Marketing – art or science?

There can be a tendency to over-complicate the art of pharmaceutical marketing – indeed is marketing an art or science? Charles Hardcastle explores the three essential elements of the marketing process, and examines best practice in determining where to direct promotional resources to ensure maximum RoI.

It could be argued that marketing should not sit as an isolated department within an organisation but should be integral to the business as a whole. Often there exists an ‘us and them’ attitude between marketing and R&D, or marketing and finance. One way of looking at this is to consider a shareholder’s view of the world: a shareholder chooses to invest in a business or industry sector based on the perceived risks and opportunities it presents, therefore, it is incumbent on the company to identify and communicate effectively its raison d’être (or mission) and its overall, long-term goals (or vision). With those in place, it must then:

Charles Hardcastle is Consulting Principal for Promotion Management at IMS Health. He leads a team advising UK pharma companies on how to improve brand performance by measuring and optimising promotional effectiveness. Charles is a healthcare strategist with over 25 years’ strategic marketing and agency experience, including 18 years with Glaxo Wellcome during which time his regional responsibilities covered Middle East, Europe and Japan. Most recently, Charles worked at Roche UK where he planned and implemented the launch of MabThera in rheumatoid arthritis. As part of this process, he was an active member of the global product matrix team, which developed the positioning, branding and communications platform for the product. He holds a natural science degree, an MBA and diploma in marketing.
• Determine its objectives
• Define the strategies which will deliver those objectives
• Agree the resources to fund the strategies.

The role of marketing is, therefore, really very simple – it is about ensuring that the right brand strategies are developed and funded to meet the defined objectives.

Marketing is the thread that runs through the organisation, connecting with both a company’s shareholders and its customers. If both these two groups are satisfied it could be argued that the company must be successful.

DEFINING OBJECTIVES
Objectives usually start life in the form of lofty, corporate financial targets. For any company, financial results are a synthesis of product price x volume, so it is no surprise that marketers spend much of their time forecasting their brands’ business. As a result, objectives are developed for volume of accessible patients and likely share of these patients looking forward. Clearly, the skill of the marketer is prerequisite in the process, as an understanding of the factors affecting these volume expectations is critical. This understanding, and the response to it, is the basis for the development of marketing strategies.
DEVELOPING STRATEGIES
Separate strategies on market segmentation, positioning, communications, public affairs, public relations, pricing, health economics, customer and key opinion leader (KOL) development, and not least branding, must all be included in the marketing plan. It makes sense then for the marketers to put themselves at the centre of the organisation to determine the size and shape of the support functions that will assist in the delivery of the plan.

To keep the process simple, the marketer is in the business of taking clinical data, translating this into key messages that support brand positioning and then communicating these messages effectively to the target audience to generate prescribing and sales [Figure 2, left].

At every stage of the process, market intelligence is required to ensure that each element is as close to optimal as possible. Both marketing research and thought-leader input in the form of advisory boards are required and will ensure that in conjunction with R&D, the most meaningful clinical trial end points are determined. This input is also important in developing the most compelling messaging strategy that will support a competitive position or gap in the market.

In addition, there is evidence that extending thought-leader input beyond KOLs to multiple regional and local advisory boards can act as a potent primer of the market for a new product. Essentially, doctors like to be asked for their opinion and are more likely to become sympathetic to the brand after being involved in this process.

DELIVERY AND IMPLEMENTATION
It is also important to address the accurate execution of plans. While much time and effort goes into understanding the key ‘go to market’ messages, equal effort should be applied to ensuring that the planned messages are indeed being delivered.

Furthermore, it is standard practice in improving sales force effectiveness to produce a customer target list, based on prescriber behaviour and preferences. Would it not also make sense to ensure that once target doctors are known, the field force are actually delivering what they have been asked to? Datasets such as IMS ‘Promo.detail’, derived from continuous diary studies, allow regular reviews of message execution versus plan (down to weekly timepoints), and also benchmarking against competitors [Figure 3].

