

ResearchWatch

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Journal of Medical Marketing (2008) **8**, 81–83. doi:10.1057/palgrave.jmm.5050130

As I scan the literature looking for new work relevant to readers in the medical marketing area, I am always faced with a dilemma. Relevance, in terms of industry specificity, is obviously the primary driver of reader preference. On the other hand, I often come across highly relevant new research that speaks to pressing challenges in the industry, yet is not rooted in the sector. To resolve this dilemma, I often try to pick the best from both the industry specific and the more general literature, and that is the approach I have taken to this issue's review of recent publications.

In that work which addresses medical markets directly, there are three interesting papers. The first paper¹ is especially relevant to markets, such as the pharmaceutical and related markets, in which customer acceptance of new products is very important. As is commonly accepted in the industry, accelerating the adoption curve and therefore increasing the lifetime value of a product has a large impact on both profit and return on investment. Despite this common view, our knowledge of what influences the acceptance of new products in the complex context of medical markets is rather vague. The authors of this paper try to remedy that with a qualitative study of medical service providers who, as they point out, act a 'surrogate adopters' on behalf of their patients. The paper begins with a useful

literature review of the literature that addresses innovation characteristics, a section that is very useful in its own right. It then describes the methodology, which involved interviews with 45 physicians in the UK and Finland, both specialists and general practitioners.

The first findings of the work identified a number of critical innovation characteristics that the physicians considered as part of their new product assessment. These were relative advantage, complexity, compatibility, perceived risk and communicability among patients. The work then went on to consider the influence of context on the relative influence of these characteristics, finding that factors such as budget holding influence acceptance at multiple levels. The authors group the contextual factors into environmental, organisations and adopter characteristics and conclude that these factors, together with the distributed nature of the adoption process, are what really drives the speed of the adoption process. This paper therefore does not reveal surprising results, since most medical marketers understand the criticality of context, but it does provide deeper understanding and a framework for practitioners to consider adoption problems. It is therefore useful to anyone responsible for new product adoption.

The second paper is directly relevant to medical markets and deals with the

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question of how doctors search for information when considering prescribing.² In particular, it tries to understand the sources of information used and how use of such sources varies between prescribers. This work uses a common qualitative methodology known as grounded theory, an approach that is particularly suited to generating theory from data rather than merely testing existing theory. In this case, 12 doctors we interviewed, in both primary and secondary care settings.

The findings of this work are that prescribers tend to adopt a two-phase approach to gathering data. In the first phase, which the authors referred to as self-referencing, the physicians first use internalised knowledge of patient case experiences. Only when they are dissatisfied with this do they then move to the second phase, labelled surrogating. This involves the use of experience other than their own and of published data. The paper closes with conclusions and recommendations as a result of these findings. These include the explanation of slow take up of pharmaceutical products and suggestions as to how marketing communications activity might be adopted to accelerate prescribing. As with the first paper in this review, this paper is not counter-intuitive to most medical marketers. It, however, provides a depth of understanding that will be valuable to anyone working in medical marketing communications.

The third paper complements the other two medical market-specific papers in that it deals with a very fundamental issue, that of market segmentation. This paper³ examines the real-world practice of market segmentation in the UK pharmaceutical market via a series of qualitative interviews with pharmaceutical industry marketers. In doing so, it attempts to answer whether the industry applies authentic, needs-based, market segmentation and, to the extent that it does not, are there any industry-

specific reasons for this. Finally, the paper suggests changes to practice implied by its findings.

In short, the findings of this work are that the pharmaceutical industry lags far behind others in its application of segmentation. The reasons for this, the authors suggest, are a combination of tangible and intangible factors. Lack of data and skills are among the tangible reasons. The authors, however, argue that the main reason for such weak practice is cultural, and that the product-led nature of much of the sector hinders the development of good segmentation practice. As the authors argue, the maturation of the industry lifecycle implies that loosening these cultural constraints will therefore be key to the future survival of pharmaceutical firms.

Moving on to work that does not concern itself directly with medical markets, there are three papers, each of which shed light on ideas that are as relevant to the Pharma and related sectors as they are to any other. The first concerns customer orientation, the opposite of the product-orientation of which technically based businesses are often accused.⁴ These authors consider the problem that, counter-intuitively, business performance is not always directly proportional to customer orientation. They unravel the problem by realising that performance consists of two components — market and financial performance — and that while customer orientation drives market performance, it does not always correlate to financial performance. According to the authors, the moderating factor is IT capability, which positively moderates the link between orientation and performance. As the authors point out, this work therefore reveals the complexity of the relationship between customer orientation and performance, which is of interest to both medical marketers and their finance colleagues.

The second general paper also concerns firm performance, this time in relation to acquisition activity.⁵ Given recent history of the Pharma and other medical sectors, this is obviously relevant to medical marketers. The evidence in this paper suggests that, in the short term, acquisitions have ‘at best an insignificant impact on shareholder wealth’. Even worse, long-run performance shows overwhelmingly negative returns. The paper also looks at bid characteristics and performance. In this analysis, larger targets, hostile targets and cash transactions are associated with superior (or at least less negative) performance. For anyone involved in acquisition activity, this is salutary reading.

The final general paper⁶ is of relevance to those many medical marketers concerned with measuring marketing effectiveness. As these authors point out, marketing practitioners are under increasing pressure to demonstrate their contribution to firm performance. And an inability to account for marketing’s contribution has undermined its standing within the firm. To date, however, there have been no empirical studies of whether the ability to measure marketing performance has any actual effect on either firm performance or marketing’s stature. In this study of senior marketing managers in high-technology firms, the authors examine the effect of ability to measure marketing performance on firm performance, using both primary data collected from senior marketers and secondary data on firm profitability and

stock returns. They also explore the effect of ability to measure marketing on marketing’s stature within the firm, which is operationalised as chief executive officer satisfaction with marketing. The empirical results indicate that the ability to measure marketing performance has a significant impact on firm performance, profitability, stock returns and marketing’s stature within the firm. This paper is therefore strong justification for anyone trying to install a marketing effectiveness measurement system.

That concludes our review of both directly and indirectly relevant new research, which I hope has been of value to the reader.

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