry and the realities of political interference in business operations. There are a number of promising regions in China for life sciences investment and the astute entrant can certainly succeed.

- **Marketing Masterclass — Excellence in medical marketing: Origins, definition and precursors**

Brian Smith explores that the strategic marketing skills are now a necessary precondition for competitive advantage in the new context of the pharmaceutical, medical device, biotechnology and health services markets. The concept of marketing excellence and the organisational preconditions required to attain marketing excellence are outlined.

PAPERS

- **Physicians' attitudes toward direct-to-consumer prescription drug marketing**

Michael Friedman and James Gould explore physician attitudes toward direct-to-consumer advertising (DTCA) of prescription drugs and identify some of the shortcomings of DTCA and physician concerns that could be addressed by marketers. For example, three quarters of physicians agree strongly or somewhat that DTCA does not provide adequate information on the risks and benefits of advertised products. More than half of the physicians (53 per cent) believe DTCA results in many patients requesting unnecessary prescriptions and an even greater percentage (66 per cent) believe DTCA

creates a preference for brands when lower-cost generics would be sufficient. This paper contributes to the debate on the cost-benefit analysis of DTCA, especially as related to the influence of DTCA on the long-term relationship between physicians and the pharmaceutical industry.

Direct-to-consumer advertising of prescription medicines: A systematic review of the evidence from the perspective of the consumer

Michael Harker and Debra Harker explore the controversies surrounding Direct-to-consumer advertising of prescription medicines (DTCA) from the consumer's perspective, looking in particular at consumer education, consumer protection, the 'medicalisation' of consumer conditions and patient-doctor relationships. The authors highlight the lack of deep empirical data and knowledge on the link between DTCA and consumer behaviour.

From service factory to service theatre: Solving the positioning dilemma in the medical practice

Jean Paul Berthon, Melani Prinsloo and Leyland Pitt argue that successful doctor's surgeries focus either on standardisation of activities in a back office environment (Service Factory), or high customisation of activities in a front office environment (Service Theatre). This work has implications for the development of customer or consumer-focused health service delivery. For the patient, the individual experience of care is a subtle mixture of customisation with a perception of service quality — goals that are often difficult to attain in a busy primary care practice.

Physician compliance and market demographics

Lynne Tudhope, Melani Prinsloo, Leyland Pitt and Bradley R. Barnes describe the results of a patient survey in South Africa that aimed to determine the demographics of those people most and least likely to comply with the physicians instructions. The authors explain that it is men, younger patients, the relatively more educated and middle income groups which are least likely to comply with their physicians' instructions when taking drugs and that more should be done to target these patient groups.

PERSPECTIVES

Customer-driven positioning: The next generation approach to pharmaceutical product positioning

Product positioning, a vital component of the marketing mix, still languishes well behind in the marketing innovation stakes. Richard B. Vanderveer and Noah M. Pines propose a new concept of 'customer-driven positioning' — which provides a high level of customer-sensitive market focus. This approach better integrates product positioning into the marketing value chain.

MARKETING CASE

The rise and fall of Baycol/Lipobay

The transition from a promising statin treatment to a legal nightmare related to a leading product is reviewed by INSEAD's Reinhard Angelmar. The tale of Baycol/Lipobay is a

classic example of the right and wrong way to manage a product lifecycle and the crisis of serious adverse events. The chronology of events provides insight into the ethical and operational dilemmas that pharmaceutical companies are increasingly facing.

Leonard Lerer comments on the case, reviewing some of the broader implications of a product crisis for medical marketers.

- **ResearchWatch**

Brian Smith discusses recent research on pharmaceutical advertising spending, ethical aspects of DTCA, global pharmaceutical brand management, health sector expenditure, innovation and generics marketing.

- **Recruitment Perspectives**

Should the pharma/healthcare sector look further a field for world-class leadership talent?

Christopher Burrows explores the search for talent by a pharmaceutical industry that is under growing pressure from all quarters. Getting in the best managers from the outside, is certainly not a panacea for the current woes of pharmaceutical companies, but world-class talent brings with it a skill set that includes speed, urgency and market sensitivity that is vitally needed in areas such as communications, sales and marketing and operations. The challenge for pharmaceutical sector managers is to create the environment that will allow the industry to properly leverage this influx of new talent.