

UNLOCK PATIENT ENGAGEMENT
BY BUILDING

TRUST

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Executive Summary

The prescription drugs manufactured by a pharmaceutical company are more than merely products that treat a disease or improve a symptom: they represent the foundation of a potential relationship which, if nurtured, holds the possibility of not only enhancing the wellbeing of the patient but also of organically growing the business of the company. Central to the success of that relationship is trust.

Peppers & Rogers Group recently conducted research to answer two important questions:

- How do consumers interpret trust in the pharmaceutical industry?
- What is the impact of trust on business?

The results show that not only is trust a factor in a patient’s relationship with a pharmaceutical company, but there is also enormous potential to enhance relationships with trust-based activities.

Great Drugs Are Not Good Enough

As the healthcare industry transforms toward patient-centric services and delivery, pharmaceutical companies realize that a change in their paradigm is crucial—from a disease-centric view to a patient-centric perspective. Traditionally, pharmaceutical companies have been “pill” suppliers with little role in the healthcare delivery and marginal interaction with the patient. But today’s reality presents the industry with a remarkable opportunity.

The prescription drugs manufactured by a pharmaceutical company are more than merely products that treat a disease or improve a symptom: they represent the foundation of a potential relationship which, if nurtured, holds the possibility of not only enhancing the wellbeing of the patient but also of organically growing the business of the company. Central to the success of that relationship is **trust**, in the absence of which the opportunities to expand beyond a provider of pills to a partner in wellbeing are hindered.

To understand the current state of patients’ trust in prescription drugs and in pharmaceutical companies, Peppers & Rogers Group recently gathered online survey data from more than 2,400 adults in the U.S., each of whom had taken a prescription drug in the last 12 months. We queried their opinions about that drug and its manufacturer in order to explore these core questions:

- **How do consumers interpret “trust” in the pharmaceutical industry?** How do patients think about pharmaceutical companies and describe the trustworthiness of their prescription drug? What drivers influence patients’ trust?
- **What is the impact of trust on business?** What is the relative importance of trust among other key business drivers? What is the range of business outcomes that are strategically critical for any pharmaceutical company seeking to grow its business by improving patient engagement and increasing patients’ lifetime value?

Overall, the research shows that trust influences tangible business outcomes such as increasing patient compliance, improving patient engagement, and sales of new products and services.



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Interpreting Trust with the Trustability Index

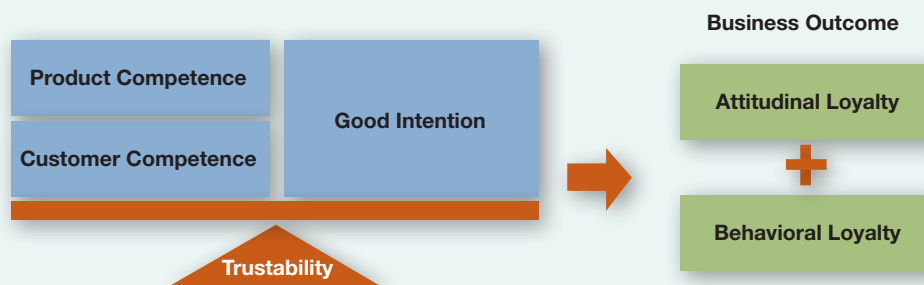
In their recent book *Extreme Trust: Honesty as a Competitive Advantage*, Don Peppers and Martha Rogers, Ph.D., founding partners of Peppers & Rogers Group, make a compelling case for the importance of extreme trust in business success today, and have coined the term “trustability” to refer to that heightened level of trust. By trustability, Peppers and Rogers refer to “proactive trustworthiness,” where trustworthiness in turn is comprised of competence (“doing things right”) and good intentions (“doing the right thing”). We used this framework to create a three-pronged “Trustability Index” upon which to measure trust in relation to pharmaceuticals via product competence, customer competence, and good intention.

