

# Keyword Pharma

---

## Conference Insights

### *Marketing ROI for Pharma:*

*in-depth report from the eyeforpharma*

*5th Annual Pharmaceutical Marketing Congress*

held in Amsterdam, 14–15 November 2005

by Dr Michel RM Rod



KeywordPharma publications are available to purchase individually as e-documents from [www.ThePharmYard.com](http://www.ThePharmYard.com)

## Other related KeywordPharma titles available from [www.ThePharmYard.com](http://www.ThePharmYard.com)



### Using ROI Data for Effective Decision Making in Pharmaceutical Marketing

A KeywordPharma **Expert Review** by **Dr Andrée K Bates**

Published January 2006

ThePharmYard product code kwp002

ISBN-13: 978-1-905676-02-6

Dr Andrée Bates outlines commonly used approaches to ROI as used by the pharmaceutical industry and argues that many of these techniques rely on historical analysis that is fundamentally flawed in today's environment.

All KeywordPharma publications are available for purchase individually in e-document format at [www.ThePharmYard.com](http://www.ThePharmYard.com) – along with hundreds of other titles from independent publishers.



## KeywordPharma – inspiring best industry practice

Written by pharmaceutical industry specialists, KeywordPharma publications are designed to be authoritative, relevant, succinct and helpful to pharmaceutical industry executives in their day-to-day work and in their longer-term career development. Available to purchase individually as e-documents, they build into a specialist knowledge library for everyone working in and around the global pharmaceutical industry.

For more information visit [www.KeywordPharma.com](http://www.KeywordPharma.com)



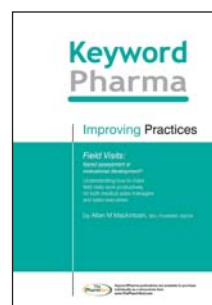
### Conference Insights

Reports written by specialists about key themes and topics as presented at leading pharmaceutical industry events.



### Expert Reviews

Niche topics made accessible by pharmaceutical industry specialists, with comprehensive references for further in-depth study.



### Improving Practices

Valuable practical guides that support personal development and management excellence within the pharmaceutical industry.

#### Marketing ROI for Pharma

First published January 2006 by NetworkPharma Ltd,

89 Oxford Road, Oxford OX2 9PD, UK

Tel: +44 (0) 1865 865943

Web: [www.networkpharma.com](http://www.networkpharma.com) email: [support@networkpharma.com](mailto:support@networkpharma.com)

© 2006 NetworkPharma Ltd

A CIP catalogue record for this title is available from the British Library.

ISBN-10: 1-905676-00-X

ISBN-13: 978-1-905676-00-2

Managing Director: Peter Llewellyn; Editor: Chris Ross; Production/editorial: Gill Gummer; Typesetting and artwork: Blenheim Colour

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronically, mechanically, recorded or otherwise, without written permission from the publisher. The publisher and author have made every effort to ensure the accuracy of this publication but cannot accept responsibility for any errors or omissions. Registered names, trademarks etc. used in this publication, even when not marked as such, are not to be considered unprotected by law.

## Bulk print sales and multi-user electronic licenses

All KeywordPharma publications are available for reprinting in bulk quantities on demand. We will be pleased to discuss any branding requirements you have – for example you may wish to include company logos and advertorial. Likewise, individual e-documents can be licensed for multiple-user access, either on web sites or on company intranets and, if appropriate, adapted to your own requirements. All enquiries should be directed to the Managing Director, Peter Llewellyn, at NetworkPharma [peter@networkpharma.com](mailto:peter@networkpharma.com)

# Marketing ROI for Pharma: *in-depth report* from the eyeforpharma 5th Annual Pharmaceutical Marketing Congress

Dr Michel RM Rod

## Executive summary

---

The pharmaceutical landscape is volatile. Research and development costs are soaring, purchasing power is being vested in fewer parties and regulations on pharmaceutical promotion are being tightened. Companies are under greater pressure to control spending and drive profits.

Return on investment (ROI) remains the common mantra from the boardroom downwards. Marketers are being asked to deliver bigger profit margins from diminishing marketing budgets and to demonstrate accountability when making promotional investments. With a better understanding of ROI analysis, pharmaceutical companies can develop and implement more effective marketing communications and enhance profitability.

The 5th Annual Pharmaceutical Marketing Congress – Marketing ROI for Pharma – held in Amsterdam 14–15 November 2005, organised by eyeforpharma, showcased a diverse range of opinion in its attempts to establish best practice. This *Conference Insights* review provides analysis of the pertinent issues raised in selected presentations made at the event. It details issues such as how market research can play a major role in informing the decision-making process, and examines why the industry must adopt a more systematic approach to segmentation, targeting and positioning. Critically, it asks whether ROI is actually the best metric for evaluating marketing success.

## Contents

---

• 5th Annual Pharmaceutical Marketing Congress – Programme	4
• Introduction	6
• About the author	6
• A turbulent environment	7
• Data, analytics and targeting	9
• Segmentation, targeting and positioning	12
• Successful implementation, execution and ROI measurement	13
• References	20

# 5th Annual Pharmaceutical Marketing Congress – Programme

Organised by eyeforpharma, Amsterdam, 14–15 November 2005

## Chairperson:

Sean Davies, *General Manager, Ferring Ireland*

## Day one: Data, analytics & targeting

### Why marketing ROI is fundamental to the future profitability for pharma

Sean Davies, *General Manager, Ferring Ireland*

### The bigger picture: how to deliver profit and create shareholder value by defining your marketing strategy

Dr Brian Smith, *Research Fellow, Cranfield Business School*

### Case study: How Lilly applied market research from a granular to a company wide perspective in order to transform raw data into valuable customer intelligence

Dr Kai Bruns, *Senior Market Research Manager, Lilly*

### Case study: Amgen's application of market analytics to drive commercial planning

Marker Wiegand, *Associate Director, Amgen*

### Case study: How Lilly delivered ROI on critical care customer programmes through a customised marketing approach

Juergen Guenther, *Customer Operations Manager, Lilly Critical Care Europe*

### Gaining the competitive advantage through business analytics!

Jakob Petersson, *Senior Consultant, Spotfire*

### Case study: The importance of localised marketing in Roche's targeting and segmentation approach

Harald F Stock, *Senior Vice President, Global Commercial Business, Roche PoC Diagnostics*

### Strategy through data: new approaches to segmentation and targeting

Martin Fagan, *VP Market Insight Solutions, Infonetica*

### Climate change for the pharma industry... stormy weather ahead

Omar Ali, *Formulary Advisor, NHS*

## Day two: Successful implementation, execution & ROI measurement

### The proof is in the prescription – measuring marketing ROI: how can you deliver the highest returns for your brand?

Nina Felton, *Country Principal, IMS Consulting*

### Discover how Pfizer used e-detailing communication programs to maximise sales effectiveness

Marianne W Andersen, *Marketing Manager, Pfizer*

### Achieve profitable customer relationships through enhanced brand reach, contact frequency and interaction

Kay Wesley, *Global E-Business Director, AstraZeneca*

### Guarantee ROI through turnkey execution of medical education initiatives

Edward Roos, *Managing Director, Excerpta Medica*

### Case study: Proven ways to pressure-test your brand strategy and create market leading brand communications

Amit Makwana, *Marketing Director, Astellas Europe*

### Case study: ROI measurement of Novartis' promotion campaigns: from theory to practice

Ramon Guitart, *Head of Marketing, Novartis*

### Case study: Discover how Schering measured the ROI of its online and offline global branding activity

Mel Hayes, *Director, Global Business Unit, Specialized Therapeutics, Schering AG Berlin*

### Doctor Panel: Access the inaccessible through a marketing strategy that delivers on doctor expectations

Panellists comprised of European doctors, led by: Peter Ward, *Business Development Director, Doctors.Net.uk*

### Organisational challenges in evaluating marketing investment proposals

Anders Mansson, *Head of Strategic Planning, Intelligence & Pricing, Ferring Pharmaceuticals*

### Implementation and integration of marketing strategies that deliver significant ROI

Dr Andrée Bates, *Managing Director, Campbell Belman*

## About eyeforpharma

---

**eyeforpharma** is a strategic information provider with an unrivalled reputation and global presence in the pharmaceutical industry.

Our conferences and events are well known worldwide for attracting the highest level of speakers and attendees, in order to determine solutions to the most pressing pharmaceutical business issues today. eyeforpharma is always able to offer more real-time case studies, a stronger focus on the pertinent issues impacting your bottom line in today's evolving pharma landscape and more interaction with industry peers.

