

The Medefield 2006 Pharmaceutical Market Research Trends Study

“Global Use of Internet-based Market Research Goes from an Emerging Pattern to a Definitive Trend”

Introduction

When it comes to pharmaceutical market research, companies around the world share similar goals and values. Whether they are in the European Union (E.U.), North America, South America, or Asia, market research professionals want their research efforts to be time-efficient, cost-effective, well-powered, and reliable. Companies are finding that they can achieve these goals with Internet-based research. That is one of the

reasons why Internet-based market research in the global pharmaceutical industry has increased by 16% in the last year and virtually doubled in the last two years. And though the United States (U.S.) continues to be the world leader in Internet-based market research, penetration in the E.U. is surprisingly high. All told, approximately one-third of all quantitative pharmaceutical market research in the E.U. was conducted on the Internet in 2006 — a 27% increase from the previous year. And there are other breakthroughs as well:

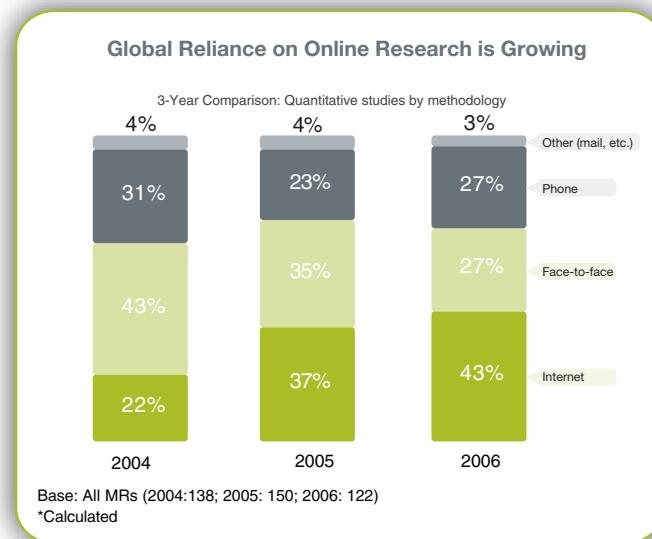
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- Documented confirmation that the Internet is the most time-efficient approach to market research
- More market researchers are moving away from phone research and in-person research in favor of Internet-based research
- The growing size of available online global physician panels has quelled much of the concern about sample size and reliability

These facts alone combined with other remarkable findings in the 2006 Pharmaceutical Market Research Trends Study confirm one overriding conclusion: The global trend towards increased use of the Internet is firmly established and currently shows no signs of abating.

2006: The Big Picture

The preeminent role of the Internet in market research is unequivocal - 43% of all quantitative pharmaceutical market research is conducted online. In fact, the Internet is the number one method of data collection for quantitative physician studies. In absolute and relative terms, reliance on Internet-based market research is growing around the world, but it is most pronounced in the United States (U.S.), which leads the world with



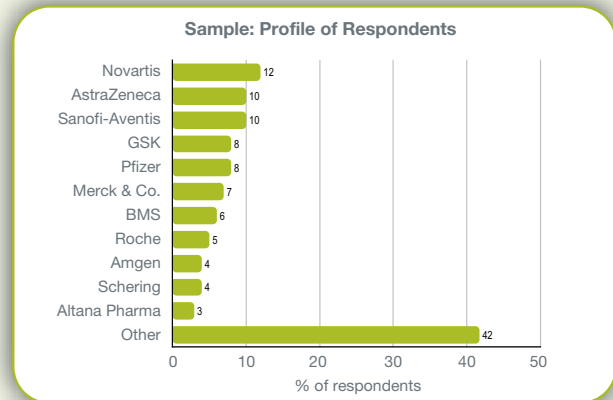
respect to its utilization of Internet-based pharmaceutical market research. In fact, amongst survey respondents in the U.S., reliance on Internet-based research is the rule rather than the exception. Of all physician data collected, 75% is collected online. Only 3% of U.S. survey respondents stated that they had not commissioned an Internet-based market research project in the last 12 months.

While the worldwide trend is moving towards ever-increasing utilization of the Internet as the main research vehicle, adoption rates worldwide are lower than they are in the U.S. — but that gap is closing. Globally, 43%

About the Study

For the third year in a row, Medefield, a global provider of physician e-Fieldwork™, has conducted a major study comparing how pharmaceutical market researchers worldwide use the Internet and other methods of data collection such as face-to-face and phone interviewing to accomplish their research objectives. Study respondents, who represent a diverse cross-section of the market research population, included a vast array of pharmaceutical manufacturers and biotech companies. All told, there were 122 survey respondents in 2006, similar to 2004 and 2005, when there were 138 and 150 respondents, respectively. Therefore, Medefield was also able to examine differences in respondents' attitudes about market research in general and online research in particular, to cite year-over-year trends, to better understand why Internet usage is increasing in the E.U., and to understand adoption patterns in Latin America and Asia.

