UNDERSTANDING WHAT WORKS:

A CASE STUDY MEASURING RETURN ON INVESTMENT FOR DIGITAL VERSUS PHYSICAL MARKETING ACTIVITIES AND THE COMBINATION OF BOTH

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INTRODUCTION

Launching a new product into a highly competitive market is a challenge that every pharmaceutical business has faced. It's even more challenging when your customer(s) is facing budget cuts, downward price pressure and a greater need to demonstrate the cost and patient benefits of a pharmaceutical product in the context of the overall health economy.

This changing and evolving customer model is having a direct effect on the way that Life Science companies bring their novel innovations to market and optimise their strategies and tactics throughout the product life cycle.

In today's complex healthcare environment we have more stakeholders with whom we must communicate – regulators, payers, healthcare professionals (HCPs), patient groups, new commissioning groups, government stakeholders, business savvy procurement executives – to name but a few. Each of these groups has different customer needs and we must tailor our communications accordingly.

Traditionally, the pharmaceutical sales model has been quite simple. We have a good product with good clinical data; we segment our audience along value-based models such as Pareto's Principle; we build our key marketing messages; we arm our direct sales force with the tools and content to communicate our value proposition to HCPs; we go forth and call on HCPs; we measure call frequencies, message penetration and the impact on top line sales. Alas, if it were only still this simple.

We have to evolve in this new landscape and, to compound things further, traditional face-to-face access to HCPs is decreasing. UK research from 2012 found that 52% of general practitioners (GPs) did not want to see pharmaceutical reps[1], and US research from ZS Associates in 2014 found that 49% of pharma-friendly physicians had placed moderate to severe restrictions on access.[2]

But within this environment of increasingly complex stakeholder needs and decreased direct access there is an opportunity. Although traditional HCP stakeholders might be harder to reach physically, their adoption of technology has provided an opportunity to reach them via other channels.

The case study within this white paper acts as an example of how smart pharmaceutical companies are taking advantage of this new digital world, optimising their reach to customers physically and digitally and analysing the return on investment (RoI) based on the traditional sales model which senior leadership understands: sales impact.

WHAT DOES COCA-COLA KNOW ABOUT PHARMA MARKETING?

The short answer is probably not a lot; however, what it does know about is how to evolve its marketing strategy in a changing environment, after all its product(s) is one of the most widely recognised in the world and is still the most consumed carbonated drink in most markets[3], despite growing consumer health consciousness.

In 2011 Eric Schmidt, then Google's CEO and now Executive Chairman of Google's holding company, Alphabet Inc. claimed that Google had proved that you could systemise innovation.[4] He cited its '70/20/10 rule' where 70% of the company and employees' day is spent on core business, 20% is spent in the business but in another team and 10% is spent on blue sky ideas. This is still a principle that Google holds today.

When Coca-Cola unveiled its 2020 vision, it applied this model to its marketing in terms of its content excellence strategy and its budget allocations.[5] In the vision, 70% of budgets should be allocated to bread and butter core marketing, 20% should be allocated to innovations that have been proven to be effective, and 10% should be for brand new higher risk ideas. The concept is that as you institutionalise innovation in today's changing marketing environment, you constantly try new things, understand what works and then evolve the marketing array by moving your 20% into the 70% bucket and the 10% into the 20% bucket, and so on.

The principle seems sound and has proven case studies behind it, but the key question is: how does a company measure what has been effective? And to go a step further, how can we distill what has been an effective campaign from other marketing initiatives that we are running at the same time, for the same brand?

THE CASE FOR USING ALTERNATIVE CHANNELS IN PHARMA MARKETING

HCPs have increasingly taken to online channels to find out the latest developments in clinical practice. The nature of the internet, interconnectivity and increased uptake of smartphones and tablets has allowed the time poor HCP to quickly find relevant information which helps them make clinical decisions. You see this in the proliferation of closed HCP communities, increased uptake of Twitter and hashtags such as #FOAMed (free open-access medical education), the rise in digital attendance at congresses and increased peer-to-peer crowdsourcing. Although the opportunity for pharma companies to reach existing and potential target customers through new channels is obvious, their ability to navigate the appropriate channels, provide the right content for the channel, get over regulatory/legal hurdles and measure the effectiveness of campaigns continues to be a challenge.

This is evident from the latest Across Health Multichannel Maturometer 2015 study which has surveyed 260 healthcare executives, 89% of whom work in pharma/biotech. One of the striking insights is that despite the investment that pharma has made in multichannel, only 12% of the European respondents surveyed are satisfied with their current digital marketing activities and less than 20% feel comfortable with measuring the impact and engagement of these.[6] Around 40% of EU and US respondents also state that they have a poor understanding of RoI.

Although satisfaction rates could be higher in terms of multichannel initiatives, there is a strong case for using alternative channels to supplement and increase the effectiveness of traditional channels. One of the areas that pharma needs to pay greater attention to is measurement, effectiveness and RoI.

McKinsey & Co. states the case for digital and multichannel marketing nicely in its 2012 white paper 'Making sense of e-detailing in Japan's pharmaceutical sector' where they look at the benefits of digital marketing in the world's most advanced e-detailing market.[7]

In the paper McKinsey highlights four main benefits as:

1. 'Based on cost per detail, **e-detailing is significantly more cost effective** and efficient in maintaining interactions with physicians... the cost structure allows for sustained e-detailing – even when extending reach beyond the top prescribing quintiles of physicians'
2. '**E-detailing significantly improves the accuracy** of the product marketing messages because it leaves less room for human error... the details are by definition more carefully scripted'
3. 'E-detailing can provide pharma companies a **much more accurate set of data** around physician behaviour – in much the same way e-commerce players sit on much richer data sets compared to traditional players'
4. 'The ability to provide "double coverage" can provide a **multiplier effect** towards prescription impact far beyond that of either technique alone'[7]

It is important to bear these benefits in mind as we go on to discuss the detailed case study. Digital marketing has provided a new tool for pharma, it can help us engage and use a different marketing model for different customer segments. It does however also present a paradox – we have so much digital data to analyse that we find it hard to make sense of any of it in a meaningful commercial way.