We also produce the eyeforpharma briefing, which comes out twice a month, containing original stories about projects within the industry. To obtain this free of charge, visit [www.eyeforpharma.com](http://www.eyeforpharma.com)

If you have any questions or wish to find out more about opportunities to work with eyeforpharma, please do not hesitate: contact Paul Simms on +44 (0) 207 375 7194 or [psimms@eyeforpharma.com](mailto:psimms@eyeforpharma.com)



## *First source of intelligence for the pharmaceutical industry*

Get thought-leading insights from senior pharma executives delivered free to your email inbox every two weeks by subscribing:

[www.eyeforpharma.com](http://www.eyeforpharma.com)

**Get 10% off your next eyeforpharma conference:  
Quote 'KeywordPharma' when you register online.**

To view upcoming events, go to [www.eyeforpharma.com/events.asp](http://www.eyeforpharma.com/events.asp)

Audio recordings and slide presentations on CD are also available, both for this event and for others: visit [www.eyeforpharma.com/rec/](http://www.eyeforpharma.com/rec/) and quote 'KeywordPharma' to get 10% off.

## Introduction

---



The 5th Annual Pharmaceutical Marketing Congress – Marketing ROI for Pharma – held in Amsterdam 14–15 November 2005, organised by eyeforpharma, proved to be another successful event for those pharmaceutical managers/executives, consultants, healthcare practitioners and academics in attendance. Over the course of an excellent series of presentations, workshops and discussion panels, it became evident that although marketing return on investment (ROI) is still a very hot topic, it remains an area in which there is still much to learn and to apply.

The objective of this year's conference was to illustrate, in the midst of a very turbulent environment – with a higher demand for pharmaceutical marketers to deliver bigger profits from increasingly smaller promotional budgets – that there are a few critical decision areas which, if addressed appropriately, can help deliver better ROI. This objective was met through a series of discussions in which data access and analysis leading to improved segmentation, targeting and positioning of customer solutions, effectively communicated and suitably delivered, were recurrent themes. These themes encompassed such practical suggestions as: identifying the key metrics and analytics needed to track trends in prescribing behaviour; designing, creating, implementing and executing marketing models that effectively measure ROI and gauge customer satisfaction; assessing the validity of ROI analysis, especially in comparison to the competition; and then using all of this information to determine the best allocation of promotional resources in selecting the most appropriate segments to target with specific marketing communications through the most appropriate marketing channels, such that promotional investments can be optimised. Unlike last year's conference, there was, perhaps, also the suggestion that ROI is not necessarily the metric that should monopolise our thoughts – and that, perhaps, in conjunction with ROI analysis, there should be a broadening of perspective to start embracing the notion of marketing accountability and effectiveness, such that we are able to see both the forest, and the trees.

**Dr Michel Rod**  
January 2006

### About the author

---

Dr Michel Rod left his role as Manager of Intellectual Property Development at the University of Calgary, Canada, to begin an academic career at the School of Marketing & International Business at the Victoria University of Wellington, New Zealand, in 2001. He has a medical sciences background having received a BSc (Hons) in Pharmacology & Toxicology from the University of Western Ontario and an MSc in Medical Sciences (Neurosciences) from the University of Calgary. After having worked for several years in medical research, and sales and marketing environments, he completed his PhD in Commerce at the University of Birmingham, UK, in 2003.

His research interests include the development and management of collaborative relationships amongst university, industry and government organisations within the health sciences sector, pharmaceutical promotions, as well as the commercialisation of university-developed intellectual property. He has published in *Science and Public Policy*, *Qualitative Market Research*, *Canadian Journal of Neurosciences*, *Canadian Journal of Psychology*, *Stroke*, *Brain Research Bulletin*, *Management Research News*, and the *Journal of Transnational Management Development*.

Michel can be contacted at [michel.rod@vuw.ac.nz](mailto:michel.rod@vuw.ac.nz)

# Marketing ROI for Pharma:

*in-depth report from the eyeforpharma  
5th Annual Pharmaceutical Marketing Congress*

## A turbulent environment

The pharmaceutical landscape is a volatile and changing one. The major stakeholders influencing, or being influenced by, pharmaceutical marketing face numerous and varied challenges as the industry continues to evolve (Table 1). The 5<sup>th</sup> Annual Pharmaceutical Marketing Congress – Marketing ROI for Pharma – held in Amsterdam 14–15 November 2005, organised by eyeforpharma, highlighted these challenges, presenting perspectives from pharmaceutical companies, healthcare practitioners, government, third-party payers and, the ultimate customers, patients.

## The healthcare practitioner perspective

The challenges facing the industry were powerfully articulated by Omar Ali, Formulary Adviser to the UK National Health Service, whose summary of the current landscape laid down a useful environmental framework for the conference. Ali warned the industry of the 'stormy weather ahead', detailing many of the perceptual and actual battles that the sector is facing – regulatory, political-legal, economic, sociocultural and consumer behaviour. Ali also discussed the findings of the Health Select Committee Report<sup>1</sup> and the independent European evaluation of how the pharmaceutical industry influences its customers.<sup>2</sup> Both reports were critical of an industry led by the values of its marketing forces, rather

than those of scientists. The crucial question raised by the presentations was: "Who really has the power?" Ali noted a current 'power shift', where the balance of power is moving towards government and regulatory bodies through increased scrutiny and greater regulation. He illustrated how governments are looking to restrict marketing activities during the launch of new drugs, questioning the possible implications for prescribers and how such activities might impact future pharmaceutical industry marketing strategies and sales results.

A panel of physicians from the UK, Germany and Poland provided further insights. They were asked to give their views on how the industry communicated with them and whether current practice could be improved. Fundamentally, the panel found that whereas relationships based on the exchange of information designed to assist decision making were valuable, the industry needed to do a better job of separating the blatantly promotional from the truly educational. They did not envisage the amount of time available to representatives for detailing products increasing any time soon, and commented that representative turnover is a negative factor because of the damaging effects it has on building relationships. Critically, their biggest source of information remains the internet. It is this dichotomy between valuing relationships with representatives and sourcing information online that presents a quandary for the industry since there is undoubtedly a relationship between sales and numbers of representatives (Fig. 1).

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• Ever-increasing cost to bring new drugs to market</li><li>• Profitability squeeze resulting from the increasing R&amp;D spend as a percentage of sales</li><li>• Restructuring in the provision of healthcare delivery</li><li>• Purchasing power being vested in fewer parties</li><li>• Devolution (and difference) in the EU and further afield</li><li>• Uncertainty over the strength and value of future portfolio of new products</li><li>• Tightening regulations on pharmaceutical promotion</li><li>• Short-termism by governments, often with the crude application of pharmacoeconomics</li><li>• Requirements for the separation of medical education from promotion</li></ul> | <ul style="list-style-type: none"><li>• Mergers and acquisitions, and resulting effects on share price performance</li><li>• Pricing and funding issues, such as reference pricing and price cuts</li><li>• Price differentials in EU and wider regions</li><li>• Parallel imports</li><li>• Slower uptake of new products</li><li>• Intellectual property rights, patent expiration issues and the increase in generics' potential</li><li>• Clinical trial results disclosure issues</li><li>• FDA public relations issues – the damaged reputation of the pharmaceutical industry as a result of 'Vioxx'-type issues</li></ul> |
|---|---|

Table 1. Some of the challenges and 'threats' that exist within the industry.

## Detailed products growth (\$ million)

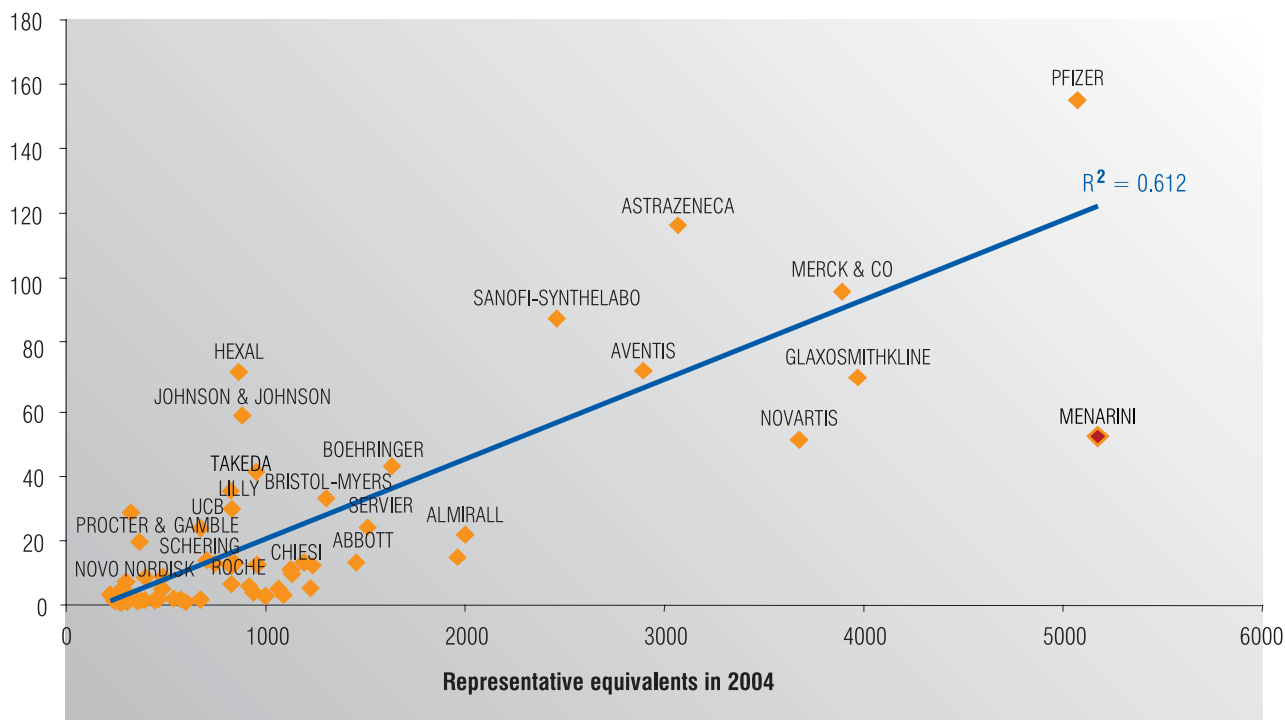


Fig. 1. The relationship between sales and numbers of representatives by pharmaceutical company. Reproduced with permission from Nina Felton (IMS Consulting).