The Medefield Pharmaceutical Market Research Trends Study has become an important annual event for the industry as a whole. For Medefield, the third year represented a breakthrough, as certain early findings from the previous two years were dramatically confirmed. According to Elys Roberts, President,



Medefield America, “By undertaking this study year after year, Medefield has been able to quantify and track Internet-based market research, and in the process to gain a deeper understanding of Internet-based market research as a significant global phenomenon. We are also beginning to appreciate its profound impact on how market research initiatives around the world are planned and implemented using state-of-the-art technology.” After three years of conducting this study, it is clear that early patterns showing increased adoption of the Internet globally as an important market research tool have emerged as definitive trends.

of quantitative pharmaceutical market research is conducted online, 27% is conducted via phone, 27% is conducted in face-to-face interviews, and the remaining 3% is conducted using other methods, such as mail-based research. (For the purposes of this study, the global research community includes North and South America, Europe, Japan, China, India, and South Korea, and includes all of the Top 10 pharmaceutical markets by sales volume.) It is important to highlight the fact that although the global rate of pharmaceutical Internet-based research is not as robust as it is in the U.S., the growth trajectory is steep and indisputable: global reliance on Internet-based research increased from 22% of all studies in 2004, to 37% in 2005, and 43% in 2006. According to Roberts, “These year-on-year increases are important and are correlated with very specific business realities - including the need to be as cost and time-efficient as possible. In fact, several large market research companies that were relatively slow adopters of the Internet have recently seen their reticence reflected in an earnings downturn.”

Why Many Researchers Prefer the Internet Option

Before examining specific usage patterns in more detail, let's consider what drives companies to use the Internet as their primary research tool - and consider why this trend is so deeply entrenched in the U.S. and picking up speed around the world. Worldwide, respondents who use the Internet for market research purposes cited four top reasons:

- Conducting market research online is *time-efficient*.
- Conducting market research online is *cost-effective*.
- Conducting market research online is *convenient for respondents*.
- *Accessibility* to respondents regardless of where they are or what time it is

The importance of time- and cost-efficiency is clear, but is important not to underestimate the role that

convenience and accessibility play in making the Internet an attractive and compelling market research tool. The fact that the Internet is convenient for respondents can easily translate into higher response rates and better quality data. Likewise, the major implication of widespread accessibility is the enhanced ability to recruit large sample sizes and capture feedback from a broader cross-section of physicians located in various regions and countries, which can result in better quality data.

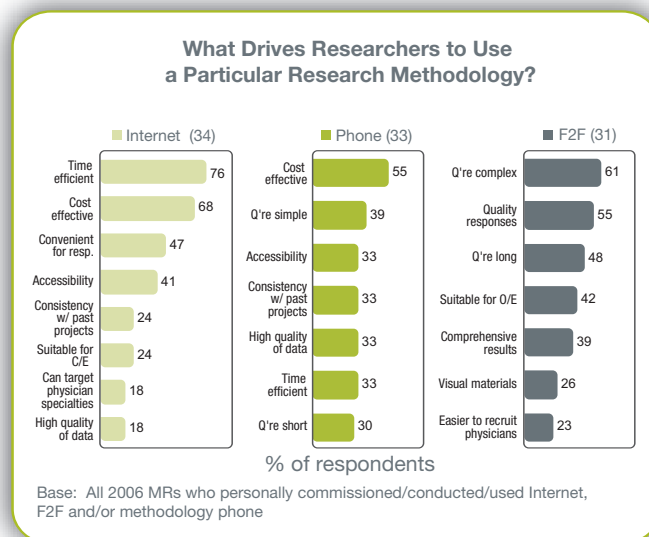
Researchers also delved into reasons that respondents might opt for other research methods. The top reasons for using face-to-face research were being able to field very complex questionnaires and the desire for “quality”

responses. In contrast, the top reasons for relying on phone interviews were perceived cost-effectiveness and the fact that researchers felt they could easily field a very simple study on the phone. Comparing the perceived advantages of one method versus another in 2005 and 2006, the top reasons for using the Internet

Researchers around the world consider the Internet the most time-efficient approach for conducting market research.

did not change, although convenience for respondents and accessibility increased in relative importance. However, in 2005, the top reasons for relying on phone-based research were that it was cost-effective and time-efficient. Results from 2006 tell a different story. Phone interviews are no longer perceived as the most time-efficient method. In fact, time-efficiency has slipped to number 6 out of a total of 7 reasons that a researcher would consider using the phone. The bottom line conclusion: Researchers around the world consider the Internet the most time-efficient approach for conducting market research.