CASE STUDY: MEASURING RETURN ON INVESTMENT FOR DIGITAL VERSUS PHYSICAL MARKETING ACTIVITIES AND THE COMBINATION OF BOTH

The following case study aims to distill the impact of different channels in the pharma sales and marketing mix. This recent UK case study illustrates how a digital campaign can complement and expand the traditional product launch model, using key touchpoints with GPs and specialists to bring a novel therapy into a competitive primary-care market. It also measured the impact of the various sales and marketing channels supporting the product roll-out, in terms of reach, geographical distribution, sales, associated sales and marketing costs and RoI.

The findings suggest how a mixed-capability campaign might be understood and refined to deliver optimal RoI, while challenging assumptions about the relationship between digital and physical capabilities in the context of a product launch. In this case the analysis was conducted retrospectively; however, even more learnings could be derived from a carefully constructed programme that set out to measure the impact of the various multichannel marketing activities upfront.

Balancing physical and digital

The product in question was a new treatment with a unique mechanism of action, launching into a crowded UK market where a number of leading pharmaceutical companies were already well established.

This is a tough enough job but a further complication was that the pharma company had focused on more niche therapy areas and needed to invest heavily in scaling up a primary-care sales force for the UK launch. The company's main tactics were:

1. Build in a larger in-house sales team
2. Enlist the services of two contract sales force organisations (CSOs)
3. Commission a targeted digital campaign via an independent online physician community

The digital component was managed by M3 EU through its Doctors.net.uk community (a closed authenticated HCP community), targeting both primary and secondary care in a highly targeted multi-wave programme with heightened activity over four months.

The objective was to complement and enhance sales force activity by broadening the reach of the launch programme and increasing contact volume and frequency among GPs and specialists alongside the scaling up of sales force calls and use of CSO services.

A typical product launch to GPs in the UK where the product has both primary and secondary care applications involves around five key touchpoints/interactions with customers before a GP will prescribe independently. Typically this can take between three and 18 months.

In the traditional sales and marketing model these interactions were predominantly initiated through reps, print media and events. However, in today's multichannel launch, touchpoints can be initiated and sustained through a range of interactions, using sales reps, secondary care endorsements, promotional meetings, congresses, print, webinars and other digital channels which can expedite GPs along the product-adoption curve (see Figure 1).

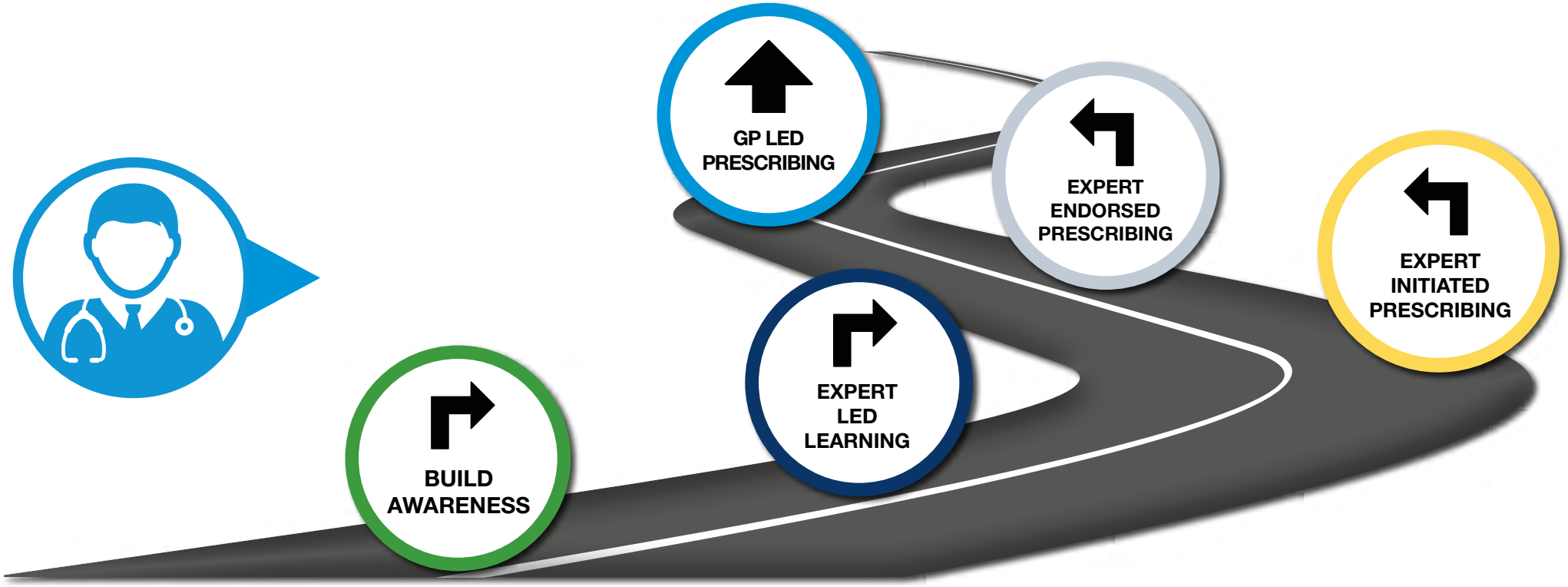


Figure 1: *GP adoption pathway*

The new multichannel launch model in UK primary care (where the product has primary and secondary care applications) is as follows:

- First one to two months, a new product is introduced with awareness-raising through sales rep visits, backed up by online and offline marketing activities and other prompts such as hard copy mailers
- At the next stage, GPs start to learn more about the product from local specialists (expert-led peer-to-peer engagement), bolstered by local networks and meetings, online and offline journals, e-newsletters and digital marketing etc.
- They then transition to supporting specialists through repeat prescriptions and monitoring of patient outcomes, again with back-up from print and online sources
- Usually after six months, recommendations from health technology-assessment bodies such as the National Institute for Health and Care Excellence (NICE) in England or the Scottish Medicines Consortium (SMC) in Scotland take effect and the potential market opens up as GPs begin to prescribe on the advice of local specialists

Eventually, after becoming more familiar with the new product and its outcomes, GPs start to prescribe on an independent basis.

The digital campaign that accompanied this launch supported the user journey that you see in Figure 1 and provided multiple touchpoints in a linear and relevant fashion to act as a multiplier to increase product uptake.

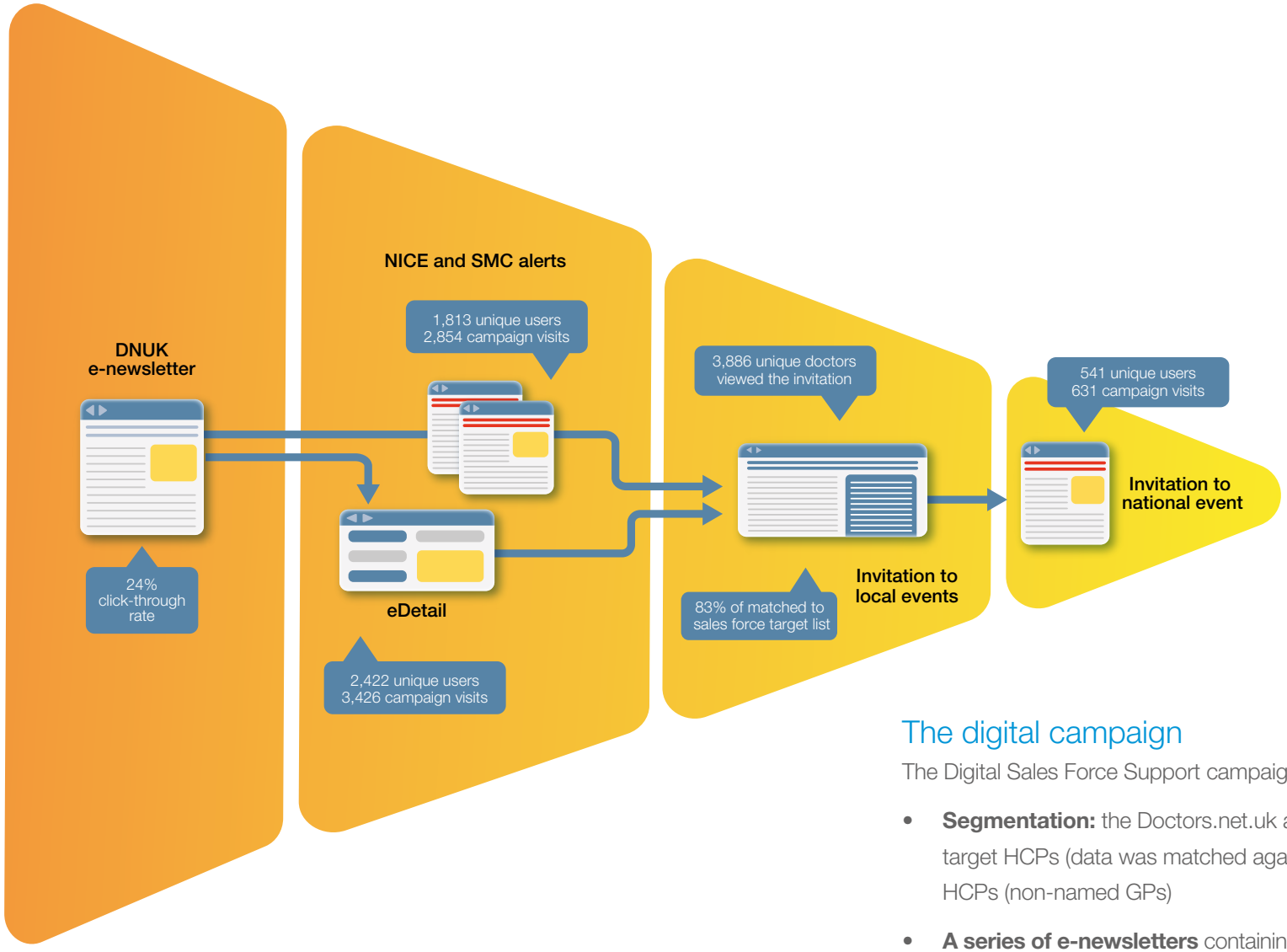


Figure 2: Digital campaign flow product launch

The digital campaign

The Digital Sales Force Support campaign (see Figure 2) comprised:

- **Segmentation:** the Doctors.net.uk audience was segmented into named target HCPs (data was matched against a OneKey ID list) and all other target HCPs (non-named GPs)
- **A series of e-newsletters** containing product information and links to related product content, sent to named HCPs from the company's target list and the wider target audience (N.B. McKinsey & Co. – digital marketing cost structure allows for sustained e-detailing, even when extending reach beyond the top prescribing quintiles)

- **Newsletters** linked to a self-directed e-detail hosted on Doctors.net.uk, containing five pages of key marketing messages and Clinical Alerts containing short, sharp, single pages of content promoting the products endorsement by NICE and SMC
- **An invitation was** presented at login for any HCP who had engaged with the e-detail or Clinical Alerts. This included information about local educational meetings with specialists to discuss the therapy area and new treatment options (facilitating cross-over of digital and traditional tactics)
- **A national event invitation** for HCPs who had engaged with all content elements in the online launch campaign which highlighted a national event on the disease and the new product
- **Aggregate data** provided back to the company on the named GP practices from which HCPs had engaged, against target list and non-target list practices

The digital campaign delivered 18,042 interactions with 4,291 HCPs over a four-month period.