## The pharmaceutical industry perspective

From the industry's perspective, the conference looked at how pharmaceutical marketers are approaching the increased regulation and scrutiny their activities face. Within this challenging environment, marketers are being asked to deliver bigger profit margins from diminishing marketing budgets, and to demonstrate accountability in making promotional investments – all with a view to improving effectiveness and maximising ROI. Senior marketing personnel are routinely expected to:

- learn to do more with less to keep ahead of the competition
- better allocate funds internally on the basis of reliable evaluation of likely returns
- respond rapidly to changes in the external environment and competitor activities
- adjust quickly to internal resourcing changes.

These directives have led to the following:

- The detailing channel still dominates but is under intense scrutiny with ROI declining.
- Other channels are regaining interest (impact of below the line).
- New communication channels are emerging.
- The sense that the 'hit and hope' mentality needs to change.

The overriding issue faced by the industry is how to assess the impact of all the major promotional channels so that ROI can be improved. Moreover, given that only two or three marketed drugs out of ten will generate revenues in excess of their average Research and Development costs, how can marketers have confidence in making strategic decisions about allocating the right resources to the right brands at the right time?

*The overriding issue faced by the industry is how to assess the impact of all the major promotional channels so that ROI can be improved*

## Conference structure

The conference was divided into two phases (see page 4). Day one focused on the necessary 'inputs' into decision making: the need for access to appropriate marketing data, the utilisation of appropriate analytical tools, and a systematic approach to the segmentation and targeting of markets to make decisions as to how best to communicate key messages to key prescribers. Discussions were designed to highlight which effective communications translated into efficient communications, in the process maximising ROI.



Day two focused more on ROI measurement issues, together with examples of successful planning, implementation and execution of ROI. The congress also included a number of workshops for pharmaceutical marketers, with a more prescriptive, 'hands-on' orientation, focusing on such topics as:

- Using ROI analysis to devise strategies to secure profits and improve shareholder value.
- Identifying the key metrics needed to spot prescribing trends as an aid in decision making on resource allocation.
- How to optimise and model targets and segments to fine-tune marketing messages, enhance customer profile and influence brand prescription.
- How to invest in an integrated multichannel approach to expand the traditional promotional mix through new channel development.
- How to design, create, implement and execute a marketing model that measures ROI and gauges doctor satisfaction.
- How to assess the validity of ROI results and translate them into authentic projections for future strategies.
- Ways to measure ROI activity against the competition.

## Data, analytics and targeting

Proceedings began with the Chairperson, Sean Davies (Ferring Ireland), introducing the premise of ROI, the notion of customer centricity and how ROI must be based upon all paying stakeholders receiving value for money. Crucially, he said, through a better understanding of ROI analysis, pharmaceutical companies can develop and implement more effective marketing communications that should ultimately lead to enhanced profitability.

*Through a better understanding of ROI analysis, pharmaceutical companies can develop and implement more effective marketing communications that should ultimately lead to enhanced profitability*

## Marketing due diligence

In an engaging presentation on using 'marketing due diligence' to reconnect strategy to share price, Dr Brian Smith (Cranfield University) challenged the audience with the perspective that neither sales nor profits matter,

and that even return on investment is a secondary concern. What does matter, he said, is share price, and share price is driven by the creation of shareholder value. Smith argued that, whereas boards need a way of holding marketers to account, many marketing directors, obsessed with branding and other promotional tactics, miss this fundamental truth of modern business and so destroy the wealth of their company's owners. Most important, he said, is managing the firm's risk profile. By failing to consider and manage the business risk associated with their strategies, firms deliver returns below the cost of capital and neglect their *raison d'être*. The solution lies in marketing due diligence.<sup>3</sup>

*Marketing due diligence is a new theory that blends proven ideas from strategic and financial management with fresh concepts about organisational effectiveness*

Marketing due diligence is a new theory that blends proven ideas from strategic and financial management with fresh concepts about organisational effectiveness. It creates a process that directly connects marketing strategy to shareholder value. It is both a diagnostic and therapeutic tool in that it identifies whether current projections and strategies represent a creation or destruction of shareholder value and makes the necessary revisions to ensure the former. At its most basic, marketing due diligence is a systematic matrix analysis of three components of risk, looking at such factors as growth intent of the firm or Strategic Business Unit (SBU) against margins, competitive intensity and market share. The results of the analysis can be plotted in order to visualise risk versus return. Types of risk are outlined in Table 2. The three major risk components include:

**Market risk – is the market there?** This is assessed through analysis of product category risk, segment existence risk, sales volume risk, forecasting risk and price risk.

**Share risk – are market share projections realistic/achievable?** This is assessed by analysing target market risk, proposition risk, SWOT alignment risk, uniqueness risk and future risk.

**Profit risk – are profit forecasts realistic/achievable?** This is assessed through analysis of profit pool risk, competitor impact risk, profit sources risk, internal gross margin risk and other costs risk.

If each SBU completes the marketing due diligence diagnostic, the results can be used to improve marketing strategy, reduce unnecessary risks, quantify and manage those risks deemed to be necessary, and to demonstrate risk management and shareholder value creation to the board and investors.

Type of risk	Description	Effect on risk
Product category risk	Risk that the entire product category may be smaller than planned	Risk is higher if the product category is novel and lower if the product category is well established
Segment existence risk	Risk that the target segment may be smaller than planned	Risk is higher if it is a new segment and lower if the segment is well established
Sales volume risk	Risk that sales volumes will be lower than planned	Risk is higher if sales volumes are 'estimated' with little supporting evidence and lower if the sales volumes are well supported by evidence such as market research
Forecasting risk	Risk that the market will grow less quickly than planned	Risk is higher if forecast market growth exceeds historical trends and lower if it is in line with, or below, historical trends
Price risk	Risk that the strategy will fail because the market's needs have changed or will change during the time from strategy conception to execution	Risk is higher if strategy ignores market trends and lower if it assesses and allows for them
Target market risk	Risk that the strategy will work only in a part, not all, of its target market	Risk is higher if target market is defined in terms of heterogeneous customer classifications and lower if it is defined in terms of homogeneous needs-based segments
Proposition risk	Risk that the offer to the market will fail to appeal to some or all of the target market	Risk is higher if all the market is offered the same thing and lower if the proposition delivered to each segment is segment-specific
SWOT alignment risk	Risk that the strategy will fail because it does not leverage the company's strengths to market opportunities or guard its weaknesses against market threats	Risk is higher if the strategy ignores the firm's strengths and weaknesses and lower if the strengths and weaknesses of the organisation are correctly assessed and leveraged by the strategy
Uniqueness risk	Risk that the strategy will fail because it goes 'head-on' with the competition	Risk is higher if choice of target market and value proposition are similar to the competition and lower if they are different
Future risk	Risk that the strategy will fail because the market's needs have changed or will change in the time from strategy conception to execution	Risk is higher if the strategy ignores market trends and lower if it assesses and allows for them
Profit pool risk	Risk that profit will be less than planned because of competitors' reaction to the strategy caused by a combination of the strategy and the market conditions	Risk is higher if the profit pool is static or shrinking and lower if the targeted profit pool is high and growing
Competitor impact risk	Risk that profit will be less than planned because of a single competitor reacting to the strategy	Risk is higher if profit impact on competitors is concentrated on one powerful competitor and that impact threatens the competitor's survival. It is lower if profit impact is relatively small, distributed across a number of competitors and has a non-survival-threatening impact on each
Profit sources risk	Risk that profit will be less than planned because of competitors' reaction to the strategy	Risk is higher if profit growth comes at the expense of competitors and lower if profit growth comes only from growth in the profit pool
Internal gross margin risk	Risk that internal gross margins will be lower than planned because the core costs of manufacturing the product or providing the service are higher than anticipated	Risk is higher if internal gross margin assumptions are optimistic relative to current similar products and lower if they are relatively conservative
Other costs risk	Risk that net margins will be lower than planned because other costs are higher than anticipated	Risk is higher if assumptions regarding other costs, including marketing support, are less than current costs and lower if those assumptions are more than current costs

Table 2. Definitions of types of risk.

## Market research

The use of data to inform the decision-making process was further explored by Kai Bruns (Lilly) who discussed the importance of market research. Specifically, he illustrated the various roles and responsibilities of market research and how best to prepare and distribute data to have the highest impact on business decision making.

