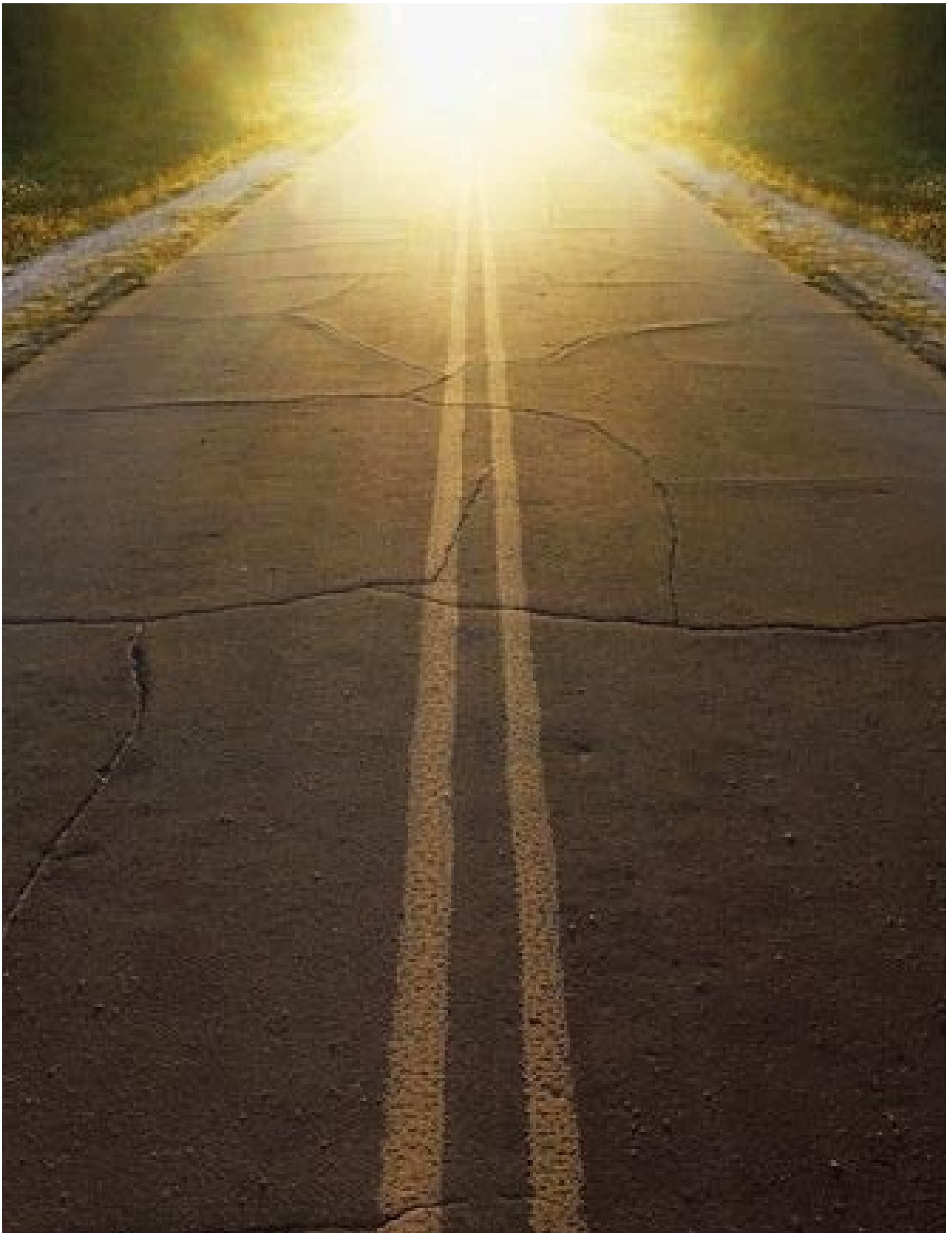

DEFINING THE ESSENCE OF MARKETING INSIGHT: JAMES W. MASTERSON

KNOW sits down for a wide-ranging dialogue with an industry leader who has experienced the consumer-insight business from many angles

Jim Masterson is one of the leading figures in the marketing research and business intelligence field. He currently leads this eighty-eight-person function for Bristol-Myers Squibb, one of the top global pharmaceutical companies. Jim has been in the pharmaceutical business since 1998, after a distinguished twenty-five-year career in Marketing Research and Marketing Services at General Foods, Kraft/General Foods, and ultimately Kraft. In addition, Jim did stints on the marketing research supplier side, the ad agency side, and even headed up Marketing Research at Major League Baseball.

Recently, Knowledge Networks' President and CEO, John J. Lewis, sat down to lunch with Masterson to draw on his rich cross-industry, cross-functional experience in the marketing information and pharmaceutical businesses.

Jim, what brought you to the pharmaceutical business after a long, great run mostly in packaged goods?

The dialogue with Bristol-Myers Squibb started because there was management desire for a higher level of marketing research contribution. A couple of people in management had some experience with market research in a packaged goods environment, and saw that there was more to be had. So we had a lot of discussions about marketing research—what it could be, and where it could go. After all that time in foods

it was an industry that had a lot of attraction to me. It certainly is an industry with great growth potential and one that does things to be proud of.

Did you have any concerns joining a completely different industry, one with its own language and its own business practices?

No, not really. I knew the people at Bristol were committed from the outset. We spent time in the courtship making sure we both knew what we were committed to. I have seen instances where colleagues and friends have switched to new industries, and they and their new companies were also committed—until the first bump in the road came. Sometimes experiencing that first bump causes some organizations to deemphasize the group and effort that they just built. I was sure that would not happen at Bristol-Myers Squibb, and it hasn't.

