Maximising the impact of promotional resource

Today’s imperative to achieve the highest possible return on sales and marketing investment calls for new approaches to promotional activity and greater analytical rigour in promotional planning.

Whether marketing teams are focused on a single brand, a complete portfolio, or multiple countries across the world, an evidence-based approach using scientific methodologies can generate more effective sales and marketing strategies that yield higher returns.

In today’s more complex and dynamic marketing arena, the ability to prioritise resources based on the best information available is more important than ever. E-media, the emergence of new promotional channels, dwindling sales force teams and a decline in overall productivity make promotional allocations and mix planning formidable tasks. Yet if the old maxim holds true that only 50 per cent of marketing activity drives sales, there is clearly potential to double marketing budgets by ensuring that the wasted 50 per cent is used effectively to boost revenue and profitability, or redeploy the budget elsewhere.

As Group Director, IMS Promotional Management EMEA, Mark Fisher is responsible for expanding the geographic footprint in the Promotion Management sector across EMEA. Mark has in excess of 19 years of pharma and consultancy experience, with a particular focus on marketing and brand life cycle management. Prior to joining IMS, Mark co-founded and ran a consultancy company, providing outsourced clinical trial recruitment, specialist nurse resources and marketing services to pharma and payor organisations.

Jonathan Talbut as EMEA Practice Area Leader for Promotion Management based in London. His focus is to support European pharmaceutical clients to optimise commercial effectiveness. He was previously Director, Global Account Management. Jonathan has over 25 years of international pharma industry experience. His career spans a variety of high-profile, international roles, most recently as Divisional Director for Abbott in the UK. Prior to Abbott, Jonathan spent five years with GSK where he was European Vice President.
Fortunately, today’s marketing professionals have advanced techniques available to them for analysing information about the marketing environment to support more effective promotional planning.

These approaches use robust analytical methods drawing on benchmarks, analogues and detail around physician preferences, to evaluate promotional strategies and determine their impact on return on investment (RoI) at the brand, portfolio and country level.

**INCREASING PRESSURE**

‘Market share wars’ are putting the spotlight on marketing and promotional excellence, increasing the pressure on brand teams to optimise promotional investment across large portfolios and multiple channels.

At the same time, detailing access to physicians continues to decline; the effectiveness of message delivery is coming under closer scrutiny; and the lessening impact of the sales effort is increasingly finding its mark in reduced prescriptions and sales.

Today, brand launches are conducted in the context of crowded markets, where product exclusivity is shorter and resources are increasingly allocated on the basis of trade-offs between new launches versus in-line products.

It is also clear that if companies are looking to reduce the size of their sales forces, they need to really understand which marketing channels are working and better integrate their sales and marketing functions.

This all serves to highlight the need to take a more evidence-based approach to maximise the impact of promotional resource – either at the point of launching new products or at other strategic times during their life cycle.

**FOCUSING ON THE LAUNCH WINDOW**

Historically, companies were accustomed to having upwards of two years or more to prepare for the entry to market of a competitor. Today we see a very different pattern with competitor entrants typically separated by just three months – a trend which has sharply changed attitudes towards promotion.

This new dynamic has reduced the window for promotional excellence post-launch – both within and across EMEA markets – to around six months. In the US, the opportunity is even shorter at around 13 weeks [Figure 1, above].

The vital contribution of promotion to launch excellence has been revealed in recent ground-breaking analysis by IMS. The most comprehensive review of its kind ever undertaken, the study examined more than 4,000 pharmaceutical launches across 71 therapy areas in the world’s eight leading markets (the US, Canada, Japan,...

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Among the critical factors identified for a successful product launch, promotion was found to be the key driver in a brand’s first two years on the market. Detailing alone was responsible for more than 40 per cent of launch success in six of the eight countries analysed [Figure 2, below].

The narrow launch opportunity is made more critical by the dynamics and growing complexity of the global marketplace and it is clear that pharma companies need to realise that each launch is characterised by a unique set of opportunities, market drivers and influential stakeholders.

