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ACTIVATE YOUR CUSTOMER-CENTRIC MARKETING STRATEGY



With the life sciences industry experiencing a greater change than ever before due to widespread digitization, and ever-growing patient expectations, the need to engage a customer within their channel of choice is growing more important every day.

One Ipsos study revealed that 69% of online consumers agree that the quality, timing, or relevance of a company's message influences their perception of a brand¹. As marketing channels continue to evolve, a customer-centric marketing model is a must to attract and keep long term, loyal customers.

More than one in five adults currently use a wearable device or health-related mobile app, and experts predict that by 2020, 67% of physicians will turn digital native. Without shifting to customer-centric marketing, life sciences companies will struggle to stay competitive in this increasingly digital landscape.

Traditionally, life sciences marketing has been campaign driven and product-centric. product-centric marketing focuses internally, leading to a poor customer experience due to a myopic point of view. The approach does not consider the customer's unique context or harness the power of engagement over multiple channels of choice.

The high-water mark of product-centric thinking in Pharma was the multi-mirror sales force that emerged in the 1990s through the 2000s. By 2005, the industry had 110,000 sales reps. During this time, a high-prescribing primary care physician might see five, six, or even seven sales reps from the same company.

It is reminiscent of the situation the financial services industry faced circa 1990 when all the lines of business (e.g., mortgage, checking accounts, etc.) would assault consumers with mail and telemarketing calls during dinner. It is no mystery why bank consumers revolted against this onslaught of marketing – just as physicians are doing today by restricting or limiting access to sales professionals.

Customer-Centric Marketing (CCM) begins by realizing there is no average customer. Instead, CCM ditches the "one size fits all" marketing approach for a targeted, personalized, and contextual engagement for each customer. With CCM, marketing teams direct their promotional effort to increase the lifetime value of their loyal customers.

Companies like Apple and Amazon champion the CCM approach; they think outside-in, they seek to truly understand the needs of their customers, engage on their terms, and deliver value in every interaction. They think less about promotional spend, and more about the investment needed to build raving brand advocates. In 1977, Mike Markkula (Apple's 2nd CEO) laid out Apple's CCM philosophy, saying, "We will truly understand their (i.e., customers') needs better than any other company."

Over the past decade we have worked with over 100 life sciences companies in the commercial insight and operations space, helping many accelerate their journey from product-centric to customer-centric marketing.

Based on these engagements and our learnings, we have created this strategic 5-step guide on how to activate your CCM strategy for senior executives.

Step 1: Gather every data source available to build a true picture of your customer

Step 2: Understand personas based on values, habits & needs

Step 3: Engage with context over channels of choice

Step 4: Leverage advanced decision science to optimize engagement & take the next-best action

Step 5: Invest in long-term relationships with a focus on lifetime value

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With the widespread shift to digital, data sources have exploded across the healthcare industry. Alongside traditional face-to-face channels, data from online, social, mobile, and wearables are now available.

Data dominates this landscape and holds the keys to competitive advantage. Your organization needs to understand the scope of customer data sources available and have a well-governed way to capture and build a 360° view of the customer.

To avoid data-gathering paralysis, where a company gathers data without moving forward, it is important to first establish a roadmap for your data collection efforts. The roadmap will determine the most important data points to gather, as it forces marketing teams to consider the value of a channel and the complexity and cost of data collection. Application of the Pareto principle should be applied to your roadmap; 20% of the data sources might give you 80% of the valuable data, so be pragmatic when plotting your course. Because this step is so crucial yet so technical, companies will often partner with data experts, who have years of experience gathering, organizing, and driving value out of customer data sources.

Alongside your data-gathering roadmap, it is important to establish strong data governance processes. Master Data Management (MDM) and Customer Interaction Masters (CIM) platforms are crucial to developing a single source of truth for your customer data. These platforms track interactions with the customer, capturing and organizing all customer activity, history, and trends. The shift toward digitization in life sciences has made these platforms crucial for efficient marketing, but these platforms alone are insufficient in creating a 360° view of your customer. As most companies are still directing a bulk of their marketing spend on face-to-face sales interactions. Therefore, it is just as important to gather data from traditional offline channels as it is to gather data from the latest digital sources.

STEP 1:

GATHER EVERY DATA SOURCE AVAILABLE TO BUILD A TRUE PICTURE OF YOUR CUSTOMER



Hiding within those mounds of data is the knowledge that could change the life of a patient or change the world.

Atul Butte, Biotechnology Entrepreneur



Capturing customer data helps your company create a picture of your customer, allowing you to target them with specific messages and channels directly. The more highly targeted and selective your marketing engagements become, the more important it is to use clean and accurate data. Marketing engagements cannot be done in an ad-hoc or inconsistent manner, as you must leverage enterprise-grade data quality and enrichment processes at every step for the best customer experience



A company that can seamlessly capture and combine online and offline data will have a significant competitive advantage over other companies; it will be able to create more holistic customer personas, initiate targeted marketing messages more quickly, and determine more effective Next Best Actions over the competition.

