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Pharma Marketing ROI



*in-depth report from the eyeforpharma
6th Annual European Pharmaceutical Congress*

held in Amsterdam, 23–24 October 2006

by Dr Barrie G James



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ThePharmYard product code kwp011

ISBN-13: 978-1-905676-10-1

In-depth report from the eyeforpharma conference, held in Berlin, 8–9 May 2006.

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Pharma Marketing ROI

First published January 2007 by NetworkPharma Ltd

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

ISBN-10: 1-905676-13-1

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

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

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Pharma Marketing ROI:

*in-depth report from the eyeforpharma
6th Annual European Pharmaceutical Congress*

by Dr Barrie G James

Executive summary

Caught in a tightening vice between declining new product introductions and accelerating patent erosion, the pharmaceutical industry has been cutting back spending across the board to improve profits. Conversely, marketing spend is at an all-time high and is now the single largest pharmaceutical company business expenditure. Inevitably, this has triggered a growing management emphasis on accountability and on value for money for its marketing investments. Pharma marketers' response has been to explore and implement approaches that improve return on investment (ROI).

The 6th Annual European Pharmaceutical Conference, Pharma Marketing ROI, held in Amsterdam on 23–24 October 2006, discussed the challenges that the industry faces and its implications for a healthy financial future, together with some of the measures and practices that could deliver increased ROI in pharma marketing.

The conference raised two burning issues: first, do pharmaceutical companies possess a solid bedrock of marketing expertise in terms of best practice processes and procedures? If not, the expectations of enhanced marketing ROI may not be realised. Second, how many companies have processes in place that can identify, track and allocate marketing expenses? Without these systems it is impossible to calculate an accurate ROI. The evidence presented suggests that very few companies are well positioned in this respect.

Addressing these issues will be critical for the future. It has been projected that global industry growth will continue its unbroken decline from 2000 and will slow to 5–6% growth in 2005/6, down from 6–7% in 2004/5. Reduced growth inevitably increases the level of competition throughout the industry, which will only add to the pressures on those companies that are unable to maximise their marketing ROI.

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6th Annual European Pharmaceutical Congress – Programme

Organised by eyeforpharma, Amsterdam, 23–24 October 2006

Day one

Chairperson: Stewart Adkins, *Consultant, Stewart Adkins Advisors*

Forecasting & finance

What skills, experience and attributes will Product & Marketing Managers need for the pharma industry of 2026?

Sean Davies, *General Manager, Ferring Pharmaceuticals*

Industry challenges seen through a financial analyst's eyes

Stewart Adkins, *Consultant, Stewart Adkins Advisors*

Managing the diffusion of innovation to drive ROI

Baba Awopetu, *International Product Manager, EMEA, Stryker*

Strategise for initiatives that favor long-term success over a short-term ROI

Guenther Illert, *Vice President Life Sciences, Capgemini*

Take advantage of connecting strategy to shareholder value

David Impey, *European Director of Marketing, Eisai Europe Ltd*

Tradeoffs to increase shareholder value – how BI UK optimises its strategic and brand planning

Ollie Mitchell, *Head of Marketing, Boehringer Ingelheim*

Marketing intelligence and analytics

Optimising promotional spend across countries and across brands – unique methodologies for assessing ROI

Paul Jones, *EMEA Practice Leader, Promotional Management, IMS*

Marketing the science through the science of marketing... building global brands

Ian Talmage, *VP Marketing, Bayer Healthcare*

Gain the competitive advantage by visual and interactive data analyses!

Jakob Petersson, *Senior Consultant, Business Analytics, Spotfire*

Measuring, managing and maximizing return from promotional activities

Graham Leask, *Strategic Planning Director, formerly Astra Corporate*

Panel session: Enhance the use of your tools: what can you do differently to generate extra sales?

Moderator: Fanny Schenk, *CRM Director, Janssen-Cilag*

Panellists: Kai Bruns, *Senior Market Research Director, Lilly*

Mark Bard, *President, Manhattan Research*

Menno Vis, *Senior CRM Manager, Amgen*

Lifecycle marketing

"The satellite navigation problem" – choosing the best route

James Macdonald, *Marketing Director, Ferring Pharmaceuticals*

How to increase your ROI in late-stage lifecycle marketing

Marty Groen in 't Woud, *Commercial Director, Astellas Pharma*

Panel session: Know which marketing strategies to use at different stages through the product lifecycle