The average number of touchpoints/digital visits per HCP was 2.5, with each HCP spending an average of around 4.5 minutes viewing content. Over 80% of the targeted HCPs engaged with two or more separate elements of content. What this pharma company had effectively managed to do was develop a significant number of brand interactions with a potential customer, in a short space of time. These interactions were also being supplemented with 'double coverage' (a benefit highlighted in the afore-mentioned McKinsey & Co. report) through face to face and other channels.

The reach is crucial but the frequency of visits and interactions is perhaps the most important in terms of understanding engagement and sales impact.

Sales force activity

The direct sales force campaign delivered 54,132 visits by account managers (including around 5,000 group detail sessions/lunch and learns etc.) over a 12-month period, with the client's existing sales team responsible for 60% of calls and the two CSOs for 31% and 9% respectively. At the height of the campaign there were around 140 account managers in the field.

As can be seen from Figure 3, the sales activity ramped up towards NICE approval of the new product from Month 6, and then again after the 90-day period for mandatory adoption of NICE recommendations and provision of funding for treatment in Month 9.

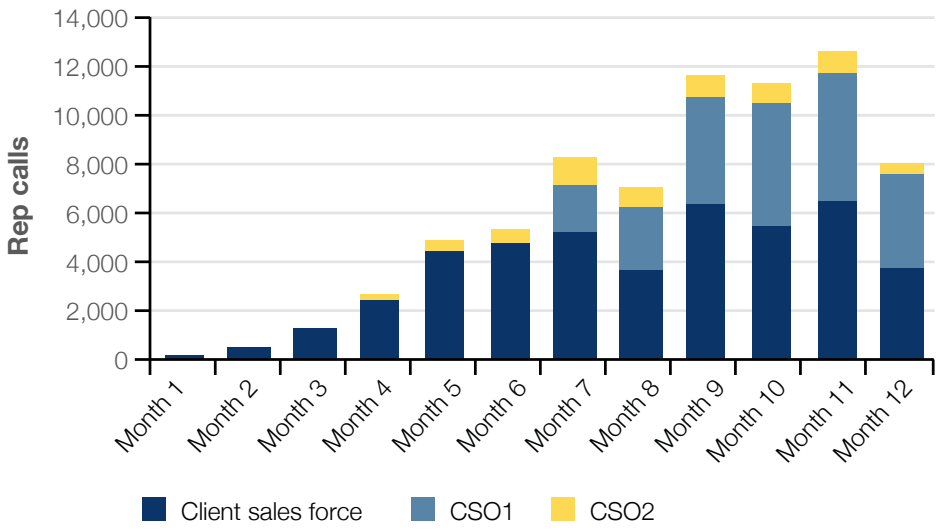


Figure 3: *Sales force activity for product launch*

Campaign impact

The rationale behind the parallel digital campaign for the new product was to complement the physical sales force presence on the ground, raising awareness in a very competitive market of brand messages and building credibility that could be reinforced in face-to-face meetings with sales reps.

Traditionally pharma has evaluated the effectiveness of account managers, reps and marketing collateral using sales numbers as well as other analysis such as message recall from rep-visited HCPs. These message recall analyses have commonly been referred to as a Detail Follow-Up (DFU) or a Post-Visit Evaluation (PVE). Sales metrics are the behavioural metric while DFUs and PVEs are the attitudinal analysis. For the digital campaign the same analysis was conducted, with sales and attitudes measured.

The attitudinal study on the online campaign included a group of 50 GPs and 20 specialists who had viewed the online campaign (interactors) and 50 GPs and 20 specialists who had not (non-interactors). It was found that GP interactors with the online campaign were further along the adoption path compared to non-interactors and could recall, on average, 5.6 out of 8 key messages. Specialist interactors were able to recall, on average, 6.1 (Figure 4).