This step truly lays the foundation for the subsequent steps in this guide. However, it is a step that companies will need to revisit as new data sources become available continually, and your company determines which data is required to understand your target customers truly.

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Amazon.com is arguably one of the most customer-centric companies in the world. Jeff Bezos, the founder, established an empty chair policy. At every meeting, no matter the size, one chair always remained empty. This chair was labeled “the customer,” so that every decision made in the meeting occurred with the customer sitting at the table.

This is where customer-centricity begins – by including the customer in decisions at every level. It is the true lifeblood of CCM - the ability to walk a mile in your customer’s shoes. With this mindset, companies must leverage data to understand their customers while not losing sight of the human qualities of each one.

Ardath Adless defines personas well, explaining, “a marketing persona is a composite sketch of a key segment of your audience. For content marketing purposes, you need personas to help you deliver content that will be most relevant and useful to your audience.” With Amazon’s empty-chair philosophy and Adless’s holistic definition in mind, life sciences companies must use data, empathy, and industry knowledge to understand the attitudes and behaviors of customers for different segments.

The data used to inform the creation of customer personas can be qualitative or quantitative. For example, primary market research, surveys, segmentation, and clinical insights are all sources of data that will elucidate a customer’s values, habits, and needs. Also, website analytics will shed light upon who is visiting your website and what they are viewing, indicating what they desire

However, data alone will not build good personas. To truly understand a customer’s values, habits, and needs, a company must consider the customer’s humanity and centrality in this process. For this part, it is crucial to get your customer-facing teams involved. Anyone across the business with customer touch-points will know how to create a better persona, as they have seen what makes the customers tick.

STEP 2: UNDERSTAND PERSONAS BASED ON VALUES, HABITS & NEEDS



Healthcare is a local business.

Bill Goldberg, CEO at Relevate Health Group



The process of creating personas can be tailored to fit many business models. Most companies use the metric Customer Lifetime Value (CLV) or Lifetime Customer Value (LCV) to create buckets of personas. The CLV/LCV are the same; both values predict the net profit attributed to the entire future relationship with a customer. In addition to CLV/LCV, a customer’s age, job, gender, values, habits, and education also help create a holistic persona.



Creating customer personas takes time, but it is essential to a successful marketing campaign. Once the personas are in place, you can initiate persona-specific messaging, leading to a better experience for the customer, who is more engaged with your business. Better personas can also reduce your marketing costs, as your messages will be deployed efficiently.

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Forrester released a report finding that 53% of customers are “likely to abandon their online purchases if they can’t find quick answers to their questions,” while 73% say that “valuing their time is the most important thing companies can do to provide them with good customer service.

These numbers highlight that customers expect engaging, unified messages from brands over their preferred channel. If a company wastes time targeting a consumer with irrelevant messaging across multiple channels, multiple times a day, 7 out of every ten customers will report a poor experience.

By leveraging where a customer is in their journey and utilizing personas, marketing teams can determine customer context. That is, what the customer’s background is and what that reveals about the optimum marketing channel.

Context takes into consideration the “6 rights” of each customer - Right product, right customer, right time, right channel, right message, and the right price. By establishing the “6 rights” of customer personas, your marketing team can provide the customer with the best possible experience.

When it comes to context, it is also key to note the importance of keeping existing customers and the value of brand loyalty. Acquiring new customers continues to be more difficult and more expensive. It costs 5x more to acquire a new customer than it does to keep an existing customer.

Furthermore, a 2% increase in customer retention has the same effect on profits as cutting costs by 10%. Companies with higher retention rates grow faster. To keep existing customers, your business must keep them happy and engaged. The best way to do this is to provide them with a great brand experience.

STEP 3: ENGAGE WITH CONTEXT OVER CHANNELS OF CHOICE



The more you engage with customers, the clearer things become, and the easier it is to determine what you should be doing.

John Russel, CEO



Using personas and context, marketing teams can send the right messages via the right channels, which avoids annoying the customer with multiple emails when they would prefer a face-to-face with an expert.

Because of the new, well-informed consumer, companies must utilize data and the personas, described in Step Two, to engage customers truly. If companies ignore the customer’s context and preferred channel of choice, they risk frustrating them, providing a poor experience, and even losing a potential lifelong brand advocate.

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Data alone is not enough for marketers to generate actionable insights. Marketers must consider the terabytes of data to make the best decisions, and it is impossible to do so without the technology and culture to support them.

In a perfect world, CCM would reach each customer on a 1:1 basis, allowing relationships to grow and marketing campaigns to be extremely customized. In the real world, a 1:1 basis is impossible, as it's neither cost-efficient nor feasible. However, technology allows you to come close to this perfect-world scenario; Advanced Decision Science techniques make CCM possible at scale.

Propensity Modeling is just one Advanced Decision Science tool that CCM teams leverage. Propensity Modeling is essentially a scorecard for a customer, which tracks buying habits, email engagement, survey participation, and more. This tool's success is underpinned by the effectiveness of the personas built earlier, as it can be used in tandem with personas to determine the best long-term marketing campaigns.