Lilly's process starts by using market research to identify unmet therapeutic needs. It goes on to use market research to help guide the development of solutions to these needs, continuing all the way through to using research in developing and guiding the delivery of specific solutions to appropriate customers. For Lilly, market research is an integral component of the cross-functional brand team, ensuring that results are better communicated internally and allowing the team to take an integrated approach in devising follow-on strategies.

Bruns' presentation encompassed the latest methods by which to gather and analyse prescription, longitudinal and sales data to spot prescribing trends and gain a 360-degree view of each prescriber. He emphasised the need to use market research in developing and managing marketing communications as a continuous, integrated and planned process. This ensures that messages are prioritised, developed, implemented and continually monitored. However, Lilly has additionally used market research to develop better messages, and then used training to optimise delivery of them by the sales force to enhance recall by customers.

## Customised marketing

Lilly also presented a case study that illustrated how it delivered a solid ROI with its critical care customer

programmes through a customised marketing approach. Here, Juergen Guenther described Lilly's Critical Care Europe Programme – a geographically dispersed flexible organisation of sales and marketing personnel throughout Europe (Fig. 2). The programme uses various support tools to facilitate customer networks, and links these organisational nodes to address customer needs by getting the right information at the right time through the right channel. The programme comprises the following:

- Customer relationship management (CRM) application – allowing complete documentation and sharing of all customer interactions.
- Internal communication portal – allowing complete and transparent information and interaction on all relevant topics.
- Customer service centre, including medical information – providing medical information, emergency clinical and distribution services 24 hours a day.
- Customer networking – supporting customer groups with joint calls and state-of-the-art communication tools.
- Breaking news communication – allowing immediate information on key events.
- Purchase system mapping tool – allowing visualisation of system structures attributed to relationship and social interaction.

There are a number of perceptual barriers to utilising a customer-centric approach to sales and marketing (see Table 3). Using this CRM- and analytics-based approach, Lilly has found that many of these barriers do not actually exist and that it is easier to balance the value *to* and *from*

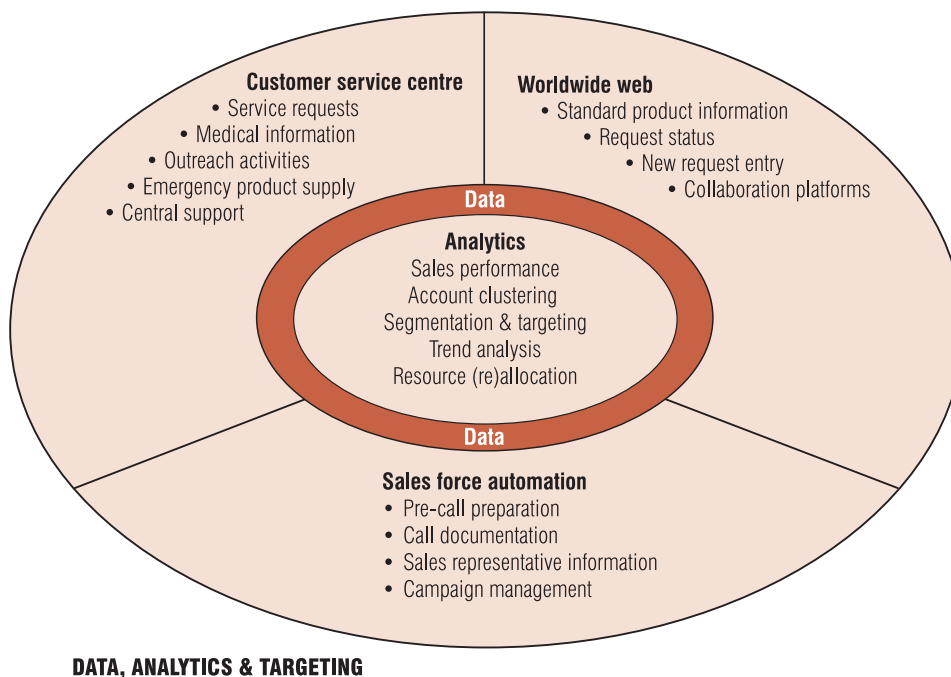


Fig. 2. Lilly's Critical Care Europe Programme for customised marketing. Adapted with permission from Juergen Guenther (Lilly).

Perceptions	Actuality
<ul style="list-style-type: none"> <li>• Customer needs vary from country to country</li> <li>• Affiliate infrastructures best serve customer needs (quality and financials)</li> <li>• Potential-based investment decisions threaten access-based working relationships</li> <li>• Effective control of business processes is only possible in affiliates</li> <li>• Global/regional marketing cannot develop customised solutions</li> <li>• Pan-European business models create insurmountable human resource/information technology/finance/regulatory challenges</li> </ul>	<ul style="list-style-type: none"> <li>• Customer networks and treatment practices are not determined by country borders</li> <li>• Affiliate infrastructure may not reach critical mass to allow appropriate customer services</li> <li>• Quality and consistency of services provided to customers vary strongly from affiliate to affiliate</li> <li>• Speed and dissemination of new information now follows the internet rules (real time, everywhere)</li> <li>• Extended service hours and information access reflect customers' working hours</li> <li>• Optimum knowledge extraction and dissemination is not limited to within country borders</li> </ul>

**Table 3. Perceptual barriers to utilising a customer-centric (as opposed to market-centric) approach to sales and marketing, and actualities as revealed by CRM- and analytics-based approach.**

the customer through a channel integration orientation that facilitates the identification of customer needs and the development of high-end service solutions.

## Segmentation, targeting and positioning

The demands of ROI mean that a more systematic approach to segmentation, targeting and positioning through branding and the marketing mix is required. Harald Stock (Roche PoC Diagnostics) presented a case study that showed how the company had revolutionised a fragmented product and customer portfolio, typified by an overall lack of critical mass in its diagnostics business.

Based upon a thorough analysis of Roche's current sales volume, growth potential, profitability, chances/degree of reimbursement and time to success, it is possible to position each of their prescribers on a scale anchored by 'least attractive' at one end and 'most attractive' at the other in terms of who should be targeted. This 'continuum of attractiveness' is simply a tool for identifying the most attractive segments to target and has enabled Roche to target specific segments with 'glocalised' marketing mix solutions. In this way they have found that:

- Critical mass is the key – focusing on the most attractive segments increases marketing ROI.

- Global segmentation models can only be applied to a limited extent due to differences in local healthcare settings.
- Systematic, fact-based and tool-driven change processes can successfully be implemented on a local level.
- Synergies can be realised by applying standard methodology in segmenting and targeting local markets.
- A well thought-out brand strategy is imperative in maximising marketing ROI.

Overall, Roche illustrated how delivering powerful marketing communications to sales and marketing teams resulted in locally targeted, profiled and adapted marketing mixes for each individual prescriber.

Continuing on the theme of targeting, Martin Fagan (Infonetica) concentrated on the topic of strategising through data via novel approaches to segmentation. Fagan's message was that in identifying key features in customer bases, grouping them into common strategy groups and then applying specific promotional strategies to these groups, the desired marketing effect will be achieved. The concept relies upon companies recognising each customer as a target but acknowledging that they are all at various stages of adoption. In this model, an understanding of group dynamics and influencer networks is critical. It is for this reason that accessing and understanding data/information is so important. These data sources are numerous and varied (see Table 4). A huge amount

<ul style="list-style-type: none"> <li>• Sales data (IMS, Criterion, Transact)</li> <li>• Reimbursement data (CSA &amp; PPA)</li> <li>• Doctor lists (Pharbase, Binleys, Cegedim, Internal)</li> <li>• Longitudinal data (GPRD, Thales, MEMO, EPIC, Mediplus, DINlink, Hodar)</li> <li>• Prescription data (Xponent, prescribing indicator, Scripmine)</li> </ul>	<ul style="list-style-type: none"> <li>• Market geodemographic data (Experian)</li> <li>• Targeting data (Synmetrics, QOF, NHIS)</li> <li>• Market review data (Activity Benchmarking, QoF) along with newer sources, such as: <ul style="list-style-type: none"> <li>▪ Quality Outcomes Framework (QOF)/QMAS</li> <li>▪ Market Intelligence data</li> </ul> </li> </ul>
---	--

**Table 4. Possible data sources.**

of information is available on the internet (the National Health Intelligence Service<sup>4</sup> and Infonetica<sup>5</sup> websites have guides to further data sourcing/reading). The National Health Intelligence Service<sup>4</sup> in particular publishes many reports that would be of interest to those working within the ROI domain.

## Successful implementation, execution and ROI measurement

So what are the key issues for measuring ROI? Nina Felton (IMS Consulting) identified the need for planning when looking at metrics. ROI measurement, she said, should be carefully designed rather than treated as an afterthought. Furthermore, clear agreement on the objectives of each programme is essential. Felton admitted that it is not always possible to measure marketing performance to absolute perfection, but urged marketers to keep trying. Granular data and robust models were, she said, imperative to establish the impact of each channel.