Today, firms must demonstrate the value of medicines to multiple audiences - patients, policymakers and payers, as well as prescribers. And, in an era of health economics initiatives, the payer holds more power than ever before.

When considering these very short opportunity windows, it becomes apparent how critical it is to get all aspects of launch preparation right before releasing the product into the market.

Indeed, the latest information available from the US suggests that in this key launch market, companies are increasingly choosing to lengthen the interval between Food and Drug Administration (FDA) approval and launch to perfect their manufacturing, distribution and communication plans, rather than risk a poor launch that may never realise its full potential.

We ran a statistical analysis called a cluster analysis to call out 10 groups of launch penetration curves per country. These 10 curves ranged from the very good (steep and deep penetration) to the poor (little penetration). We then looked to see how many launches ‘jumped up’ from a less good curve to a significantly better one in the period between 6 months on the market and 2 years.

The study also revealed a 17 per cent fall in the effectiveness of detailing as a driver of market share for brands launched after 2000 compared with those launched before that year. Driven by a combination of internal and external competitive forces, the decline was most apparent in the UK, France, Germany and Canada, where the influence of healthcare payers has shown the greatest impact.

As cost constraints continue to dampen the effect of pharma promotion, this trend is likely to worsen. Identifying and applying the right strategies and tools to improve marketing effectiveness and addressing the decline in sensitivity to promotion is thus more essential than ever.

MAXIMISING PROMOTIONAL RESOURCES

Maximising the impact of promotional resource for either a new launch or an in-line product, calls for excellence in four key areas of promotion:

- **Market leadership**: Jack Welch, the former CEO of General Electric, famously pronounced that GE would not be in any business in which it could not be first or second in market share. The IMS criteria on this measure was equally demanding; we defined market dominance as a market share rank of first or second within a therapy area within two years of launch in a country.

- **Promotional effectiveness**: Companies focused on the effectiveness of promotion are achieving strong market share growth. We searched for statistically significant

#### 2. HOW MUCH DOES PROMOTION DRIVE LAUNCH?

![Graph showing % contribution of detail for different countries](image)

- **US**: 59%
- **Japan**: 55%
- **Italy**: 50%
- **Spain**: 46%
- **Germany**: 43%
- **France**: 40%
- **Canada**: 36%
- **UK**: 16%

*Variation explained by details Year 2*

*Source: IMS Launch Excellence database*

*P-Value in all countries and years is 0.005 or less (99.5% likely result is not chance)*
out-performance over the relationship between share of voice and market share in each launch’s market – for those that fell a full standard deviation above the norm.

- **Maximising the launch window opportunity:** Maximising opportunity means getting the steepest and deepest market penetration curve possible. We found that the launched could be grouped into clusters of 10, and that the top 30 per cent of all launches achieved ideal market penetration curves within the first six-month window.

By harnessing rigorous forecasting methodologies grounded in econometrics it is possible for brand teams to achieve the highest return on promotional investment. With the use of a regression-based model for each brand, movements in promotional activity can be linked with prescribing or sales over time. The model can then be applied to determine the impact of key promotional activities on brand performance and to indicate the return on investment for each activity.

Drilling down to a further level of detail, response curves can be produced by isolating the sales attributable to each activity, examining the strength of the correlation between promotional activities and sales, and measuring the size of the response. Using these response curves it then becomes possible to forecast in a more evidenced way the impact of alternative promotional spending scenarios on future brand performance.

**HOW CAN I ACHIEVE MY PROMOTIONAL TARGET?**

The power of this approach is well illustrated in the case of a company requiring help with challenging RoI targets. In a comprehensive analysis of the response to promotional activities, IMS consultants found that if promotional spending continued at its current level, the brand in question would fall considerably short of its year-end target. However, if detail spending was raised by just 10 per cent, projected performance would be met, yielding increased revenue of €12m for an additional spend of €6m [Figure 3, above].

**WILL I HIT MY NEW MARKET SHARE OBJECTIVE?**

Another similar case study involved an in-line brand that was the second leading product within its class in a small sector of the UK market. In the space of just two years the brand’s market share had risen from nearly 15 per cent to just over 19 per cent, thanks to a broad promotional mix and, more specifically, increases in detail expenditure.