Promo.detail also provides an understanding of brand share of voice and how this translates through to intent to prescribe. If for example a product’s share of future new prescribing is much higher than its share of detailed promotional voice (higher ‘cut through’), this would suggest the strategy is more effective than that of its competitors.
As well as knowing their product, brand managers have to ensure they:
1. Are well-informed about the environment
2. Understand competitors
3. Know the customer.

This forms the basis of the SWOT analysis – with an internal focus on the relative strengths and weaknesses of the company and brand, and an external focus on the opportunities and threats posed by the changing market landscape, competitors and customer base.

**FACTORS AFFECTING PROCUREMENT**

Indeed external factors in the UK are becoming increasingly influential. A recent industry conference featured the recurring theme that changes being introduced in the NHS are here to stay. Supply-side efficiency in the form of practice-based commissioning may be fundholding ‘dressed up’ and repackaged, but whichever complexion of government is in power from here on in, productivity and efficiency will be driven into the system.

This will have a bearing on pharmaceutical procurement. Already more than 65 per cent of UK drug prescribing is generic and this is likely to creep up further, with guidance from the National Institute for Health and Clinical Excellence (NICE) being translated into various GP incentives and inducements at Primary Care Trust (PCT) level, such as targets on the proportion of generic-to-brand for a given therapy.

Not so long ago, a common view was that the success of a primary care brand was dependent upon resourcing the field force to cover sufficiently every accessible GP in the

It makes sense for marketers to put themselves at the centre of the organisation to determine the size and shape of support functions.
land. A more sophisticated approach is now possible where doctors with a propensity for factors relevant to a given drug, such as innovation, therapy expertise and brand affinities, can be identified through analysis of their prescribing behaviour made possible by the IMS Xponent data sets.

In this way Pareto curves can be produced showing how concentrated the target audience is for the brand in question and thus informing questions about appropriate resourcing. This is vital information considering that these days every 10 medical representatives will cost a company around £1m.

Having identified the target audience which, incidentally, is now likely to include as many non-clinical as clinical professionals, the difficult question of which communication channel to select arises. Personal selling remains important, but what about the rest of the mix and what is the optimal level of investment in each channel?

A QUESTION OF RESOURCES
This brings us to resourcing. Typically, when a brand manager is given a new challenge and possibly a new launch to manage there will be thoughts of expansive strategies with large budgets attached. At some point there will be a reality check when senior management impose a budget ceiling and plans are trimmed as a consequence.

A fundamental question then remains – how do brand managers or senior executives decide how much resource should be put behind a brand and how should this be divided across the various communications channels?

Observation of the industry would suggest that brand budgets are determined by one or more of the following:
• To match best-in-class competitor
• According to the stage of lifecycle
• Based on personal experience and preference
• According to strongest functional lobbyist
• Up to a set level determined by the divisional manager
• Within guidelines (ABPI, PPRS)
• According to bosses expectations
• In the same proportion as last year [Figure 4, left].

While these factors are legitimate, there is clearly much subjectivity in this list, which would suggest that the process more closely resembles art than science. The challenge then would seem to be introducing greater objectivity into this process.

FOCUSING PROMOTIONAL SPEND
In a resource-constrained environment three questions are high on the agenda [Figure 5, below]:
1. Could we achieve higher sales with the same resource?
2. Could we achieve the same sales level with reduced resource?
3. Which promotional channels are giving us the greatest impact in the market?

Most brand managers would agree that their promotional spend could be better focused. If an ‘ideal’ or optimal relationship exists between promotion budget and sales revenue then most would be operating somewhere below this line. The goal, therefore, is to understand how to attain the optimal relationship and, in so doing, drive greater returns for the brand [Figure 6, overleaf].

It makes sense to understand the historical contribution of each promotion to sales. Calculation of channel return on investment can then be understood allowing optimal budgets to be identified and allocations between different options.

5. The following questions are increasingly relevant

In the current cost-pressure environment where should we direct our promotional resource for the best results?

Driving growth
• Could we achieve higher sales with the same resources?
• Where should we direct resources for the best results?