So how do you address these issues? The answer lies in developing sophisticated promotional response models to *disentangle*, *identify* and *quantify* the relative impact and value of each element of the promotional mix on product performance. If correctly implemented, such response models will identify the components of the mix currently driving market performance and where promotional ROI can be calculated for each major form of promotion.

IMS deploys a phased process to assess ROI across the marketing/promotional mix. It identifies the value that a range of promotional activities has contributed to a brand's revenue over a period of time based on historical prescribing (Fig. 3). Phase one is comprised of an evaluation of promotional elements in which, using anonymised prescription data, the impact of all the individual elements (individual channels and campaigns) that have supported the brand over 2 years can be examined. The results at this stage are a preliminary evaluation of the impact of each media. The process begins to establish the relationship between investments and return but doesn't reveal anything about *why* or *when* and, therefore, *how to change* these relationships. Strategy dynamics provides the 'understanding' between investment and return by accounting for all key (internal and external; tangible and intangible) resources in the system, capturing the interdependencies through time, all the while operating in a dynamic, competitive environment.

*ROI measurement should be carefully designed rather than treated as an afterthought*

Phase two involves econometric modelling/time series analysis to measure the cause/effect relationship for multiple media in combination over time. Phase three utilises dynamic modelling in order to develop a dynamic planning tool, which will enable 'what if' scenarios to allocate promotional investments for the next 3 years.

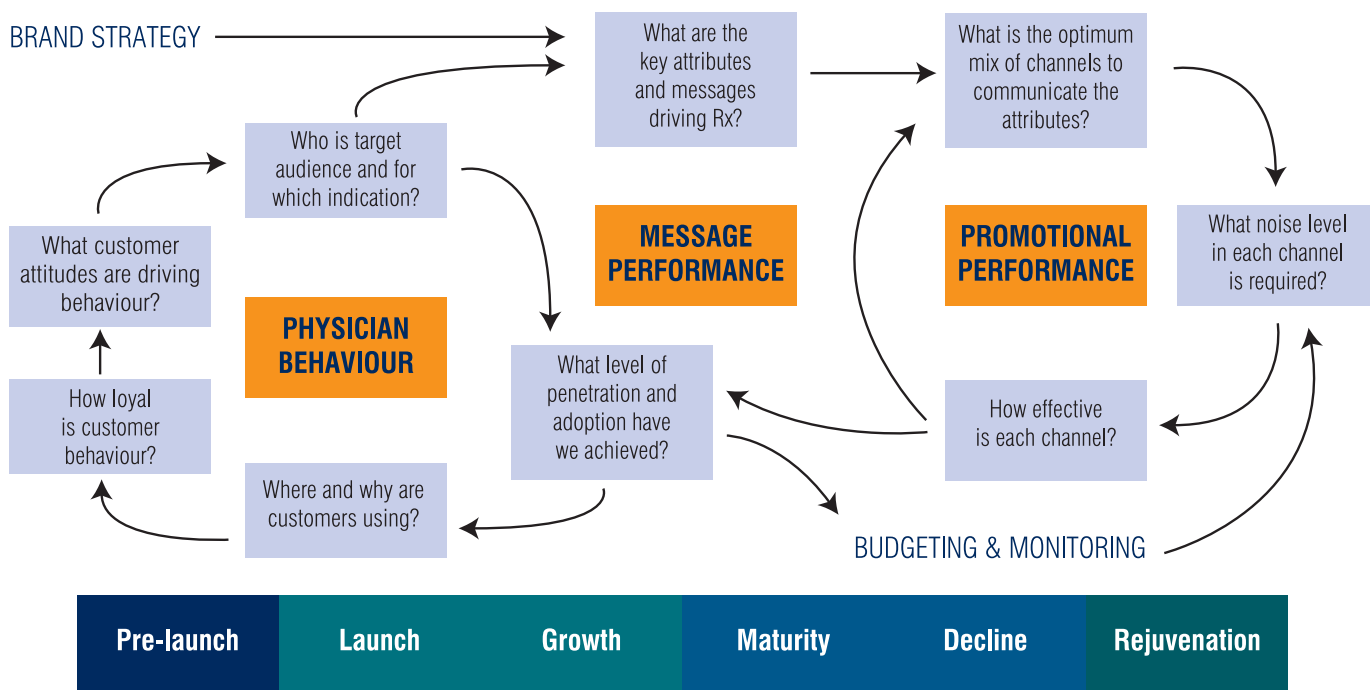


Fig. 3. The IMS process for assessing ROI across the marketing/promotional mix. Reproduced with permission from Nina Felton (IMS Consulting).

A case study was presented that illustrated:

- Where, when and how to spend money to gain an edge.
- How to match strategy to a company's capabilities.
- How to change the process from one based on the past to a dynamic, forward-looking strategy.
- How to ensure that the analysis is part of a comprehensive cross-functional process.
- How to integrate into management systems to allow rapid response to internal and external change.

The study showed that by following these steps senior management had the confidence to support a brand with the right resources. In particular, this case study:

- identified the value that 10 promotional activities had contributed to revenue growth from launch
- demonstrated what needs to happen to improve return on these channels and to grow the brand over time
- ensured that the strategic planning process of allocating promotional spend across a mix of elements is 'evidence-based' in nature and robust in practice
- explained how to modify this allocation over the product life cycle
- explained how brand teams can perform 'what if' scenarios.

Through the 'phase one' IMS process, it was learnt that:

- productive frequency for sales force activity should be targeted at six contacts per annum
- levels of sales force resource should be revised with particular reference to coverage and frequency objectives that can be optimised by the Contract Sales Organisation (CSO)
- there is no evidence at this stage as to what the optimum mix between face-to-face versus meetings should be
- general practitioner (GP) target lists should be revised to take account of high potential and current share
- message differentiation should be investigated for both hospital and GP detailing to support whether dynamic market share is being captured from competition.

This translated into a reallocation of the promotional budget to the degree that sales force expenses could be reduced by £1 million, whereas e-detailing and more targeted mailing and sampling could enhance revenues by a further £1 million. These phase one outputs could then be used in phase two econometric response models to examine the trade-offs and determine ROI.

It was found that the sales force and sampling activity are the key drivers of prescribing:

- Sales force activity was most important for medium market share doctors – including samples, this accounted for 94% of prescriptions.
- CSO activity was contributing 10–12% of the activity for each segment.
- E-detailing campaigns came through strongly for the high market share doctors; doctors possibly found this a more convenient way to receive a detail.
- The direct mail campaign also had its largest impact on this group of doctors.

The econometric trade-off analysis then allowed for a phase three strategic platform for longer-term planning. Overall, the critical success factors were identified as being the prioritisation of measuring the impact of high-spend elements, ensuring an effective process for gaining cross-functional support to build common ground on expectations, and then implementing performance measurement and feedback loops to build an informed knowledge base on which elements of the business would be critical to growth.

## Rationale behind ROI calculations

---

Moving from the theoretical to the practical, Ramon Guitart (Novartis) tackled the issues of understanding the rationale behind ROI calculations (why, what, how and when?). This encompassed real-life examples of how Novartis drew conclusions from ROI figures and translated them into practice through the measurement of surrogate endpoints of promotions such as impact, awareness, image and customer satisfaction. Novartis was then able to use these calculations to implement new strategies and revise existing marketing strategies. These surrogate endpoints are particularly important because they are based on the belief that patient acquisition drives ROI, and patient acquisition is dependent upon moving prescribers down the typical product adoption cycle.

A number of different methods for measuring ROI were presented, though they are beyond the scope of this summary (a companion KeywordPharma publication provides greater detail on ROI measurement<sup>6</sup>). Roche has developed a tool that links marketing activities to patient acquisition, which is different from traditional approaches that link marketing activities to numbers of prescriptions or sales levels. This focus on patient acquisition entails marketing activities needing to move physicians down a basic product adoption cycle wherein being unaware of a Roche product leads to awareness followed by interest or belief in the product followed by trial and repeat usage and ultimately loyalty. In this way, the Roche ROI tool is a powerful, flexible and simple tool that is largely based on methodologies that have been shown to be highly effective in taking regular consumers through the product adoption cycles for fast-moving consumer goods (see Table 5).

### Powerful

- Fast-moving consumer goods-based methodologies, customised for Novartis Pharma
- Entire plan + expected ROIs on one page
- Ability to fine-tune mix and increase overall ROI
- Identifies key metrics for success and enables prospective ROI tracking
- 'Sanity checks' and 'break-even' analyses tools built-in

### Flexible

- Useful regardless of data availability
- Even assumption-based input will yield insightful results
- Can be used to evaluate all activities during the annual tactical planning process or a single activity at any time during the year

### Simple

- Few inputs required – initial plan can be completed in 3–4 hours
- No statistics background needed

Table 5. The ROI tool approach used by Novartis. Reproduced with permission from Ramon Guitart (Novartis).