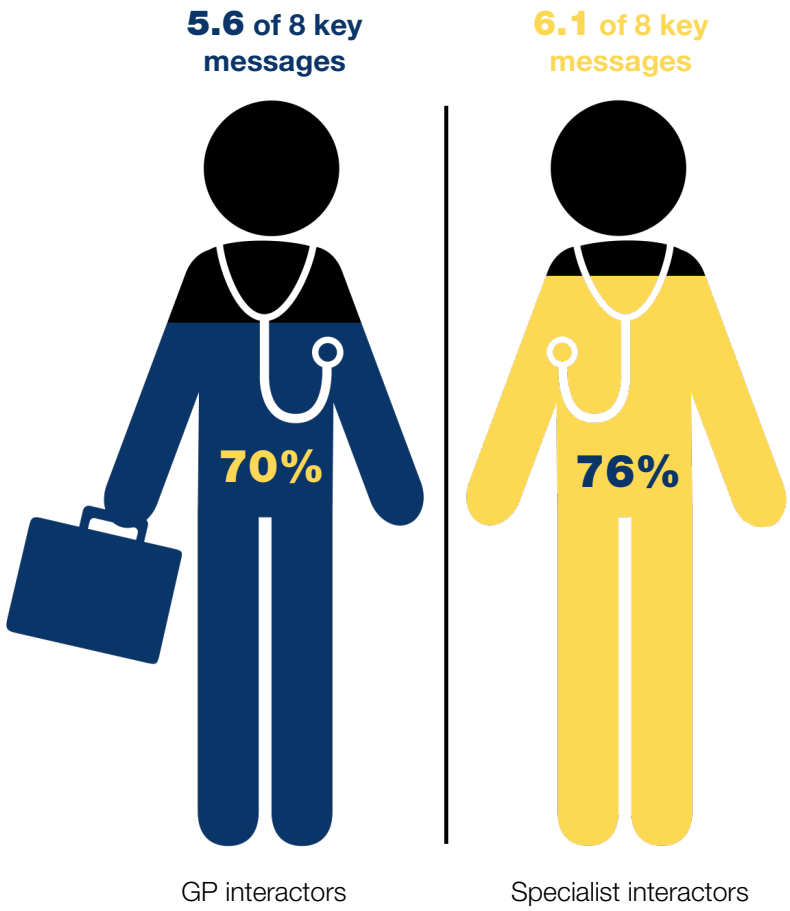
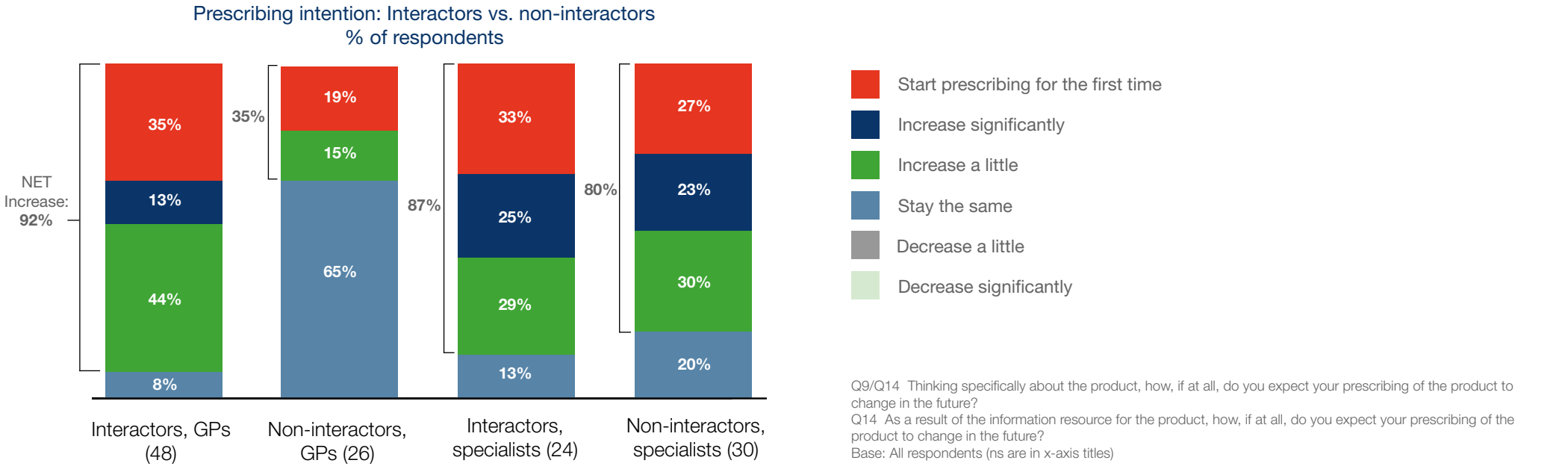


Figure 4: *Key message recall for digital campaign*

Almost all of the GP interactors who were aware of the brand intended to start prescribing the drug, or to step up their prescribing in future – markedly more than among non-interactors. 92% of the GP interactors stated that they would increase prescribing of the drug compared to just 35% of the non-interactors (Figure 5). This difference was less pronounced amongst the specialists where 87% of interactors intended to increase prescribing compared to 80% of specialist non-interactors.

Of the specialists that had started to prescribe the product, educational meetings (30%) and the online campaign (30%) had been equally impactful on their decision. Of the GPs who had started to prescribe the product, educational meetings were reported to have the biggest impact on their decision (33%) and then recommendation by a specialist (20%)

While GP interactors were slightly further along the adoption curve and more likely to associate the brand with the promoted drug attributes, the digital campaign was especially popular among specialists who were less familiar with the brand and wanted to learn more.



Q9/Q14 Thinking specifically about the product, how, if at all, do you expect your prescribing of the product to change in the future?
Q14 As a result of the information resource for the product, how, if at all, do you expect your prescribing of the product to change in the future?
Base: All respondents (ns are in x-axis titles)

Figure 5: *The majority of interactors aware of the product intend to start or increase prescribing the drug in the future, with a marked difference between GP interactors and non-interactors*