When considering the reasons that respondents might choose to use phone research or face-to-face research versus Internet research, it's important to note that some respondents feel more comfortable conducting complex qualitative and quantitative research in person, though that trend for quantitative appears to be yielding as researchers and respondents become more comfortable with the Internet. Of course, the data collected from qualitative research questionnaires continues to offer something different and can be a source of valuable business intelligence, as evidenced by the subtle increase in the percentage of qualitative studies between 2005 and 2006. In 2005, 51% of all studies commissioned were qualitative compared with 53% in



2006. Roberts acknowledges that in certain situations phone or in-person research makes sense, though most quantitative phone research can be capably conducted online, providing end-users with a robust, credible, and easy-to-use sample. He predicts that at the current rate of adoption, quantitative phone research will eventually be replaced almost entirely with Internet-based research in countries with high Internet penetration. Yet he also believes that there are some unique benefits with in person research that will not be replaced or replicated by online research for the foreseeable future.

One important indicator of the overall level of penetration and acceptance of the Internet as a research tool is the rate of adoption by pharmaceutical market researchers. Amongst almost all the countries highlighted, which also include the U.S. Germany, France, the United Kingdom, Canada and Spain, the trend towards greater proportional Internet-based participation has increased steadily and consistently since 2004. The growth in Germany and France is particularly marked, with these two countries playing a much more prominent role in online studies in 2006. The one exception is Italy which lags behind its major European counterparts for online research. Although this study did not set out to determine why this is the case in Italy, experience tells us that the reasons are part cultural and part technological.

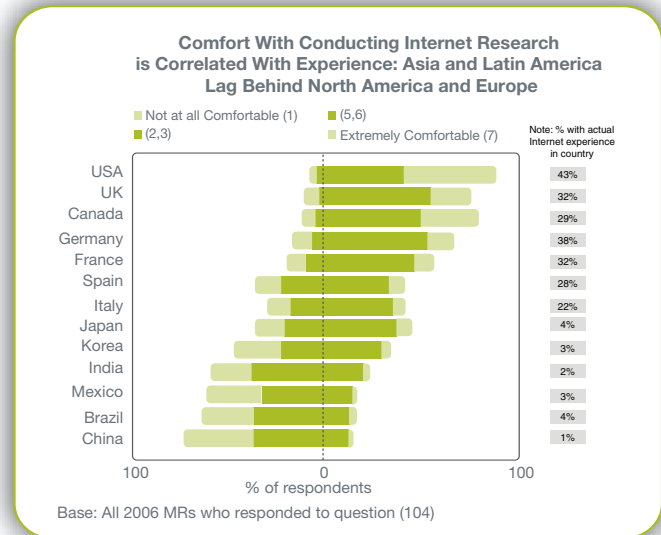
Internet-based Market Research Is a Global Endeavor

When analyzed globally as a group, market researchers are most experienced when it comes to conducting Internet-based studies in North America and Europe. At the lower end of the range in these regions, 22% of

The Medefield... Study confirms the increasingly wide-spread acceptance of the Internet as the tool of choice for global market research

the market researchers from around the globe have conducted research in Italy whilst at the opposite end of the spectrum, 43% have conducted research in the U.S. However, researchers are relatively inexperienced when it comes to using the Internet to conduct pharmaceutical market research in Asia and Latin America.

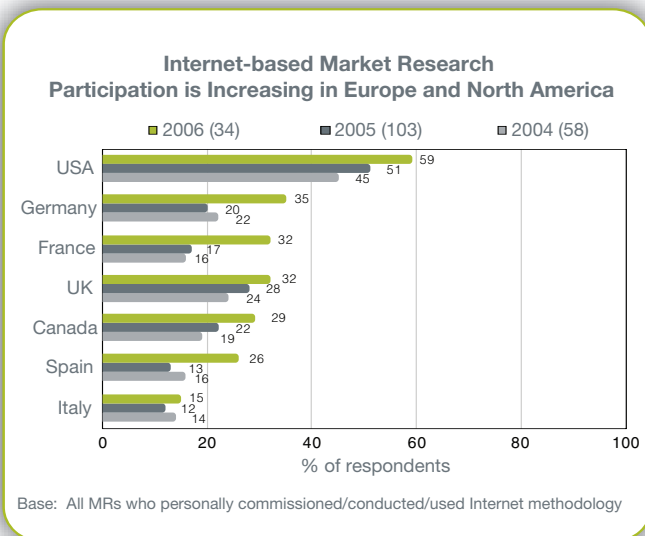
Just 4% of the market researchers surveyed have conducted Internet-based market research in Japan and in Brazil, compared with 3% in Korea and Mexico, 2% in India, and just 1% in China. Not surprisingly, the more experience researchers have conducting Internet-based research in a particular region or country, the higher their overall comfort level commissioning new online studies with in these regions. The irony is that countries in Latin America and Asia have some of the top sales volumes in the world. According to IMS, in 2005, Japan alone was responsible for 10.7% (roughly \$64 billion) of global pharmaceutical sales, while Latin America generated 4.2% (roughly \$26 billion) of all sales. Despite the gap, Roberts is optimistic. "Given the developing



importance of these markets to the pharmaceutical industry, we expect these numbers to rise significantly in the coming years, particularly in countries like Korea and Japan where Internet penetration is strong and cultural barriers are diminishing," he says.