## E-detailing

The conference included only a couple of presentations on how e-detailing could be used to maximise sales effectiveness and, ultimately, ROI. Marianne Andersen (Pfizer) discussed the results of an e-detailing research pilot project in Denmark. The objective was to determine the extent to which both physicians and sales representatives were receptive to the use of e-detailing, and also to observe the effects on sales force performance. In this context, e-detailing was defined as the delivery of multimedia visualised presentations to physicians via sales representatives around a specific product message targeted to GPs. The results were clearly favourable in that, of the surveyed physicians:

- 97% found e-detailing superior to paper when explaining complex issues
- 95% found the pilot presentation to be good/very good
- 92% stated that the e-detailer provided a good overview of the topic
- 89% acknowledged that e-detailing was a faster method to obtain information
- 80% made the recommendation to continue with e-detailing.

*Electronic marketing, properly integrated into the mix, can drive profitable customer relationships*

From the sales representatives' perspective, 80% found that they were able to get more time with the physicians. Furthermore, almost two-thirds (60%) claimed that e-detailing made it easier to sell than using traditional

paper-based presentations, and they generally did not find it harder to secure a second detailing slot when e-detailing. Additionally, the sales representatives enjoyed the feeling that they had control of the communication. Pfizer Denmark's conclusion is that e-detailing does provide good value for money.

This was followed up by Kay Wesley (AstraZeneca) who explored how it was possible to measure the cost and value of traditional versus 'e-enabled' customer relationships. The hypothesis was that relationships with online physicians and traditional relationships provided equal value, but that the costs of online relationships were substantially lower and hence had a greater ROI. In a hypothetical study designed to address this question based on historical data, the conclusion was that electronic marketing, properly integrated into the mix, can drive profitable customer relationships. Since the electronic marketing route is scalable, personal relationships are possible (and profitable) with much larger groups, including other tiers of physicians (low and medium prescribers), hard-to-see physicians, patients and consumers, other healthcare professionals and payers. However, once again, any channel decision needs to be based on customer insight.

## Medical education

Edward Roos (Excerpta Medica) discussed medical education, citing a recent article in *Pharmaceutical Executive*<sup>7</sup> that highlighted physician frustration by comparing what physicians say with what they want.

What physicians say:

- 90% of physicians stated that high representative turnover negatively impacts on relationships
- 60% reported that representatives don't follow up

- 90% believed that excessive marketing/sales drives up drug costs
- 70% find it frustrating to receive the same message repeatedly.

What physicians want:

- 85% want relevant non-promotional materials
- 50% want representatives to provide access to Continuing Medical Education (CME)
- 70% want disease state-focused unbranded materials
- 50% want materials that aid health management and patient care.

*CME is relevant for all stages of the life cycle of a product (prior to launch/new product and/or new indication), and can support the credibility/trust of messages*

On the basis of these findings, Roos outlined how medical information can be utilised as an effective promotional tool across a firm's drug portfolio by illustrating how pharmaceutical companies have used medical communications to make doctors more receptive to prescribing their brand. Roos sees an increasing role for CME for a number of reasons:

- CME creates the reference framework on which all promotional claims need to be based throughout the product life cycle.
- CME builds the key messages from an evidence-based perspective – balancing and strengthening marketing messages.
- CME expands/creates awareness of medical conditions, modes of action and new treatment paradigms.
- CME is relevant for all stages of the life cycle of a product (prior to launch/new product and/or new indication), and can support the credibility/trust of messages.

Medical communications is an important component of CME. It encompasses a number of different facets, including strategic publications planning, key opinion leader/thought leader development, medical education/live events, customised publications and e-communication. Each of these facets has varying importance over the course of the product life cycle.

The rationale for strategic publication planning is evident at two levels. At the marketing level, it is used to support product uptake (evidence-based medicine), to provide credible product claims and to build relationships with medical experts. At the publication level, the rationale includes having published evidence, generating citations,

having uniformity in claims and timely publications for the right audience. Roos gave the example of how one firm leveraged the impact of the results of one local clinical trial by publishing its efficacy results to a broad global audience. An active global strategic publication plan was designed to help gain product registration for a particular indication in the EU/USA, and to differentiate the product from its competitors. Through this plan, the results of the local trial were published as one primary and six secondary journal articles. The total circulation was 95,582.

The model that Excerpta uses is termed an 'Educational Program Cycle'. Through it, evidence drives educational content. This leads to measurement within an environment of needs assessment, outcomes evaluation and behavioural change. The educational outcomes measurement: provides the feedback loop necessary for continual improvement of CME initiatives; ensures cohesion of educational tactics; and provides objective assessment of the accuracy/relevance of educational strategies, acceptance/utilisation of clinical content, crucial information for educational gap analysis and new identification of unmet needs. In this way, the various levels of educational outcome measurement can be assessed:

- *Participation* – the number of participants who registered and/or participated.
- *Satisfaction* – the degree to which participants' expectations about the setting and delivery of the CME activity were met.
- *Learning* – changes in self-reported knowledge of the participants; development of competence.
- *Performance* – changes in observed practice performance; the application of learning; the application of competence.
- *Patient health* – changes in the health status of patients due to changes in participant practice behaviour.
- *Population health* – changes in the health status of a population of patients due to changes in widespread practice behaviour.

## Brands and branding

Getting down to the brand level, there was discussion of successful brand strategising and brand communications based on the notion that wherever there is the right mix of people and product, increased ROI is a natural progression. Amit Makwana (Astellas Europe) spoke of branding strategies being a reflection of some very fundamental organisational values that are defined by the firm's people. Using Sony Ericsson as an example, Makwana pointed out that all brand communications, programmes, activities and language/tone are a reflection of a series of fundamental Sony Ericsson values: simplicity, dependability, independence, cooperation, ambition, fulfilment, innovation, social



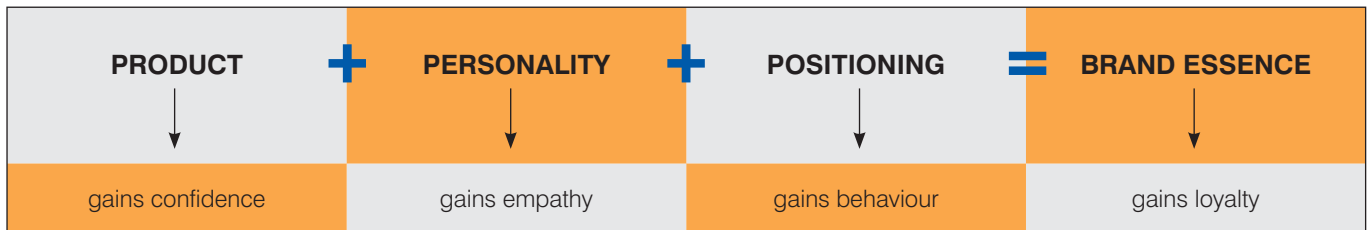


Fig. 4. The branding equation. Adapted with permission from Amit Makwana (Astellas Europe).

interaction and being up to date. The challenge lies in translating these values into a positioning statement that will be of interest to prescribers. A successful positioning statement addresses:

- *Competition* – which products are ours better than?
- *Customers* – who are we talking to?
- *Indication* – who and what are we for?
- *Differentiation* – what makes us unique?
- *Proposition* – what value is this to our customers?

This statement ultimately needs to capture and focus the most compelling values of the brand such that the product gains confidence, personality gains empathy and positioning gains desired behaviour, leading to the brand essence gaining loyalty (Fig. 4). This approach to brand strategising better enables firms to deal with the fact that the prescribing landscape is changing dramatically; less so with the actual decision makers, but more so with the nature of influencers.

So can brands help achieve organic growth? This was one of a series of questions Mel Hayes (Schering) posed from the boardroom. Furthermore, can brands help us go to market more effectively? Can we really measure the return on our brand investments? Can brand and customer data become a strategic asset? The search for solutions, said Hayes, relied upon tackling a second string of questions: How can you measure the performance of your brand? Which drivers of business performance are influenced by your brand? Which data are required to assess your brand's strength? What is the optimal mix of on- and off-line branding activity?

*Developing actionable customer segmentation is a first step to optimal marketing investment*

The answers, according to Hayes, are once again found in the notion of good customer segmentation. Developing actionable customer segmentation is a first step to optimal marketing investment. There are two main benefits of actionable customer segmentation:

1. Identifying the most valuable customer segments and aligning marketing investment accordingly.
2. Allowing powerful messaging strategies and tailored product offerings to be developed for each segment.

It is important that actionable segmentation is developed, usually combining demographic and attitudinal information, which allows both key buying factors and customers to be identified.

*The sales force is still the best medium for forging valued and trusted relationships with targeted physicians*

As pharmaceutical sales forces grow and their productivity declines, pharmaceutical companies must find new ways to optimise the effectiveness of their sales force. Research has shown that the sales force is still the best medium for forging valued and trusted relationships with targeted physicians, but the industry's current focus on the frequency rather than the effectiveness of sales calls is causing a growing number of doctors to close their doors to sales forces. Reversing this trend requires a repersonalisation of the selling process, which in turn requires actionable segmentation of physicians. This will allow pharmaceutical companies to better target doctors through more relevant channels and with more relevant information by understanding the needs of distinct segments of doctors. Instead of categorising and targeting physicians by the volume of prescriptions they write, actionable segmentation analyses of individual prescribing behaviours, demographics and psychographics (attitudes, beliefs and values) can be used to fine-tune sales targets. In many cases, much of the data required for this segmentation already exist.

