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Expert Reviews

Can Strategic Marketing be Measured?

Examining why strategic marketing
is of pivotal consequence to the
success or failure of a brand

by Mike Rea



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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.

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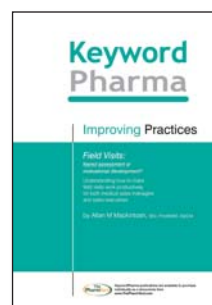
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Can Strategic Marketing be Measured?

First published March 2006 by NetworkPharma Ltd

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Text and illustrations © 2006 Q2 Audit Ltd

© 2006 in this format NetworkPharma Ltd

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

ISBN-10: 1-905676-05-0

ISBN-13: 978-1-905676-05-7

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

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Can Strategic Marketing be Measured?

Mike Rea

Executive summary

In an industry where analyses suggest that only one launched drug in four repays its investment, there is a significant need to measure marketing effectiveness. The past decade has seen an increasing realisation that 'commercialisation' and 'development' are one and the same. Yet the overwhelming majority of proprietary measurement tools focus their attention on elements within the tactical marketing mix, but are unable to examine the effectiveness of strategic marketing.

This *Expert Review* argues that marketing has a role to play in identifying, redirecting and appropriately commercialising the three drugs in four that currently stay below the cumulative break-even line, and that ensuring the quality of strategic marketing is of pivotal consequence to the success or failure of a brand. Furthermore, leaving assessment of the strength of strategic planning to beyond the implementation of promotional campaigns, and ultimately to a point beyond product launch, is far from optimal in ensuring an appropriate return on overall investment.

This review also puts the case for earlier implementation of rigorous, externally triangulated assessment of strategic marketing plans, to ensure that brand trajectory is fully optimised.

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Introduction



It has been said that the only way to measure marketing is to “do it, wait and see what happens and measure that.” This is one step on from the infamous statement by William Hesketh Lever, “Half the money I spend on advertising is wasted, and the trouble is I don’t know which half”. Within an industry in which analyses suggest that only one launched drug in four repays its investment, there is clearly a significant need to measure the effectiveness of marketing to ensure that resourcing is appropriate, both in terms of scale and direction. With such high stakes, the pharmaceutical industry has begun to embrace the more active concept of measuring the impact and effectiveness of the components in the marketing and sales mix, and applying the lessons learned. This kind of marketing audit is becoming more commonplace in an increasingly cost-driven environment. Indeed, there are now few scenarios in the life cycle of a pharmaceutical brand where a watchful-waiting approach would ultimately be considered an appropriate risk.

Pharmaceutical marketing, in contrast to consumer-orientated disciplines, was once considered to have a relatively back-seat role to play in the success or failure of a product. In such a model, the compound, as opposed to the brand, was considered to lie at the core of sales success, and was the factor that underpinned whether a product rose above the break-even point. This model assumed that the strength of the product lay within its pharmacology and clinical evidence base, rather than in how the brand was built and communicated to key prescribing audiences.

The past decade or so has, however, seen significant changes in the perception and practices of pharmaceutical companies in driving products to market, with an increasing realisation that commercialisation and development are one and the same, implying an equal partnership between brand and product development. Although such an approach is widespread, the depth and timing of such integration remains variable within even the top 10 pharmaceutical companies, demonstrating that company reporting structures can still potentially hamper best practice in product commercialisation.

Mike Rea
March 2006

About the author

Mike Rea is CEO of Q2/IDEA Group, a leading consultancy group in pharmaceutical marketing, which includes ID Pharma, IDEA Pharma Consulting and Q2 Audit.

He has worked in international healthcare communications for almost 20 years, and has developed global marketing solutions for most of the world’s top 10 pharmaceutical companies. Mike’s principal point of interest is the incorporation of best practice into pharmaceutical marketing strategy, and he has helped lead the strategic direction of over 50 pharmaceutical brands.

Mike is the author of *Medical Marketing Manual: Branding Pharmaceuticals*, is a frequent expert reference for articles on pharmaceutical branding and has chaired several international conferences on pharmaceutical marketing.

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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.

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