Peppers and Rogers describe product competence as delivering a good quality product that meets the need or solves the problem it is designed to handle, and customer competence as providing a superior customer experience by understanding the customer’s individual needs and interacting with the customer smoothly and efficiently. Good intention is defined as “ensuring that the way your organization makes money aligns with the needs and best interests of your customers,” which is accomplished by focusing on both the short- and long-term customer relationships.

Trustability is comprised of competence (“doing things right”) and good intention (“doing the right thing”).

FIGURE 1: Trustability Index

Three pillars of trust – product competence, customer competence, and good intention—combine to create a level of trustability that influences tangible business outcomes.



Source: Peppers & Rogers Group

Our analysis indicates that pharmaceutical companies have tremendous opportunity in establishing patients’ trust and redefining patient engagement (see Figure 2). Overall, patients have a very positive view of the products in terms of product competence, reflected through the efficacy and safety of the drug. Patients expect a better customer experience from pharmaceutical companies, representing the customer competence aspect of trustability. Finally, patients have an undecided view of pharmaceutical companies on whether they “do the right thing” or have good intentions.

Product Competence. 59% of patients rate the product competence of their primary drug highly. Our analysis indicates that patients equate “trust” in prescription drugs to “efficacy and safety.”

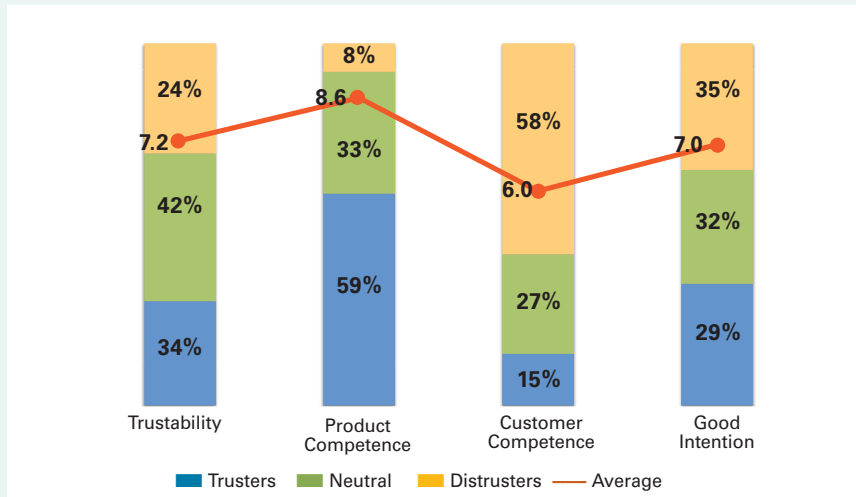
Customer Competence. 52% of patients are not satisfied with their customer experience provided by pharmaceutical companies, and 27% of patients are neither satisfied nor dissatisfied.

Good Intentions. Seven out of 10 patients (71%) believe that pharmaceutical companies do not focus on doing the right thing.

Trustability. The three elements of trust combine for a comprehensive analysis of trustability. Overall, the research shows that 24% of surveyed patients do not believe that pharmaceutical companies are trustable and 42% feel neutral toward the pharmaceutical companies’ trustability.

FIGURE 2: Trust Indicators in the Pharmaceutical Industry

While a majority of consumers trust the competence of the products they use, a large gap exists between consumer expectation and organizational reality regarding customer competence and good intention.



Source: Peppers & Rogers Group

With measures of product and customer competence as well as good intentions in hand, an intriguing question arises: what is the relative importance of each of these three components of trustability in delivering a variety of business outcomes that are central to the current success and future growth of pharmaceutical companies?

The Impact of Trust on Your Business

Overall, most patients have a positive view of products in terms of efficacy and safety. But the relationship stops there. Pharmaceutical companies would be well advised to think beyond product competence to more inclusively consider the significant impact of customer competence and good intention in enhancing compliance, improving patient engagement, increasing advocacy and dedication, and potentially expanding share-of-patient through the sale of new products and services.