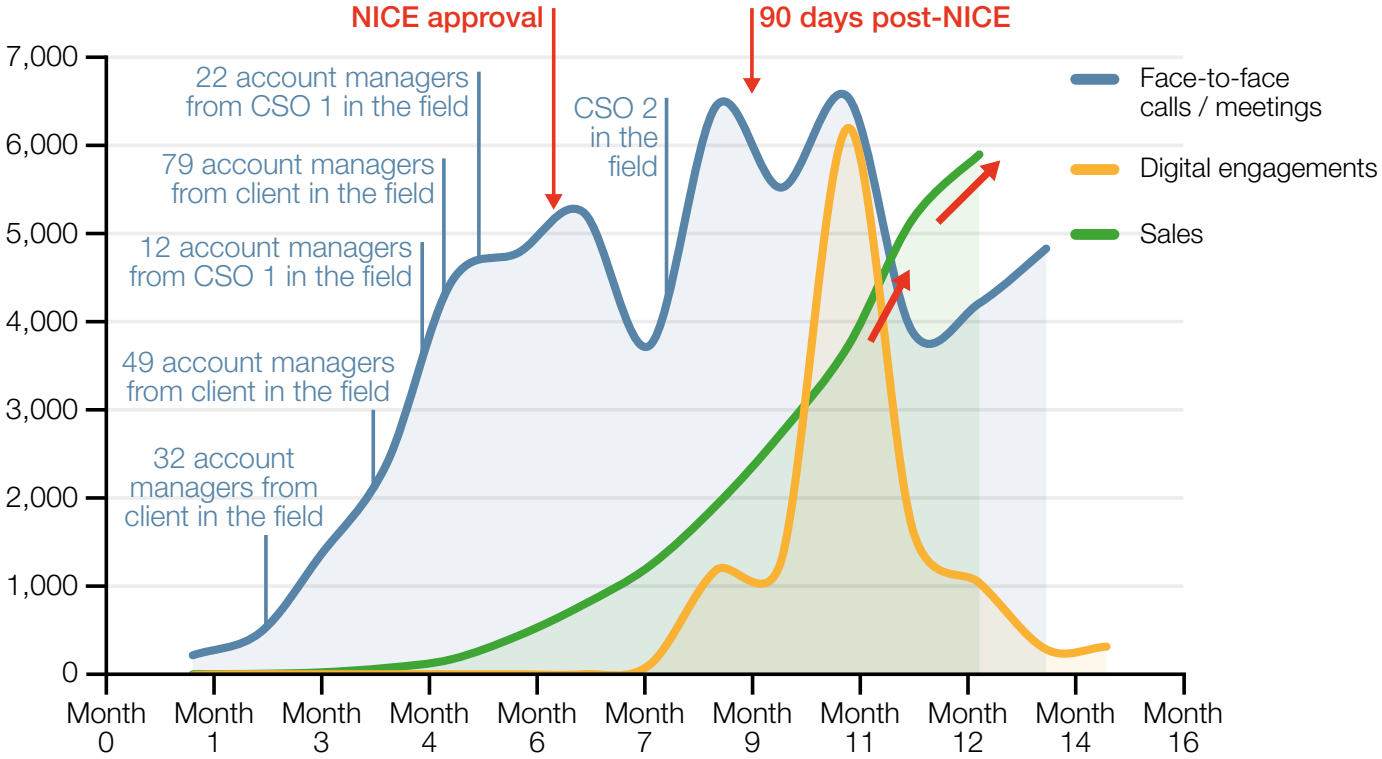


Figure 6: *Physical and digital campaign over time versus sales*

Measuring channel effectiveness and HCPs behaviours

A further analysis drawing on a range of data sources sought to measure channel effectiveness and its impact on sales performance as the new product rolled out in the UK market.

Digital-engagement data and physical sales force activity were analysed on a monthly basis over the course of the launch and cross-matched to monthly sales in geographical 'bricks' or postcode areas. The relative costs of engagement were factored in to generate RoI per pound spent for each channel or combination of channels used.

This analysis of channel effectiveness did not include the impact of largely above the line advertising activities such as print and digital display advertising for the new brand or more elusive factors such as word-of-mouth recommendation.

Sales of the new product peaked where there was a high frequency of both physical and digital calls – notably a whole two months after NICE's cost-benefit assessment, when formulary access to the new product opened up (see Figure 6).

Channel by channel analysis

Coverage, performance and cost-effectiveness were then split into four segments:

- **No promotion:** covering 24 bricks, where there were no sales calls by reps on the ground, nor digitally through Doctors.net.uk
- **Face-to-face only:** covering 360 bricks, where there were physical calls by account managers but no digital visits
- **Digital only:** 111 bricks, where there were digital visits but no sales calls
- **Face to face plus digital:** 1,190, bricks, where there were both sales calls and digital visits

It must be noted that not all bricks are the same size or have the same market potential as some brick geographies are more rural while others are in urban areas. In other words, each brick will have different numbers of potential patients suitable for the product. Therefore, although the following analysis demonstrates channel impact, each group is not the same size.

The following data has been used to calculate cost-effectiveness and RoI:

- The cost of each account manager visit has been estimated at £120 – we have taken 'group details/lunch and learns' into account and estimated the value of each of these to also be £120
- The cost of each digital visit was £7.53
- The cost of the pharmaceutical product was taken from the NHS list price as sales data provided was in unit sales