The company had now set its sights on a 23 per cent market share in the next 12 months, and needed to understand the promotional mix that would be required to

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achieve this quite aggressive target for the product at that stage in its life cycle.

The IMS team built a model which identified the contribution of the different promotional activities over time, using profitability as the basis for optimising the promotional mix. With further scenario modelling it was then possible to test and forecast the impact of alternative promotion strategies with the client.

As a result of this analysis IMS recommended that the client increased the number of rep meetings, local congresses and press expenditure but reduce the number of details. By making these changes, the company could expect to generate an extra 13 per cent in sales and deliver its market share objective with, in this case, the same (£2.3m) level of promotional investment [Figure 4, below].

By using this scientific approach it was possible to quantify fully the historical impact of each promotional activity on the brand's performance to understand whether (and by how much) previous marketing and sales activities had driven its revenue and profit. This enabled the IMS team to advise the client (in an evidence-based manner) the best way of allocating future promotional spend to achieve the company’s desired market share.

**ALLOCATING RESOURCES ACROSS A REGION**

There are also opportunities to leverage the optimal allocation and mix of promotional budget across a region. Analysing and comparing diverse markets can be challenging and it is important to remember that inherent local factors can drive very different responses to various types of promotional activity.

Providing these complications are taken into account and factored into the final result, it is possible to optimise promotional spending across a number of countries. The potential here is well illustrated in a further case study, this time involving a company that wanted to maximise brand investment across several different channels and five countries (the UK, Germany, Spain, France and Italy) to meet growth and profit targets for the year.

The consulting team began by quantifying the historical impact of each promotional activity on brand performance. They then determined the RoI and other financial impact metrics for each of the major promotional activities, using further analysis to generate the total optimal promotional spend for the brand and for each channel.

Finally, a ‘simulator’ was developed to forecast the impact of alternative promotional strategies for the brand across the five countries.

Planned promotional spending for the year was evenly distributed across the five countries with the greatest emphasis on detailing and meetings. The company planned

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**4. OPTIMISING PROMOTIONAL MIX**

![Diagram of Brand A promo mix optimisation '07](image.png)

![Graph of Impact of optimising the promotional mix](image.png)
to achieve a total of €42m in revenue across the five countries from a promotional investment of €6m.

The IMS analysis indicated that sales of €43.8m were achievable based on the current strategy. However, the considerable variation in RoI across countries, revealed by the study, suggested that further gains could be obtained by reallocation of spend, giving the company the flexibility to reduce or maintain its current level of promotional expenditure.

The results showed that even if the promotional investment was lowered to €4.8m, optimising promotional resources could net a further gain of €1.8m. However, if the €6m budget level was maintained, a 15 per cent increase in revenue could be achieved, yielding sales of €50.2m.

The current strategy was heavily skewed towards the same promotional activities in all countries, but it was concluded that the optimum strategy would be to place greater resource in Germany and remove support for meetings across the board (Figure 5).

This approach generated recommendations to allocate almost half of the total promotional budget to Germany, given its market potential and better response to promotion, and apportion a greater part to non-personal promotion.

**IMPROVING THE IMPACT OF MESSAGING**

Messaging plays a key role in the execution of promotional strategy. Given its goal of influencing prescriber perceptions, attitudes and behaviours, it is essential that the messages delivered are the right ones for the brand strategy. They are the driving force behind marketing campaigns and critical to supporting brand positioning, value demonstration and competitive differentiation. Yet surprisingly few marketers measure the specific effect of brand messages on prescribing behaviour, even though they are armed with data measuring prescriber intentions.

All too often, messages are developed on the basis of initial or primary physician research. While this is useful for measuring messaging impact on prescriber intentions it falls short of quantifying the actual effect on prescribing behaviour and subsequent brand performance, leaving critical questions unanswered around physician recall and resonance.