As part of the research, data were gathered on six diverse business outcomes:

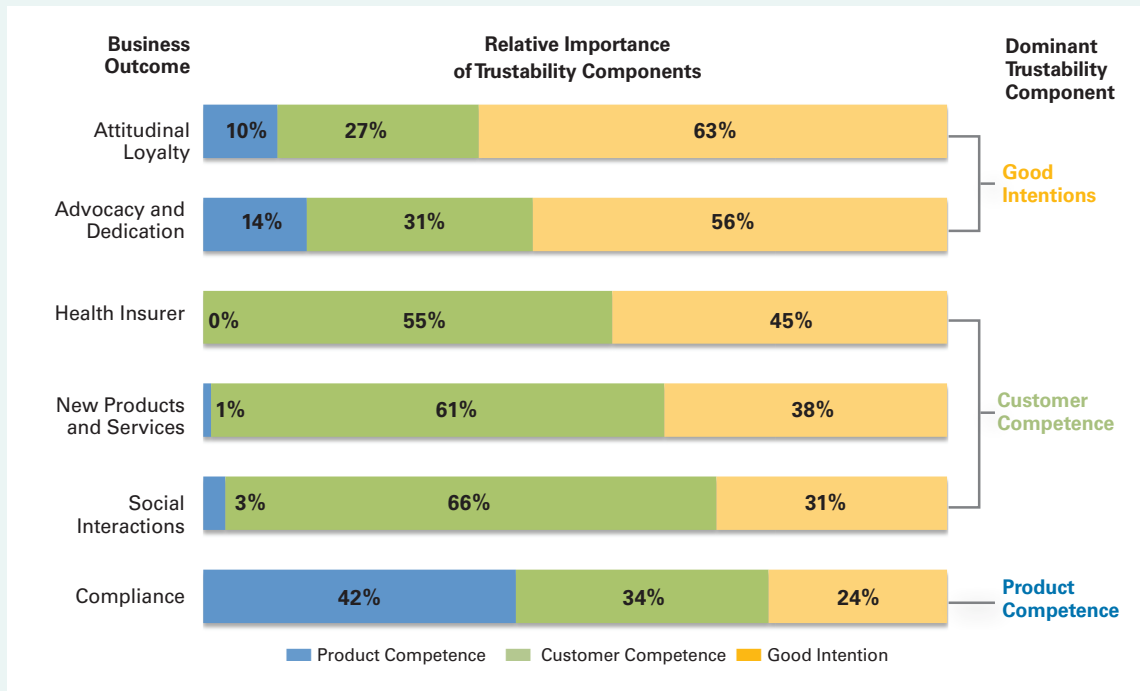
- Attitudinal loyalty
- Customer advocacy and dedication
- Health insurer selection
- New products and services
- Social interactions
- Compliance

Respondents rated 29 statements that were grouped into categories to facilitate the understanding of the likelihood of engaging in a variety of profitable behaviors, the likelihood of purchasing new products and services, and the degree of agreement to attitudinal dispositions. For each of these business outcomes, there is a differential relationship to product competence, customer competence and good intentions, with each outcome primarily influenced by one of these three trustability components (see Figure 3 on page 5).

Each business outcome is primarily influenced by one of the three trustability components.

FIGURE 3: Trustability Drivers of Business Outcomes

Our research shows that various business outcomes are influenced by specific trust drivers.



Source: Peppers & Rogers Group

Good Intention — Attitudinal loyalty, and advocacy and dedication. Attitudinal loyalty and advocacy and dedication represent the antecedents and consequents of establishing a productive and authentic relationship, and both business outcomes are primarily influenced by respondents’ perception of the good intentions of the pharmaceutical company.

Attitudes are important, because current attitudes are predictors of future behavior. Respondents’ level of agreement to statements such as “you are proud to be a customer of your primary drug” and “you feel a strong sense of attachment to your primary drug” reflect the degree to which an affective bond exists between the patient and the drug. That bond, like the establishment of advocacy and dedication, is primarily influenced by the good intentions component of trustability.