Individual channel analysis and key insights

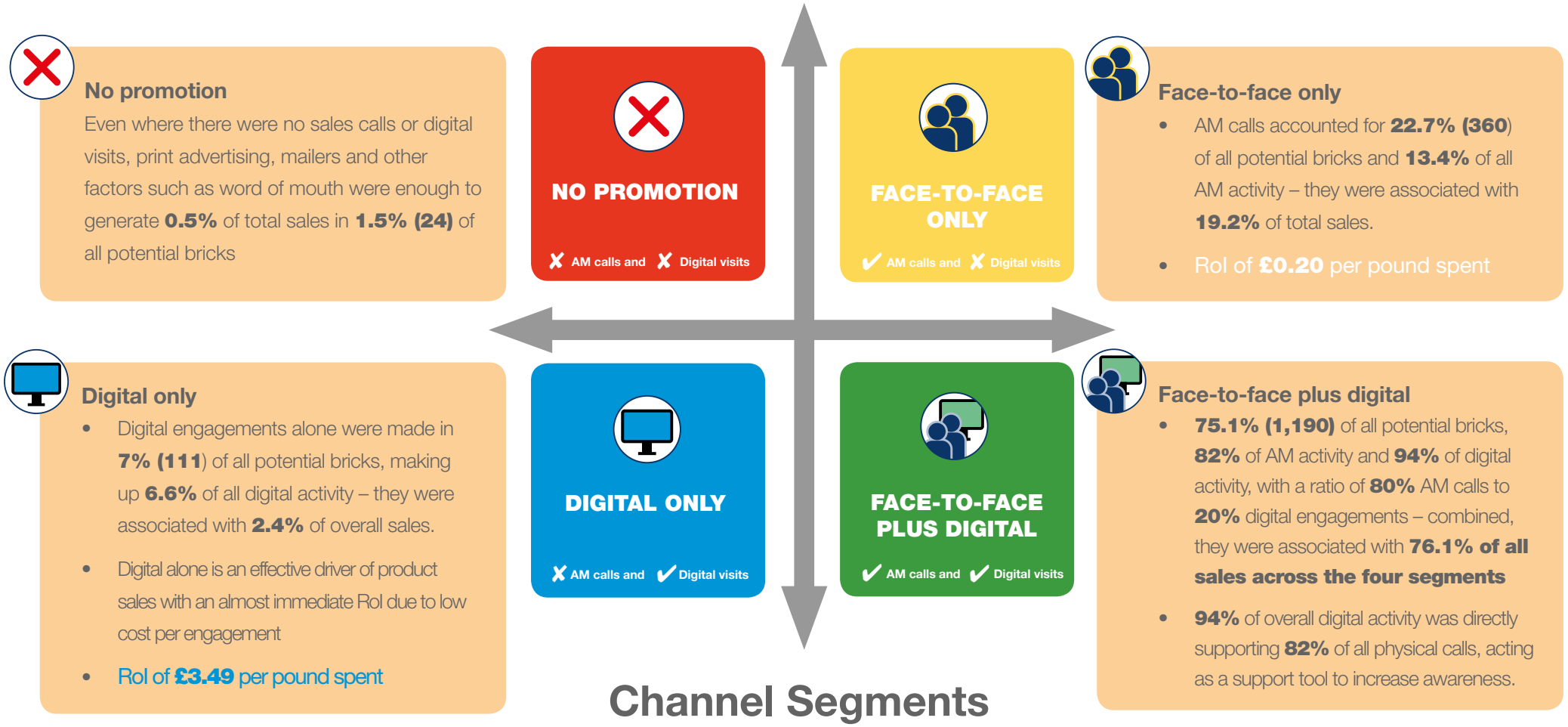


Figure 7: Sales, performance and cost-effectiveness by channel

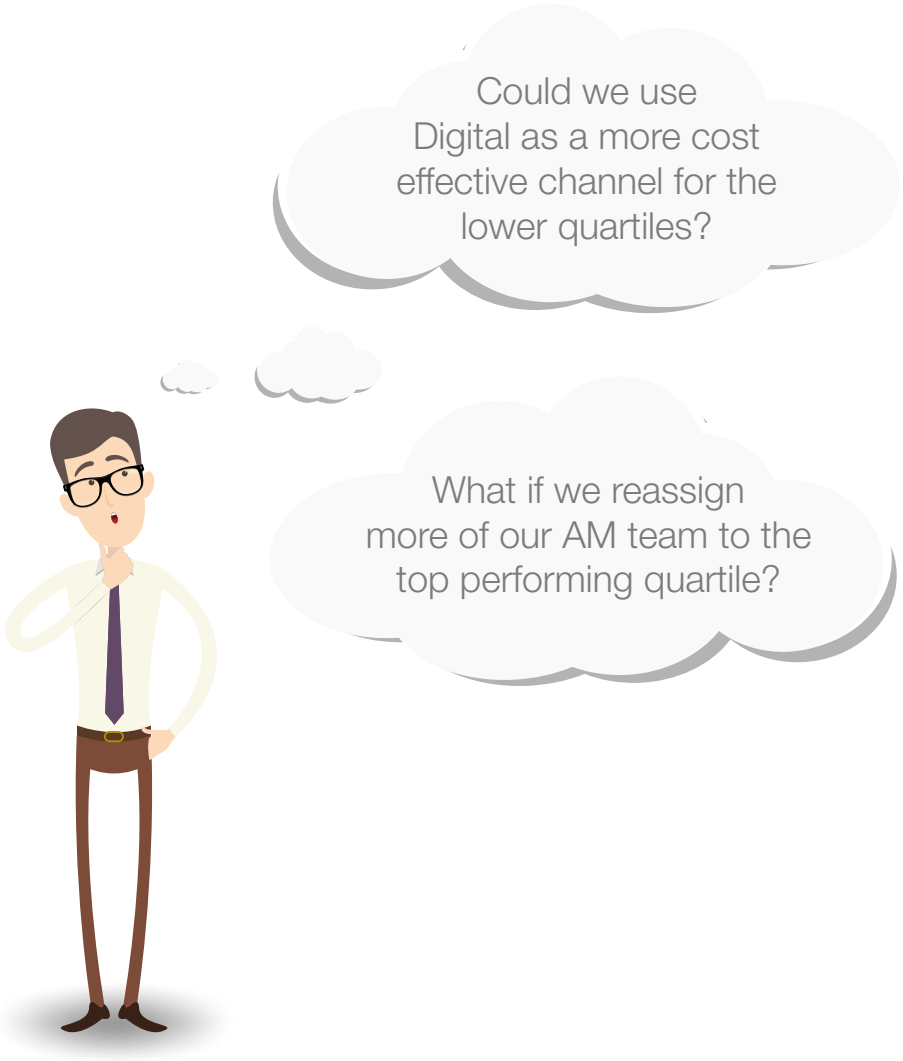
These data (Figure 7) do not reflect longer-term considerations such as the impact of relationships built through physical sales calls, nor do they measure explicitly the comparative effectiveness of digital versus physical sales activity. What they do tell us is that digital visits are immediately highly cost-effective due to the lower cost per engagement when compared with face-to-face calls.