> WE HAVE BECOME VERY MUCH A BUSINESS PARTNER. "ESSENTIAL" IS THE RIGHT WORD FOR WHAT WE WANTED TO ACHIEVE FOR MARKETING INFORMATION AT BMS.

When you joined BMS, what did the marketing research function look like, and how has it changed?

I initially was heading up one of four separate research groups in the company. We formed a Research Council to share practices and learnings among the teams. While the council clearly made things better, it didn't make things better enough. So, in 2000, we put the whole department together under my direction. And with a great staff of senior leaders, we set a clear course of where we wanted to go, the skills we needed, and what success would look like. Some of the existing players judged that the fit was not great for them and left. We had a turnover of about 50 percent of the team in less than two years; I was grateful that this was almost entirely voluntarily, and allowed us to rebuild the team to meet the new direction.

Tell us what the goal was for the newly centralized department back in 2000. How have you done against those goals, and where are you going next?

We have become very much a business partner. It is very clear from the way each person in our organization works with their colleagues that they have become essential members of the team. I think "essential"—more than "key" or "important"—is the right word for what we wanted to achieve for marketing information at Bristol-Myers Squibb. And I think there is widespread recognition within the company that we have made great progress.

What we would like to do is help the company make important decisions in areas like resource allocation and the business models we will need to support our recently announced corporate strategies. We have made great progress at the brand and

therapy area level and are now looking for appropriate opportunities to support broader decisions.

You mentioned the complexity of pharma relative to other industries. Does that mean it is very different to succeed in bringing insights to the business versus other industries—such as your old stomping grounds, packaged goods?

You can focus on specific differences—and there are differences; but it all comes back to people—where do you find people who understand how to create marketing insights. People often ask me, "You worked in food; you worked in sports; you worked in pharmaceuticals—how do you do that? You've also recruited people for different industries—how do you do that?" To me, at the end of the day, the goal is the same; whether you're trying to find out how people drink their coffee, eat their cereal, watch their favorite team, or ask a doctor about medications—the whole goal is to create insights that lead to marketing programs to which consumers will respond.

It doesn't make that much difference what business a decision maker is in. If they've got a business or marketing problem, you talk to them, listen, understand the problem, understand why it's a problem, and figure out what you can do to help.

One obvious difference in pharma is the doctor as the critical intermediary between the patient and the marketer. How does that shape developing business insights?

You've got to understand how the constituents come together. If you put the view of the patient and the view of the physician together in the right way, you really can learn something that is important. It's not just what the patient says, or what the doctor says, but the intersection of the two. In the emerging world, we think of our customers as a triangle—patient customers, professional customers, third-party-payer customers. We've got to become more and more sensitive to what the value proposition is to all parties.

What about the role and future of direct-to-consumer communication?

Direct-to-consumer marketing works—it's very effective. It serves a goal beyond the purely commercial interest of the companies; it alerts consumers to diseases, to what the symptoms of various conditions are, and the potential seriousness of them. It tells consumers the products out there that might be of value, and it says, "Go talk to your doctor about it."

For a lot of DTC work you really can't tell what the brand was or what the drug was—it's just out there educating consumers about specific diseases and specific treatments, and it creates a dialogue with physicians. There are other campaigns out there that are very branded. One of ours that I think is very good is for our brand Plavix. It highlights the medical problem, shows why it is important, offers a potential solution, and says "talk to your doctor."

Given the prevalence of DTC advertising these days, is the effectiveness waning?

Overall, I believe it's holding up. Individual brands are going to have different returns. When it first became permissible, everybody didn't know how much to use, and more was better. Now we have experience with what works, what doesn't work, and what's the right level. So I believe with that understood it will continue to be effective.

What is the role of your group in new drug development?

We have basically pushed our involvement upstream into the development process. Our team used to be called on in phase

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three in the development cycle—the widespread drug trials. However, by getting involved earlier, we can help prevent certain problems down the road. Then you come out of Phase III with a label that describes the product, and you've got to work within that. So, we want to understand the claims and potential claims as early as possible to influence trial decisions.

For example, when you design a Phase II test to prove A, B, and C about a product, then those characteristics draw a circle around what you can say. And while A, B, and C may be terrific items to have on your scorecard for drug registration, they may not be the most meaningful to the doctor or the patient client. By getting that input earlier, it says that not only do we have to prove this drug is effective and safe, but we also have to respond to what the physicians and patients are looking for.

FINALLY, JIM, GIVEN YOUR EXPERIENCE IN THE FOOD INDUSTRY AND NOW THE PHARMACEUTICAL INDUSTRY, DO YOU HAVE ANY VIEWS OF THE CURRENT HEALTH AND WELLNESS DEBATE THAT IS CUTTING ACROSS SO MANY BUSINESSES TODAY?

It is very interesting. Number one, it's definitely not a new issue. I remember working in the cereal business in the '70s, and health and wellness were there in a different garment. They were there clothed in issues around high fiber, and the "whole food" craze that went on at one point. There were issues around food coloring, around sugar—how much sugar, use of artificial sweeteners. Last night I was listening to the news, and they were talking about a study that suggested that if you have diabetes, maybe caffeine is not good for you. I worked in coffee twenty-five years ago, and we did caffeine tracking studies way back then—but it was caffeine from a different direction. So it's always been there.

I think it's resurfacing today because of the obesity and health problems. It used to be more single-dimension—you need fiber in your diet, go have your cereal that has oats in it. But if you're overweight, obese, or morbidly obese, you're raising your odds for hypertension, cardiac problems, for diabetes—and, some people believe, for cancer. If I think back over time, it's taking on some of the dimensions and characteristics of the smoking issue. I think companies are right to try to deal with it.

Dimensions such as the impact on our society are more part of the issue today. How much more burdened is the entire health care system by obesity? It's not just what it does to you, but what it does to everyone through higher health costs, and other important effects.