In today’s socially connected world, advocacy is an outcome of interest to all businesses, measured by respondents’ rating of the likelihood to “recommend your primary drug to a friend or colleague,” for example. While drugs are unique in that the patient may have an influence on (but not control over) the selection, enhancing awareness and preference through positive word-of-mouth recommendations may influence the purchase decision, especially in cases where a generic equivalent exists. Additionally, dedication (or commitment) to the drug, reflected by respondents’ rating of the likelihood to “continuing purchasing your drug specifically, rather than any other drug,” for example, may indicate reduced receptivity to a generic option.

Customer Competence — Social interactions, new products and services, and health insurer selection. This set of three business outcomes are each primarily influenced by customer competence. Also noteworthy is the negligible role of product competence.

Social interactions refer to respondents’ likelihood to “participate in an online community of individuals with similar health concerns” or to “proactively use social networks to comment favorably on your drug,” for example. These outcomes should be of interest to pharmaceutical companies because involvement in an online community is one way to develop patient engagement, and, in that way, in-

In today’s socially connected world, advocacy is an outcome of interest to all businesses.

directly influence compliance. Additionally, proactive commentary on social networks enhances the brand image of the drug.

The opportunity to grow share-of-patient and to establish new revenue streams may be achieved by the introduction of *new products and services*. Respondents were asked to rate the likelihood of purchasing a product or service from the manufacturer of their prescription drug, assuming it was offered at a competitive price that was paid personally out-of-pocket. Examples include “a program that helps you improve your health and wellness” and “a service that allows you to manage and track your medical records online.” Overall, the influence of customer competence dominates, indicating that receptivity to purchasing such products and services and to thereby expanding share-of-patient is influenced by the quality of patients’ experiences.

Finally, the outcome “*selecting a health insurer based on their coverage of your prescription drug*” is primarily driven by the customer competence component of trustability. While health insurers have a tremendous influence on prescription drug utilization through drug formularies, patients have shown certain loyalty to their “preferred” prescription drugs. For example, Medicare Part D beneficiaries have typically shopped for different Part D plans that cover their preferred meds.

Product Competence — Compliance. In this research, *compliance* was measured through respondents’ ratings of the likelihood to “take your primary drug as often as your doctor instructed” and “refill your prescription for your primary drug promptly to ensure that it is available to take,” for example.

As shown in Figure 3, the primary trustability driver for this outcome is product competence, the extent to which the prescription drug is perceived as effective and safe, accounting for 42% of the relative importance among the three components of trustability. It is intuitive that product competence would impact the likelihood of taking a prescription drug as often as instructed to by a doctor—but, what is not intuitive is the substantial influence of customer competence and good intentions.

The strategic implication is that for a pharmaceutical company to enhance compliance, it needs to not only deliver an effective and safe product but also to help in developing positive patient experiences and to establish patients’ beliefs that the company is committed to “doing the right thing.”

Across the set of business outcomes examined, the relative importance of good intentions dominates.

From Pills to Patients: Engagement Built on the Bedrock of Trust

Across the set of business outcomes examined, the relative importance of good intentions (49%) dominates, followed by customer competence (37%) and product competence (13%). With product competence—the effectiveness and safety of the drug—shown to be least salient factor, the case is clear: pharmaceutical companies would be well served to develop strategies and to make investments to deliver improved patient experiences and to improve patients’ perceptions of the good intentions of the company.

Among the most important levers for enhancing good intentions are the degree to which the pharmaceutical company is perceived as placing the patients’ interests ahead of its own, demonstrating a commitment to the community, being an ally who advocates on the patients’ behalf, and keeping its promises. For customer competence, the levers include the degree to which the pharmaceutical company is perceived as having a commitment to society to make life better, standing behind its actions, and providing health management services (e.g., coaching to live a healthy lifestyle). These levers provide guidance to a pharmaceutical company, suggesting where resources may be most productively allocated.

The business case is compelling, built on the potential to improve patients’ lifetime value through enhanced patient engagement. Are you well-positioned to deliver and reap the rewards of a great customer experience?