Optimising channels for maximum RoI

As an exercise to consider the optimal channel mix the data was re-analysed by dividing the target group into four roughly equal sales quartiles, then matching them to brick coverage and the volume of calls through either sales reps or the digital channel, to give some indication of how the ratio of physical to digital sales activity might be adjusted geographically to lower operational costs and achieve better targeting of resources.

In the top-performing quartile (Q1), for example, 25% of sales were generated across just 4% of bricks using only 6% of all sales calls and 3% of digital engagements – a relatively low level of effort and cost for a relatively high return. In the worst performing quartile (Q4), it took 61% of all sales calls and 61% of digital visits to achieve the same proportion of sales across 72% of all bricks.

Since we have already seen that digital is significantly more cost-effective, at least in terms of immediate RoI, this raises the question of whether digital activity should be ramped up to maximise RoI in the lower two quartiles, while sales teams might be more productively re-assigned to the high-performing quartiles.



Learning from the case study

A number of conclusions may be drawn from this case study. The data shows not only that digital activity alone can be a driver of sales and improved RoI but that it is reaching the right customers. In this instance, 94% of digital activity was directly supporting 82% of sales calls, so that the promotional push to target customers occurred both in and out of office hours.

The study also illustrates that digital can be used to improve markedly immediate RoI from sales activity while enabling physical resources to be targeted more productively. Where the sales force is not reaching HCPs with the right patients, costs may be reduced by switching to digital engagements and remote detailing. At the same time, digital was shown to identify new customers who were prescribing the drug without any visits from sales reps, suggesting these HCPs and the associated sales bricks should be incorporated into account managers' target-customer lists.

Where the biggest uplift to sales was observed during the new-product roll-out – around 90 days after the NICE recommendation on uptake – the volume of digital activity was almost equal to that of the physical contacts, amplifying the key messages and helping to boost sales with considerably less resource and at a much lower cost.

What can digital do for you?

It is clear from this example that a complementary digital campaign has considerable value as:

- **A cost-effective driver of business on its own account,** reaching and influencing customers where physical activity may be restricted or cannot be justified due to costs
- **A cost-effective means of amplifying sales force activity** by multiplying interactions with target customers and opening up new avenues for dialogue around the product (e.g. where sales reps call on HCPs who have already engaged with the brand online)
- **A channel to engage new customers** who are not currently seeing representatives but are prescribing your products and may increase prescribing further with face to face plus digital

What can you do for digital?

- **Invest in measuring your new campaigns:** as an industry we spend money on running a campaign but we often leave measurement as an afterthought. A simple rule would be to allocate 10% of campaign spend (dependent on channel) to measurement. Pharma should push third-party providers to help measure effectiveness, working with them collaboratively to provide the right data and tools to get the right insight to assess outcomes
- **Translate the impact of multichannel campaigns** into metrics that senior leadership can understand, ideally a mix of attitudinal and behavioural analysis alongside sales data
- **Segment and target based on the channel and its cost-effectiveness** not just target customer lists – digital tactics allow companies to have a different model to reach potential customers that have value, just potentially not the same value that requires a representative visit

CONCLUSION

While this study was UK-specific, the learnings are applicable at European or even global level. The UK is among the most advanced markets for digital media in Europe, making it an ideal location for this kind of multi-channel analysis. That in turn suggests that a more enthusiastic embrace of digital channels across Europe will help to identify the most impactful and cost-effective balance between physical and digital resources in pharmaceutical sales and marketing.

The message for pharma, wherever it is located, is that industry should be challenging itself and providers more aggressively on exactly when, where and how different sales channels – including digital – can generate the best returns by optimising awareness, recommendation, uptake and sales, as well as focusing investment where it will really make a difference. Sales and marketing teams should allocate part of their campaign budget to analysing outcomes and measuring RoI from physical and digital activities. Only then will they have a clear picture of how these strands function both independently and synergistically to deliver a mix fit for today's challenges in the pharmaceutical market.

While the use of digital strategy and tactics does not provide a silver bullet to the ever changing and evolving landscape, it does provide us with complementary tools to target, gather insight and manage operational expenditure to get the highest returns for your investments.

"Industry should be challenging itself and providers more aggressively on exactly when, where and how different sales channels – including digital – can generate the best returns by optimising awareness, recommendation, uptake and sales, as well as focusing investment where it will really make a difference."

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Marc has a wide range of sales, marketing and media experience having worked in public sector networks, events, radio and digital communications. His passions lie in people, big ideas and disruptive technologies that can reduce the cost of healthcare.

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About M3 Group

M3 is a trusted global provider of information and connections in healthcare, and has a reach of more than 3.5m physicians worldwide - making it the world's largest network of physicians.

M3 helps healthcare organisations to access, connect and communicate more efficiently with physicians and other healthcare professionals in order to share knowledge and innovations. It also provides ongoing data-driven results and insights, so that it can continually improve its service.

For physicians, M3 provides dedicated and trusted community spaces in which they can connect with each other, as well as healthcare organisations - to learn, access new information, and share knowledge and experiences. M3 also has a separate division providing independent medical education.

Through its commitment to progress and its investment in deepening connections, M3 will continue to break down the barriers that stand in the way of improvements and progress in healthcare.

Further information

For more information on M3 and its European Division which includes the independent medical education offering as well as www.doctors.net.uk, www.m3medical.com, www.mdlinx.com, and www.networksinhealth.com

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