An interesting example of how this process can work is seen in the case of UCB Pharma and its anti-epilepsy drug, Keppra®. UCB Pharma developed an actionable customer segmentation model when marketing Keppra. Using existing data and a variety of analytical techniques such as decision-tree algorithms, latent class analysis, CHAID<sup>8</sup> (Chi-squared Automatic Interaction Detector) and self-organising maps, UCB Pharma analysed existing physician data with psychographic variables, including:

- approach to patient treatment
- formulation preference
- cost sensitivity
- brand sensitivity

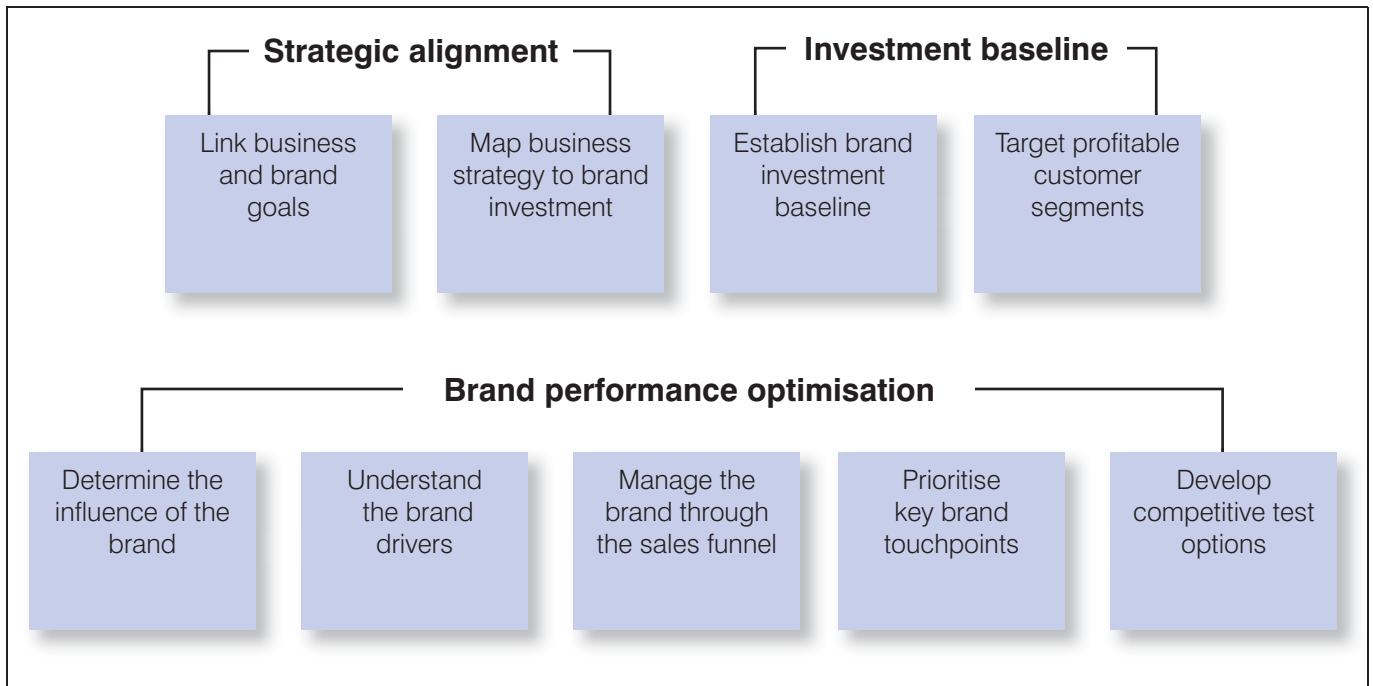


Fig. 5. Nine critical areas that are needed to develop a stronger brand metrics system to measure and monitor the performance of a brand, and to assess a global brand's current position using business analytics gathered and consolidated from the appropriate data sources. Reproduced with permission from Mel Hayes (Schering).

- conservatism versus willingness to try new things
- degree of technological knowledge
- reliance on sales representatives for information.

This allowed UCB to identify four key drivers and six distinct segments. They then revisited the research to develop marketing messages and sales approaches for each identified segment. The largest number of physicians, including many high-volume prescribers of anti-epileptics, fell into segments that were best targeted through direct mail and email messages. This went against the common practice of sales forces mainly targeting high-volume prescribers. For doctors in segments driven by clinical data, sales representatives focused on such research in their detail, and on UCB's focus and expertise in the central nervous system. One group was identified as highly influenced by peers. These doctors became potential targets for videoconferences and meetings that featured key opinion leaders.

The new segmentation was piloted in eight test markets. All eight markets experienced significant increases in prescription over control markets. In addition, sales representatives found they were spending more time with doctors. UCB has rolled out the segmentation company-wide, and is now working on a larger integrated segmentation project for all key drugs.

As an overall framework for managing brand performance, there are nine critical areas that need to be addressed to develop a stronger brand metrics system (see Fig. 5). These will also help to assess a global brand's current position using business analytics gathered and consolidated from the appropriate data sources.

## Organisational structure

Over the course of the conference there were numerous references to people and processes in terms of tackling ROI. It was, however, refreshing to have one speaker address the notion of structure – specifically, organisational structure – and some of the challenges associated with structuring the best groups for evaluating investment proposals. Anders Mansson (Ferring) explained that rather than having all investment decisions being made by top management, Ferring created a moderator group combining Business Intelligence with a dedicated division of Group Finance. The group is 'neutral', but has a commercial/financial perspective and a mandate to gather input from all stakeholders, not least Research and Development, Marketing, Medical and Legal/Intellectual Property. The challenge is getting decision makers to realise that they need a more data-driven decision basis (i.e. getting top management buy-in and getting project champions to realise that the moderator group is not the enemy). But the benefits far outweigh the challenges:

- There is a common and consistent methodological approach for evaluation of all investment proposals.
- There is a higher quality (more data-driven) decision basis for top management.
- Centralisation allows for a consolidated view on business case impacts.
- Predefined procedures and having the same executors for all cases improves speed and there are fewer 'comebacks'.

In order to make it work, the moderator group needs to have a sufficiently high stature in the company and

to be comprised of the right blend of individuals. In addition, top management buy-in is essential to enforce compliance with the agreed procedures.

## Is ROI the right focus?

---

Dr Andrée Bates (Campbell Belman) rounded out the conference with a provocative presentation that challenged us to look beyond ROI to *real* marketing effectiveness and accountability. Bates examined the limitations of existing ROI models and pondered whether ROI itself is the right metric. This formed the basis of an intriguing look at the real issues facing pharmaceutical marketing. According to Bates, ROI is a very appealing metric because when people talk ROI they are speaking the same language as the person responsible for setting promotions budgets. ROI connects inputs and outputs, it shows accountability and it helps marketers rigorously review spends. Moreover, it provides clarity on what is being spent and why, and shows where to weed out activities that are not pulling their weight.

But according to Bates, ROI has its limitations. One can get mired in the tools and techniques for measuring it, have mountains of data and statistics yet no easy way to connect them to strategic decisions. Additionally, current ROI models are hard pressed to *prove* definitively which marketing activities are working to impact maximum brand sales *now* and which are not. This is because most ROI analyses – even econometric ones – are analysing historical data only. The pharmaceutical environment is constantly changing. What worked 6 months ago may not work today.

*What is really required is how an investment in a specific programme will pay-off over time*

Bates argued that ROI is an over-hyped term, and that a preoccupation with it is steering the accountability drive in the wrong direction (e.g. the RAPP<sup>9</sup> and ARPP analysis<sup>10</sup> studies, which assign an ROI number for different activities [i.e. e-detailing ROI = \$2.48, traditional detailing ROI = \$1.72, direct-to-consumer ROI = \$1.68 etc.]). Although it is tempting to navigate by a single number, it is *not* the best metric for evaluating marketing purchases (e.g. 50% ROI versus 30% ROI, in which the higher ROI is not necessarily a sign of a prudent investment). The focus on ROI is basically cost recovery, which leads automatically to a shrinking budget. Perhaps ROI is not the most suitable metric for evaluating market investment since it favours high returns at the expense of growth and profit. The concept of ROI is more than just a number. What is really required is how an investment in a specific programme will pay off over time (i.e. marketing *accountability* and *effectiveness*).

With a shift in focus to accountability and effectiveness, successful marketing begins with a clear business strategy that is aligned with the performance objective of increasing the value of the company at a faster rate than competitor companies. The key to integrating the strategy, marketing investments and value growth depends upon a much fuller understanding of all the elements involved in totality. Most ROI models tend to focus on activities and investments and the models try to find links, but this is missing a crucial component in the constantly changing pharmaceutical sector (a case in point: the inability of all historically based econometric models to predict the last stock market crash). Thus, there is a need to examine and incorporate all the relevant components possible in an ROI model including such constructs as the market environment, customer attitudes, brand sales and marketing activities, brand sales/market share and econometric models. What is missing is the means to put all the data into perspective – to convert them into a meaningful form for marketers in a manner that takes into account the size of the brand and current market environment and perceptions, as well as its market share and econometrics. If this could be achieved, it would show a clear way for the brand to move forward.