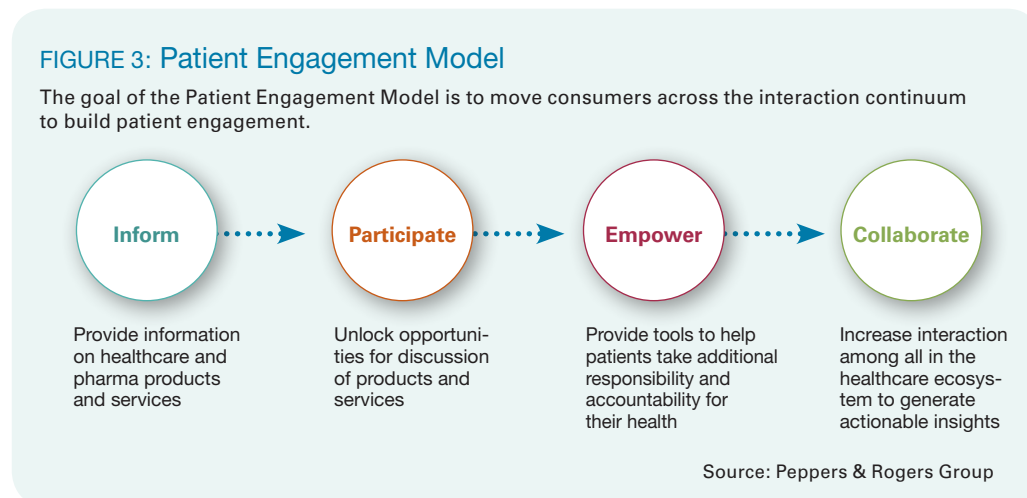
The magic behind patient engagement

A recent article in *Forbes Magazine* described patient engagement as “the blockbuster of the century”. Most pharmaceutical companies understand and value the importance of patient engagement and many develop patient programs aimed at increasing patient engagement. However, we argue that many of these patient engagement programs don’t address the underlying issues. True patient engagement takes into account underlying patient needs, behavior, and value.

Pharmaceutical companies are seeking better patient engagement to improve the patient lifestyle and adherence, which will consequently lower healthcare costs. Developing successful patient engagement requires pharmaceutical companies to build on the notion of trustability.

Peppers & Rogers Group’s Life Sciences practice has developed a Patient Engagement Model” (PEM), founded on deep understanding of the patient based on research results and industry expertise. Patients differ across three dimensions: needs, behavior, and value. Understanding those differences and using that insight to build strong, lasting, and beneficial relationships is the primary objective of patient-centric initiatives. We built PEM based on the idea that pharmaceutical companies should improve their patient initiatives across the PEM continuum: Inform, Participate, Empower, and Collaborate.

Pharmaceutical companies should improve their patient initiatives across the PEM continuum: Inform, Participate, Empower, and Collaborate.