Moderator: Guenther Illert, *VP Life Sciences, Capgemini*

Panellists: James Macdonald, *Marketing Director, Ferring Pharmaceuticals*

Sean Davies, *General Manager, Ferring Pharmaceuticals*

Marty Groen in 't Woud, *Commercial Director, Astellas Pharma*

Brand & customer loyalty

Turning customers into loyal advocates: learning from consumer marketing

Paul Marsden, *LSE Marketing Expert, formerly Astra Zeneca*

Learn how to integrate and leverage detailed customer information to determine, predict and benefit from customer behaviour

Menno Vis, *Senior CRM Manager, Amgen*

Day two

Chairperson: Keith Foster, *Business Development Director, Archstone Consulting*

Regulations, research and development

Learning & development: building the foundation for marketing excellence

Edward Nathan, *Senior Director, Wyeth*

Understanding the key regulatory issues pharmaceutical companies across Europe are currently faced with

Thera Adam, *Senior Associate, Life Sciences Group, Simmons & Simmons*

Market research: throwing good money after bad?

Trevor Acreman, *Head of Pharmaceutical Practice, Millward Brown*

Integrate and measure multi-channel marketing

Powerful practices that achieve cohesion through the channels

William Benn, *EVP Sales and Marketing, Intuitive Group*

How to measure marketing activity affecting factors

Roberto Sani, *Marketing Director, Dompe Pharma*

Multi-channel marketing – where should you allocate your resources?

Manos Christodoulakis, *Market Analyst, Sanofi-Aventis*

Do physicians truly understand your key messages?: implement techniques to increase your sales and ROI

Morten Hjelmso, *Founder and Managing Director, Agnitio*

Closed-loop marketing – sales & marketing working together to increase ROI

Marketing & sales: towards customer centric selling

Wolfgang Walter, *Regional Business Director, Altana Pharma*

A holistic view on pharma [marketing and sales]

Marc Sluijs, *Business Consultant Pharma, Agile Software Corporation*

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

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



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Introduction



Marketing return on investment (ROI) in the pharmaceutical industry has evolved within a decade from a somewhat ethereal pursuit by marketing science groups towards a divining rod for resource allocation. The 6th Annual European Pharmaceutical Congress, Pharma Marketing ROI, organised by eyeforpharma and held in Amsterdam, 23–24 October 2006, indicated that companies have embraced the concept of ROI and many have gone beyond the hype of early practices and procedures. Certainly, they are beginning to focus on more realistic expectations and on more effective approaches.

The conference emphasised the overarching demand by pharma management for better ROI, improved marketing investment decisions and more effective performance measures. ROI was also explored from perspectives such as shareholder value, time-frames and the diffusion of innovation. A range of issues were addressed, including:

- the connectivity of ROI with the financial community
- lifecycle marketing
- brand and customer loyalty
- regulatory issues
- multi-channel marketing
- sales and marketing integration

There were two underlying themes. The first centered around whether pharmaceutical companies were sufficiently marketing oriented. It was pointed out that, at several major pharma companies, marketing training had become a victim of management demands to cut costs. There was a general consensus that marketing excellence was crucial to the delivery of superior results, and that it would require a greater emphasis on training to improve the quality of business-critical decision making.

The second theme was based on the pharma company as a customer-centric organisation. Much emphasis was placed on the need for organisational adjustments to meet changes to the competitive environment and the demands of the financial community. Significantly, there was little emphasis on satisfying customer needs. 'Superior satisfaction leads to superior profits' is a common mantra within companies that deliver exceptional results across all industries. This suggests that the marketing ROI for pharma needs to have a broader focus. It needs to move away from concentrating solely on improving efficiency to embracing effectiveness in the quest to improve overall customer satisfaction to drive superior performance.

Dr Barrie G James
January 2007

About the author

Dr Barrie G James is internationally recognised as a leading-edge pharmaceutical thinker, for his consulting in pharma strategy, futures, ethics and evidence-based marketing. He manages Pharma Strategy Consulting in Huntingdon, UK, which specialises in creative and pragmatic solutions to fundamental strategic, ethical and marketing problems in the pharma industry.

Earlier in his career, Barrie held executive positions at Ciba-Geigy, Merck & Co., Syntex, Biogen and Schering-Plough in strategic planning, marketing, operating management and business development.

His books and reports on the pharma industry have become standard industry references and his work has been cited in *Business Week*, the *Economist* and the *Financial Times*. His latest publications are *The Little Black Book of Pharma Marketing* and *PharmVision 2015: A Short History of the Future*.

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