*Having a better understanding of how best to allocate resources in order to maximise returns will increasingly require attention to all stakeholders' wants and needs*

## Conclusion

---

This year's eyeforpharma Annual Pharmaceutical Marketing Congress – Marketing ROI for Pharma – was extremely informative and successful on a number of fronts. Most importantly, though, rather than simply focusing on presenting a number of 'How Tos' on measuring ROI, there was a strong emphasis on how the turbulent environment in which we operate will have an increasingly important role in determining the extent and nature of specific pharmaceutical marketing activities. To some extent, the glory days are behind us and the industry is faced with even more scrutiny and accountability in all of its actions. To this end, having a better understanding of how best to allocate resources in order to maximise returns will increasingly require attention to all stakeholders' wants and needs. For this reason, subsequent congresses should continue to include the perspectives of all actors with a stake in influencing outcomes – industry, government, healthcare practitioner and patients alike.

## References

1. The influence of the pharmaceutical industry. The United Kingdom Parliament Health Select Committee's 4th Report. Available at [www.publications.parliament.uk/pa/cm200405/cmselect/cmhealth/42/4202.htm](http://www.publications.parliament.uk/pa/cm200405/cmselect/cmhealth/42/4202.htm)
2. How good for your health is the pharmaceutical industry? Statement by Health Action International. Available at [www.haiweb.org/docs2005/UK\\_inquiry\\_statement\\_final.doc](http://www.haiweb.org/docs2005/UK_inquiry_statement_final.doc)
3. McDonald M, Ward K, Smith B. *Marketing Due Diligence: Reconnecting Strategy to Share Price*. Butterworth Heinemann 2005. ISBN: 0750667273.
4. National Health Intelligence Service website. Available at [www.nhis.info](http://www.nhis.info)
5. Infonetica website. Available at [www.infonetica.net](http://www.infonetica.net)
6. Bates A. Using ROI data for effective decision making in pharmaceutical marketing. KeywordPharma Expert Review. NetworkPharma 2006. ISBN-13: 9781905676026.
7. Lisanti C, Pesanello P. Physician frustration. *Pharm Exec* 2005; Oct 1. Available at [www.pharmexec.com/pharmexec/article/articleDetail.jsp?id=197787](http://www.pharmexec.com/pharmexec/article/articleDetail.jsp?id=197787)
8. CHAID definition. Available at [www.themeasurementgroup.com/Definitions/chaid.htm](http://www.themeasurementgroup.com/Definitions/chaid.htm)
9. RAPP study. Available at [www.rxpromoroi.org/rapp/](http://www.rxpromoroi.org/rapp/)
10. ARPP analysis study. Available at [www.rxpromoroi.org/arpp/index.html](http://www.rxpromoroi.org/arpp/index.html)

## Other related KeywordPharma titles available from [www.ThePharmYard.com](http://www.ThePharmYard.com)



### Using ROI Data for Effective Decision Making in Pharmaceutical Marketing

A KeywordPharma **Expert Review** by **Dr Andrée K Bates**

Published January 2006

ThePharmYard product code kwp002

ISBN-13: 978-1-905676-02-6

Dr Andrée Bates outlines commonly used approaches to ROI as used by the pharmaceutical industry and argues that many of these techniques rely on historical analysis that is fundamentally flawed in today's environment.

### Executive summary

The pharmaceutical industry is under significant pressure to consider its costs very carefully. Since marketing budgets often represent a major proportion of a company's cost base, they can easily become the target of budget cuts. Although marketing investments are profitable, in the main, returns are now under intense scrutiny with all budgets being squeezed. The pressure to measure marketing return and effectiveness has never been stronger.

Currently, much budget is spent despite marketers being unable to identify which combination of activities has the greatest growth potential, and without knowing what specific effect individual activities are having on market share. Because of this drive for marketing accountability, return on investment (ROI) metrics have become the focus of much attention and are frequently used to guide decisions on budget allocation. Unfortunately, many of these techniques are limited to historical analysis and history does a poor job of pinpointing the way forward in an ever-changing marketplace.

However, approaches are now available that *can* help a company determine where and how its marketing activities can work together and which synergistic combinations will deliver profitable value growth. This review examines the different techniques and optimal approaches available.

### Contents

- Introduction
- About the author
- The importance of measurement
- ROI in pharmaceutical marketing
- Is ROI even the right question?
- Econometric models of ROI in pharmaceutical marketing
- What to look for in an ROI model
- Moving beyond ROI to real marketing accountability and effectiveness
- Case study
- Conclusion
- References

All KeywordPharma publications are available for purchase individually in e-document format at [www.ThePharmYard.com](http://www.ThePharmYard.com) – along with hundreds of other titles from independent publishers.



KeywordPharma publications are all available to purchase individually as e-documents from ThePharmYard – along with hundreds of other documents from independent publishers such as John Wiley & Sons, Dove Medical Press, The Medicine Publishing Company and CSF Medical Communications. ThePharmYard is free to everyone to access when needed, no registration required. Pick and choose and buy just the information you need, when you want it, as you want it, and use it straight away.



ThePharmYard already has hundreds of articles on offer, many of which are not easy to get hold of elsewhere, and more are being added all the time. A small selection of what can be found at ThePharmYard is listed here. Check out [www.ThePharmYard.com](http://www.ThePharmYard.com) and search using the product code or browse the database.

### Drug reviews:

*Finasteride in Benign Prostatic Hyperplasia*

ThePharmYard product code: csf129b

*Alfuzosin in Benign Prostatic Hyperplasia*

ThePharmYard product code: csf128b

*Irbesartan in Hypertension and Cardiovascular Disease*

ThePharmYard product code: csf127b

*Symbicort® in Chronic Obstructive Pulmonary Disease (COPD)*

ThePharmYard product code: csf125b

*Inegy® in Lipid Disorders*

ThePharmYard product code: csf124b

*Alendronate in Osteoporosis*

ThePharmYard product code: csf123b

*Metformin in Diabetes*

ThePharmYard product code: csf122b

### Expert briefs:

*The Indian Biopharmaceutical Industry*

ThePharmYard product code: chltn007

*Mexico's Pharmaceutical Potential*

ThePharmYard product code: chltn006

*The Indian Contract Research Industry*

ThePharmYard product code: chltn005

*Japan's Biopharmaceutical Challenge*

ThePharmYard product code: chltn004

### Licensing updates:

*Bayer Helps J&J Expand Cardiology Franchise*

ThePharmYard product code: pventures126

*Therapy Focus: Neuropathic Pain*

ThePharmYard product code: pventures125

*Can European VCs and Universities Make Money from New Biotech Spin-Offs?*

ThePharmYard product code: pventures124

### Industry reports:

*Early Stage and Discovery Deals: Strategy, Structure and Payment Terms*

ThePharmYard product code: bhead010

*Late Stage Deals: Strategy, Structure and Payment Terms*

ThePharmYard product code: bhead009

### Research and development articles:

*Peptide Crosslinked Micelles: A New Strategy for the Design and Synthesis of Peptide Vaccines*

ThePharmYard product code: dove067

*On the Way to Building an Integrated Computational Environment for the Study of Developmental Patterns and Genetic Diseases*

ThePharmYard product code: dove066

*Silk-Fibroin-coated Liposomes for Long-term and Targeted Drug Delivery*

ThePharmYard product code: dove065

*Nanofibers and their Applications in Tissue Engineering*

ThePharmYard product code: dove063

### Medical Marketing Manual

Edited by Paul Higham and Peter D Stonier

Published by Euromed Communications

The Manual has been written by senior medical and marketing executives in the pharmaceutical and allied service industries as a guide to the commercial development of medicines, particularly the interaction between the research, development, medical and marketing functions.

The Editors have used their wealth of experience and knowledge in both the medical research and marketing spheres to provide a unique publication, which in 18 chapters and several supplements covers all important aspects of the subject.

Each chapter and supplement is available to purchase individually as an e-document from ThePharmYard, including the following titles:

*Branding Pharmaceuticals*

ThePharmYard product code: emed058

*Going Over-the-Counter: the Medico-marketing Implications of Changes to the Legal Status of Medicines*

ThePharmYard product code: emed057

*eDetailing – A User's Manual*

ThePharmYard product code: emed055

*Marketing ROI for Pharma:  
in-depth report from the eyeforpharma  
5th Annual Pharmaceutical Marketing Congress*  
a KeywordPharma **Conference Insights** review  
available from ThePharmYard  
ThePharmYard product code: kwp001



ThePharmYard provides instant access to a unique database of specialist information which is particularly relevant to individuals working within the medical and pharmaceutical industries around the world. Titles from a diverse range of independent publishers are available to purchase in electronic document format for immediate access.

**Access medical and pharmaceutical industry  
information at [www.ThePharmYard.com](http://www.ThePharmYard.com)**