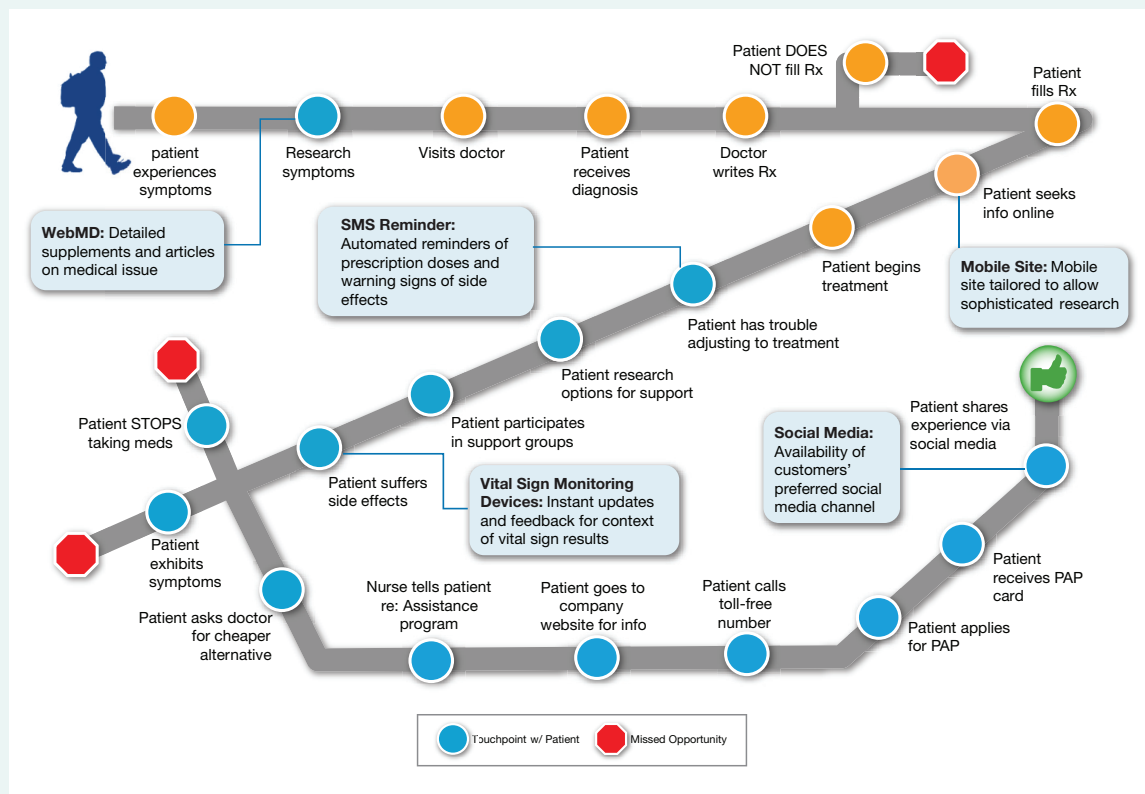
There are many engagement benefits at each point along the continuum:

- **Inform:** Through providing patients with unbiased relevant data such as product information, treatment data, and clinical trial information, companies can be seen as a reliable partner in a patient’s health management.
- **Participate:** Providing information to and supporting platforms for more detailed exchange of information amongst patients and non-patients supports patient needs as they look for more information about drugs and attempting to understand diseases to influence their treatments.
- **Empower:** Transition of management of health to the patient allowing for more personal accountability and adherence to medical regimens.
- **Collaborate:** Increasing the interaction between customers and participants in the healthcare ecosystem provides critical information that allows pharmaceutical companies to better serve current and future unmet needs as well as unlock new sales and marketing opportunities.

Pharmaceutical companies have traditionally focused on the **Inform** and **Participate** areas, providing information to patients and caregivers through few channels (e.g. websites, portals, contact centers, social media). In some instances they have engaged patients in a more meaningful manner through **Empowerment** and **Collaboration**, but that is not yet the norm. There is a tremendous opportunity for pharmaceutical to transform its involvement in healthcare delivery and improve their patient engagement.

FIGURE 5: Opportunity Along the Patient Journey

Pharmaceutical companies can customize interactions to optimize the patient experience throughout the patient journey.



Source: Peppers & Rogers Group

An understanding of a patient’s behavior, needs, and value allow companies to create segmentation strategies based on the engagement level of patients. Segmenting patients by engagement levels while understanding their motivations and behaviors, pharmaceutical companies can customize interaction plans that optimize their experience throughout the patient journey see Figure 5).

Using Peppers & Rogers Group’s PEM can provide pharmaceutical companies the framework to assess current engagement approach and successfully implement new ones. The tactics of the PEM are driven by variety factors such as: patient profiles, the therapeutic area, the maturity of the available treatments, the brand, etc.

Peppers & Rogers Group’s PEM can unlock patient value and enable pharmaceutical companies to focus on health outcomes, which have been the focus in the healthcare industry.

Conclusion

The forces changing the pharmaceutical industry are inescapable. Patients are increasingly involved in their healthcare, information is more readily available, and the business model is shifting to one that recognizes the heightened level of patients’ choice and influence. Underlying each is a foundation of trustability, without which organic growth and competitive advantage will prove to be elusive.

