

ECONOMIC CRISIS **LAURA SCHOEN**

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Negativism is pervasive; the predictions are grim. As the financial world continues to implode, the healthcare sector struggles to understand the harsh reality of events like layoffs, bankruptcies and a credit crunch that threatens its ability to deliver innovation and a solid return on investment to its shareholders.

With a global financial meltdown looming, the crisis adds to existing challenges:

- Governments will find it increasingly difficult to bear the escalating costs of treating an aging population
- Many young adults and families in the US will find themselves without resource to care for their elderly
- Rationing of healthcare by hospitals and insurance companies will impact many
- Time spent with a physician, already counted in minutes, will become even more limited, if a doctor is available at all
- Growing unemployment and insolvent retirement plans will mean that larger segments of our population will abruptly lose their healthcare coverage.

The recent rise in unemployment figures translates into the loss of healthcare coverage for many. We don't yet know what actions the Obama presidency will take to address the unemployment crisis, but we do know he is expected to deliver tangible change in the healthcare arena. Indeed, he will be under intense pressure to address access and cost – and because his party will also be in control of the legislative bodies, there will be greater expectations for success.

There is already talk of universal coverage and a focus on community care. Whether the new administration ultimately tips the balance of healthcare delivery for the 47 million uninsured in favor of a government-run or a market-based plan, the industry will have to scramble to stay on track.

For those of us in healthcare communications, the crisis is even closer to home. The signs of wrenching change for pharma were unmistakable even before the financial market crash – and the additional impact the economic crisis will have on the business of communications is hard to predict.

What we do know is that healthcare spending has already been dramatically affected. In a survey by the National Association of Insurance Commissioners in November, 22 percent of 686 consumers said that economy-related woes meant they were going to the doctor less often. About 11 percent said they had scaled back on prescription drugs to save money.

A worst-case scenario looms larger with every new report from Wall Street. Pharmaceutical companies will sell less, budgets will be cut; long-term investment in R&D is likely to plummet, as venture capital shrinks and industry stocks depress and tolerance for risky drug investment will fade. Some of the most powerful pharma companies have already announced plant closures and cost-cutting measures.

Fewer new drugs in the market will clearly have serious implications for pharma industry innovation and profits which, in turn, could dampen the perceived need for significant and sustained communications support for the sector.

The economic crisis presents serious challenges for the healthcare sector, but it also offers significant opportunities

Silver lining

Opportunities abound

All that said, while the litany of challenges for the pharmaceutical industry promises to create compelling issues for healthcare communications agencies, it will also open the door to enormous opportunities.

The pundits appear to agree that the healthcare sector is not destined to be mired into a financial abyss as acute as other business sectors. Overall, healthcare employment is still strong, reflecting a residual degree of stability. And while pipelines will be managed, they won't dry up. Companies may even find surprising ways to cut waste and invest more strategically.

Unarguably, the pharmaceutical industry can look forward to a somewhat difficult road ahead. Consider the number of blockbuster products at the end of their life cycle, aggressive competition, generic substitution and increased imports from developing markets whose manufacturing and safety standards are not as tough as our own.

For pharma and biotech firms, therefore, differentiating themselves through programs that help address some of the new challenges generated by a decaying economy in a marketplace bombarded with negative information about their marketing practices, is more than a critical imperative.

It is a call to action to show the industry's true value. Healthcare communications professionals can play a pivotal role in leveraging this opportunity to rebuild public trust in their clients.

Now is the time to dispel the adverse perception of the industry in a marketplace that often ignores the contributions it makes to better health and longer life. Now is the time to cut through the clutter with a strong, positive and differentiating message that reflects each company's core values in helping patients stay healthy and find the best care in challenging times.

A unique responsibility

The healthcare community bears a particular responsibility toward its stakeholders. The stress of today's economy brings additional burdens for those in need of care. It is both a responsibility and an opportunity for the healthcare industry to find ways to support families facing tough choices.

Pharma campaigns must link to the industry's mission and mandate: 'To provide balanced information to prescribers and patients about our medicines – to gain visibility for our commitment to access and serving the needs of society'.

In this context, campaigns should be more focused on promoting healthcare. Education and access to credible information is critical

and becomes the firm's most important 'corporate social responsibility' mission. Communications must offer a guide to where to go for information, in particular how to approach the healthcare system to obtain the best and least expensive care.

Outreach strategies should help determine a personal – and cost-effective – benefit/risk assessment. Campaign messages should make an effort to explain the relative value of drugs versus nursing homes or long stays in hospitals or other medical options.

Indications are that President-elect Obama is likely to restrict pharmaceutical advertising, so that public relations will assume an even greater role in educating consumers, who now have a hearty appetite for information about their health and treatment.

PR activities that look frivolous or excessive, however, will be considered insensitive and lack credibility. Times have changed, and it is important to synchronize our corporate and product communications strategies to the realities of this new world.

PR is particularly effective in delivering believable messages that influence attitudes and behavior, and encourage consumers to partner with healthcare professionals in understanding and treating their symptoms, as well as helping them to stay well through challenging times.

A new wave

Bells and whistles, however, will fall on deaf ears when many patients can't afford drugs. Rather, PR strategic direction and execution must focus on straightforward information they can use. Likely drivers, for example:

- Postponed retirement – Patients want to remain active longer, because they are not able to afford an earlier retirement
- Renewed focus on prevention – It is cheaper to stay healthy
- Easier access to care – Walk-in clinics, pharmacy check-ups and other less expensive ways that allow us to get the care we need
- Worldwide market penetration – Emergence of markets with a growing middle class, such as China, will create new opportunities.

Campaigns must help people do more with less when it comes to healthcare dollars. As for how those messages will be delivered, there will be far greater roles for digital advocacy – less expensive technologies like grassroots online.

Internet usage data show that patients' participation in social media, and the volume of healthcare-related conversations, is high. The pharmaceutical industry must begin to

overcome its fears and learn how to communicate effectively in this arena, complying, of course, with regulatory guidelines.

Consumers say that the healthcare experts they trust most, second to their own physicians, are their peers. The conversations among like-minded patients in the social media avenues engage an organization's stakeholders and form a network for awareness and acceptance of its agenda, so long as they find it of personal value.

Social media influence

The influence of the internet on healthcare providers and patients has grown dramatically. Social media impact, therefore, will take on a more significant role as patients become even more assertive in their healthcare decisions.

In the absence of FDA-specific guidance on marketing in this new media age, the same rules that govern other marketing activities will also apply to pharma industry involvement in web sites, patients' sites and social networks.

Pharma's interactive marketing budgets are increasing slowly and still lag behind other industries. Few pharmaceutical companies list search engine marketing as a top budget priority, at odds with studies showing search as the main way that people develop brand awareness for pharmaceuticals – and at odds with the need for most cost-effective communications vehicles in a difficult economic environment. In addition to brand awareness, a web site is a key source of health information for targeted visitors.

In this economic downturn, real value will come from powerful healthcare PR campaigns that reach out with timely thinking on how to grow brands, within the context of providing useful health information to stakeholders who must overcome fierce challenges.

In developing them, we must be mindful of the increased need for transparency and compliance. Our role as healthcare communicators will become even more relevant in these trying times if we: 1) listen to the voices of our key audiences, 2) stay close to the new healthcare debate and 3) gear our programs and messages to bring real value to the consumer.

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