True sales and marketing effectiveness relies on a full understanding of what was communicated, what was heard, and what transpired as a result. Bridging the gap between
messaging, delivery and prescribing behaviour needs a sustained scientific approach to ensure that the right messages are being delivered by salesforce reps in line with the marketing strategy.

To achieve this objective, marketers need to ensure that messages are:

- Communicated correctly so that physicians hear what the brand team intended
- Compared to those of the competition to determine their relative influence
- Likely to be recalled, relevant and credible to achieve true resonance with physicians
- Delivered by the ‘right’ calibre of sales representative
- Adjusted based on assessment of brand performance and the impact of new market entrants

THE RIGHT MESSAGE DRIVES RESULTS

Brand success in a competitive market calls for strategies based on strong positioning, a compelling message and reps who are able to deliver it. It is not only the quality of the message that drives a superior brand strategy, but also the way it is delivered, or indeed, whether it is delivered at all.

Modelling techniques and promotional response curves are ideal for establishing the relationship between investments in specific activities and RoI. What they cannot reveal, however, is why, or when, and therefore how, to change those relationships, because they cannot show the whole picture. Hence the need to also analyse the quality of the detail message, the skills of the field force and the impact of product perceptions.

“Bridging the gap between messaging, delivery and prescribing behaviour needs a sustained scientific approach”

Understanding and improving message delivery to drive market share paid dividends for one pharmaceutical company that came to IMS for help with a big established brand. The analysis showed how an additional €15m in sales could be achieved with the same promotional resource by delivering the right message to the right physician.

The message underpinning the client’s brand strategy was: “Used alone or in combination, Brand X provides superior, safe and economical 24-hour continuous blood pressure control with proven cardiovascular event reduction.” This message was split into 11 component parts and physician responses tracked based on the very lenient criteria of whether even one of these elements was mentioned by the rep during the detailing discussion.

Using promotional audits, it was found that only 60 per cent of the 11 components were mentioned. Moreover, it was clear that more ‘on strategy’ detailing would have dramatically increased prescribing intent [Figure 6].

6. EFFECTIVENESS OF ON-STRATEGY MESSAGING FOR BRAND X

![Effectiveness of On Strategy Messaging Brand X Target Doctors Detailing 2006](chart.png)

- **No change**
- **Increase**

Prescribing intention (% of all details)

- On strategy
- Not on strategy
Another significant finding was that despite the known power of promotional literature in rep communications, it was used only in 63 per cent of target details for Brand X. At the same time, the level of rep effectiveness, as scored by the client, showed clearly that improving rep skills would increase physicians’ prescribing intent.

The analysis indicated that 19 per cent of Brand X details scored 6 or less on a range from one to 10. In this example, brand performance could have been improved by at least 5 per cent in terms of increased prescribing behaviour by delivering more details that were ‘on strategy’ and using literature in discussions with all target doctors.

An actionable set of recommendations was provided that would allow sales management to implement the findings working closely with their trainers.

**CORRECT ALLOCATION YIELDS STRONGER GROWTH**

Optimising resource planning to maximise promotional RoI will ensure greater sales and marketing efficiency and position companies for success in a more competitive environment. The adoption of a more scientific, evidence-based approach can yield the insights that drive a truly optimised promotional mix. This has particular resonance in the face of major decisions across large product portfolios.

In Europe, sales increases of 10-20 per cent can typically be achieved by optimising promotional allocation, mix and message delivery, but significant uplift is possible from small adjustments, as shown in Figure 7. These gains can mount up when aggregated across a number of countries.

Many good plans fail because of poor execution by the sales reps. By identifying and measuring the skills and attributes of a company’s sales force which are critical to influence the prescribing intent of physicians, IMS can help companies improve detailing effectiveness and drive gains of up to 15 per cent.

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<th>ACTIVITY</th>
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<td>RIGHT ALLOCATION ACROSS THE PORTFOLIO OF BRANDS</td>
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“**The adoption of a more scientific, evidence-based approach can yield the insights that drive a truly optimised promotional mix**”

To learn more about the way IMS can help you maximise the impact of your promotional resource, please contact mfisher@uk.imshealth.com or jtalbutt@uk.imshealth.com