The research solidifies the changing market dynamics around pharmaceutical companies’ relationship with consumers. By unlocking patient engagement through trust-based activities, companies can fight competitive pressure, maximize resources, and strengthen relationships with constituents across the healthcare ecosystem. ■

Trust's Impact on Compliance

The healthcare industry has been chasing the rainbows to find the pot of gold, called patient compliance. With patient compliance averaging below 65%¹, patients have been encouraged to comply with treatment through variety of programs and services. The U.S. pharmaceutical industry is losing \$188 billion annually in revenue as a consequence of patients not taking prescription drugs for chronic conditions.²

Our research shows that building trust with patient has a direct impact on patient compliance. When examining PRG's Trustability Index, Trusters tend to be 9% more compliant than Neutrals, and Neutrals are 11% more likely to be compliant than Distrusters. The spread between Trusters and Distrusters is 21%. Enhancing compliance, therefore, has the potential to improve the wellness of the patients in the process and to be a substantial driver of organic business growth.

For instance, Diabetes represents a disease that alters the patient's lifestyle when diagnosed. However, many patients go undiagnosed. According to the American Diabetes Association, there are 8.8 million people diagnosed, 7.0 million people undiagnosed, and 79 million people pre-diabetic. Patient compliance presents a clear business case where the average ROI increase in drug utilization is seven to one:³ This means the healthcare industry saves \$7 in medical costs for dollar in incremental drug utilization. Moreover, our analysis indicates that Trusters tend to be 10% more compliant than Neutrals.

Obviously, patient compliance is very complex topic that is impacted by several commonly considered variables such as socioeconomics, demographics, lifestyle, education, availability of information, drug access and cost—and, has been shown, also by trust. In order for the pharmaceutical industry to play its role in improving compliance, companies must engage the patient in the context of improved patient experience.

Trusters: Patients who rank their level of trust between 8.5 and 10 on a 10-point scale.

Neutrals: Patients who rank their level of trust between 6.5 and 8.5 on a 10-point scale.

Distrusters: Patients who rank their level of trust between 0 and 6.5 on a 10-point scale.

About Peppers & Rogers Group Healthcare Practice

Peppers & Rogers Group's Healthcare Practice applies its strategy expertise and market experience to the unique dynamics of the healthcare industry, serving leading Health Insurance, Pharmaceutical and Health Delivery companies. We offer functional expertise in patient/consumer profiling, stakeholder analytics and segmentation, key influencer strategy, new business development effectiveness, organizational alignment, stakeholder interaction strategies, service line commercialization, case management strategy, automated patient management design, portfolio optimization, privacy compliance, and change management.

About TeleTech Holdings

Peppers & Rogers Group is a division of TeleTech Holdings, a global leader in Customer Experience and outsourced customer management. For more than 30 years, TeleTech has been committed to helping its clients build emotionally engaged and profitable relationships with their customers. The firm is built on the understanding that to serve customers and differentiate their brand, clients need a holistic strategy that begins and ends with customer insight and expectations. To respond to this revolution in customer expectations, TeleTech has brought together innovative consulting, technology, and process improvement capabilities.

It is within this context that Peppers & Rogers Group, the leading management consulting firm in customer strategy, was acquired more than two years ago. With the addition of Peppers & Rogers Group, TeleTech is now able to offer the integrated set of strategic, analytical, and implementation capabilities required to deliver the optimal customer experiences that drive real change for our clients and their customers.

Endnotes

¹ Chase, D. (2012). Patient Engagement is the Blockbuster Drug of the Century Retrieved March 25, 2013 from <http://www.forbes.com/sites/davechase/2012/09/09/patient-engagement-is-the-blockbuster-drug-of-the-century>

² Patient Adherence: The Next Frontier in Patient Care. Retrieved March 25, 2013 from <http://www.capgemini.com/resources/patient-adherence-the-next-frontier-in-patient-care>

³ Grogan, K. (2012). Poor Adherence Costs Pharma \$564 Billion Per Year. Retrieved January 4, 2012 from: http://www.pharmatimes.com/article/12-11-27/Poor_adherence_costs_pharma_564_billion_per_year.aspx