Containing spend
• Could we achieve the same sales level with reduced resources?
• Do we know where resources are being wasted?
• Where can we cut resources with minimal effect on sales

Investment impact
• Which promotional channels are giving us the greatest impact in the market?
• Are we operating beyond the point of diminishing returns for any channel?
• Are we under-investing in certain channels?
For programmes covering such platforms as e-detailing, medical education and nurse audit initiatives – where it is possible to identify the doctor or at least the practice where the intervention took place – it makes sense to work out if prescribing increased post event.

It is possible to track doctor prescribing before and after an event, but to be meaningful it is important to eliminate the impact of any other intervention that may have occurred during this period of time, such as representative calls, journal advertising, PR and so on.

In essence, just like any well-designed, scientific experiment, a control group is required [Figure 7]. Technology now exists to isolate a matched control group of GPs, allowing the effect of all other brand communications to be ‘netted off’ and exposing the effect of the intervention under investigation only. This so-called test and control...
Methodology is powerful and is becoming used increasingly in making decisions on major marketing programmes.

A pharmaceutical company was recently interested in understanding whether or not to repeat a large primary care medical education programme in which they had invested. A large number of doctors attended a series of regional meetings across the UK.

The results were varied, but it was possible to show where in the country the sales uplift was greatest and the additional benefit of conducting follow-up calls on the attending doctors within a given period of time. As a result a decision could be made on a more focused future programme.

**ANALYSING PROMOTIONAL PRESSURE**

Another useful analysis that is relatively easy to perform is the construction of a promotional pressure chart. Promotional pressure indicates the relationship between market share growth and relative share of voice. It plots promotional SoV minus previous year’s MAT market share on the X axis, against market share change (latest MAT minus previous year’s MAT) on the Y axis.

A product that showed no market share change, and had a SoV equal to its market share would therefore sit on the origin. When products within a market sit on a diagonal it is an indication of promotional responsiveness, the steeper the line, the more responsive the market, (classes with little differentiation in price or perceived product attributes, the AllAs for example, are usually very promotionally responsive).

A product that sits in the top left quadrant is performing extremely well, while bottom right is poor. In the case of Product B we would suggest increased promotion would further improve market share growth, all other influences excepted, as it is performing extremely well in a responsive market with a comparatively modest SoV [Figure 8].

**USING REGRESSION TECHNIQUES**

Looking across the entire promotional mix is more challenging, however, methodologies are available that allow this to be done. It has been shown that it is possible to improve sales revenues by as much as 10 per cent by simply re-mixing existing channel spend in a more optimal way.

By using regression techniques it is possible to understand the contribution that is made by each channel to the sales line. Response curves for each channel can then be produced and the current or planned level of spend plotted on this curve. This will reveal if the current or planned level is low or, conversely, if this is at the level of diminishing returns, indicating that money is being wasted [Figure 9, overleaf].

In the example overleaf the current spend is somewhat below what the data is showing to be profit-maximising.
Understanding the shape of each channel response curve is extremely valuable. Imagine a brand manager is pondering where to allocate the next promotional pound. With response curves for detailing, meetings activity, PR, advertising, e-detailing and medical education, it will be possible with a basic simulation to determine where to best spend this pound. This will be on the channel providing the highest marginal RoI at any given time, or in practical terms the simulator will look for the steepest, unused response curve.

A company working in the CNS area was able to demonstrate an additional £1.7m of sales on a £36m product with the same promotional budget by simply re-mixing the same level of promotional investment using this methodology.

**SUMMARY**

Promotional activities and the resources required to support them can be optimised when the three essential elements of the marketing process are addressed using an evidence-based approach. A situation where it becomes standard practice to measure RoI for all significant marketing programmes and where the generation of channel response curves becomes a prerequisite in the budget cycle process is foreseeable.

Returning to our shareholders, they might reasonably expect that companies are investing wisely, not only in R&D for the future, but also in their marketing support to current brand assets. In the final analysis, there is clearly a strong case to support the argument that marketing is more science than art.

To learn more about the way IMS can help you improve your direct promotional RoI, please contact Charles Hardcastle at answers@uk.imshealth.com