The Internet as the Market Research Tool of Choice

When all respondents were asked which factors would increase their use of Internet research, the number one concern was physician access to the Internet, followed by access to larger sample sizes, and proof that Internet data is as credible as other methods. When the U.S. was considered in isolation, there were three main concerns about conducting online research globally. They were: access to larger samples, physician access to the Internet, and lower cost. Nonetheless, U.S.-based respondents tended to be optimistic about the role of the Internet as the primary market research tool of choice, most likely because of their high level of experience conducting market research both in the U.S. and abroad. Interestingly, more than double the percentage of respondents worldwide were concerned about physician access to the Internet than U.S. respondents (15% vs. 7%), suggesting that researchers in the U.S. are confident that most physicians in the U.S. and abroad have Internet access and are comfortable with the Internet. In fact, across the board, U.S. respondents demonstrated lower rates of reasons for not relying on Internet-based research.



Overall, the Medefield 2006 Pharmaceutical Market Research Trends Study confirms the increasingly widespread acceptance of the Internet as the tool of choice for global market research. Though the U.S. leads the world in adopting Internet-based research, increased use of the Internet in markets outside of the U.S. is creating a sense of positive momentum as issues related to sample size and credibility slowly recede in the face of positive evidence that well-executed, Internet-based market research is robust, cost- and time-efficient, convenient for respondents, and improves the market researcher's access to these respondents. It is also considered consistent, suitable for completing research goals — including research targeted at specialists — and unfailingly reliable. Case in point: Only 14% of respondents were concerned about sample size in 2006, compared with 19% in 2005. This suggests that market researchers are getting better online access to a large, geographically diverse sample of respondents as larger physician panels emerge outside of the U.S. In addition, proof of credibility was cited as a concern by only 12% of respondents in 2006, versus 17% of respondents in 2005.

In the Final Analysis...

The trend towards wholesale adoption of Internet-based market research in the pharmaceutical industry is firmly entrenched. Clearly, the Internet is an intrinsic part of the business model within the context of large-scale pharmaceutical market research. Considering industry's customer-centric approach to developing and marketing products, enhanced accessibility to a reliable sample of target physicians across key therapeutic areas makes the Internet an ideal tool - though there will always be a place for face-to-face and to a lesser extent phone research. The last three years have taught us that the internal synergies provided by a robust technological platform combined with the ability to field a well-designed survey that is intuitive and well-powered can give market researchers the broad access to geographies and a range of respondents within these geographies that they desire — and indeed require. And in the final analysis, end-users benefit when market researchers are able to maximize their research potential across specialties, across regions, and ultimately across the spectrum of expert opinion.

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Barriers to Acceptance of the Internet as a Research Tool are Falling Away: Year-to-year Comparison of Factors that Would Increase Internet Research

Factors	2006 MRs (103)	2005 MRs (150)
Physician access to Internet	15%	14%
Access to larger sample size/panels	14%	19%
Proof that Internet data is as credible as other methods	12%	17%
Short turnaround times	10%	3%
Lower cost	9%	9%
Assurance of representative sample	6%	9%
Physician desire/motivation to answer the surveys	3%	5%
Nothing/already use Internet	12%	9%
DK/NA	6%	7%

% of respondents

What's Next?

Inevitably, communications technology is constantly being developed and upgraded. While the advent of the Internet represented a seismic shift in all aspects of business communication, some newer communications modalities may also have a long-term impact, but others may not. Regardless, the global physician community is comprised of a significant number of innovators and early adopters, who are already downloading podcasts, reading blogs, participating in online social networking, or blogging themselves, and gaining access to R.S.S. Web feeds so that they can have access to real-time data. From a market research perspective, these nascent trends could potentially emerge as new ways to conduct research. The possible market research-related applications are virtually endless — real-time feeds on market research results, using physician blogs as a form of ongoing “narrative” research, using podcasting to conduct global market research, and more. All of these possibilities are being considered and studied by Medefield, with the understanding that the ability to conduct large-scale, reliable studies in a time- and cost-efficient manner is and will always be what matters most to market researchers around the globe — and to their clients. ■



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