Experimentation, or what Axtria calls the "crawl-walk-run" philosophy, is key here. You must first "crawl" by initiating simpler marketing campaigns that allow your team to tweak and update personas, datasets, and marketing messages.

After that, teams can "walk" by initiating more complex, multilayered marketing campaigns. Then, teams can "run" by using the Propensity Model scorecard to determine the Next Best Action (NBA) for each persona. By predicting how a persona will act using Propensity Modeling and then determining the NBA, companies provide their customers with the best brand experience possible.

STEP 4: LEVERAGE ADVANCED DECISION SCIENCE TO OPTIMIZE ENGAGEMENT & TAKE THE NEXT-BEST ACTION



Knowledge is of no value unless you put it into practice.

Anton Chekhov, Russian Playwright



In addition to Propensity Modeling and NBA automation, a metric that allows you to evaluate customer interactions across all online and offline channels provides marketers with a tool to create a unique and customized experience for each customer. This metric also provides marketing teams insight into how their strategy is impacting brand sales, tying customer-centricity back to a hard and fast number like revenue.



Marketers want a path to transform their promotional strategy to become more customer-centric, but it is extremely challenging without the ability to visualize the real-time impact of their strategy.

A software grounded in up-to-date data that empowers marketing teams to make the best decisions possible by providing real-time actionable insights is essential. Without a platform to support them, marketers cannot deliver a highly relevant customer experience across every channel they wish to engage in.

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Although this guide has focused heavily on the data necessary to be more customer-centric, the most important part of this process is building relationships.

Gone are the days in which a company's product is its biggest asset. Now, customers are a company's most important asset. Deloitte highlighted that customer-centric companies are 60% more profitable than companies that do not have the same level of focus on the customer.¹ To achieve this level of profitability, old-school, product-centric company culture must be revamped to encapsulate the traits of a customer-centric company.

Mike Markkula understood this new culture when he laid out Apple's marketing principles in 1977; Jeff Bezos prioritized customer-centric culture with the empty chair. In both cases, the companies not only had the data to support its customer-centricity, but the companies also supported the culture of customer centricity; they talked the talk and walked the walk.

Before tackling corporate culture, you must look critically at your corporate structure. Most life sciences companies are structured around brand centricity. Once your company is structured around a product or brand, it can be challenging to adopt a CCM approach. As such, before shifting corporate culture, you should ensure that your company is unified behind your brand teams – everyone, not just the marketing team(s), should prioritize and think about the customer.

The shift in culture boils down to the need to shift company objectives to create long-term relationships over one-off sales. Everyone must be on board with this philosophy because customer-centricity is a mindset supported by data but driven by the relationships you create and nurture.

As such, everyone, not just the marketing team, needs to think about the customer.

STEP 5: INVEST IN LONG-TERM RELATIONSHIPS WITH A FOCUS ON LIFETIME VALUE



Customer service shouldn't just be a department; it should be the entire company.

Tony Hsieh, CEO at Zappos



There are a few initial steps a company can take to make its culture more customer-centric. For example, you can set corporate goals for customer satisfaction and retention rates while still tracking traditional revenue benchmarks. Also, you can encourage your executives to view customers' lifetime value metrics as long-term investments. A useful analogy here is one of the financial portfolios that contain many different types of assets like stocks, bonds, and money market funds. Each asset in the portfolio is necessary to create long-term value.

However, each asset is unique and works differently. To maximize profit from a diversified portfolio, you must treat each asset differently. To maximize profit from your customers, you must treat each one differently.

You can also change your culture by allowing your marketing team to gain exposure to your customers. Often, marketers are removed from customers. To many of them, your customer is a number, persona, or segment. To remedy this, you can advocate for your marketing teams to spend time with the sales and service teams, who meet face-to-face with your customers. Marketing teams will now associate a human with the numbers they crunch, giving a name and a face to a persona.



The future of marketing and success lies with a long-term investment in your customers. The companies that can move quickly to establish, build, and optimize relationships with them will be the most profitable in this new landscape.



This 5 Step Guide is a part of AIM (Axtria Intel Monitor), which is an engaging series of thought leadership that showcases Axtria's intelligence on therapy areas, industries and topics relevant to the life sciences.

Over the past decade, we have worked with over 100 clients in the life sciences industry and interacted with their analytics, commercial operations, and commercial IT leaders. Based on these engagements and our learnings, we have created a series of strategic 5 step guides on how to drive commercial excellence.

Contact Us

+1-877-9AXTRIA
insights@axtria.com
www.axtria.com
twitter.com/Axtria
facebook.com/AxtriaInc/
linkedin.com/company/axtria/

Founded in 2010, Axtria is a global provider of cloud software and data analytics to the life sciences industry. We combine industry knowledge, business process, and technology to help our clients make better data-driven decisions.

Axtria's cloud-based platforms, Axtria DataMAx™, Axtria InsightsMAx™, Axtria SalesIQ™, and Axtria CustomerIQ™ enable customers to efficiently manage data, leverage data science to deliver insights for sales and marketing planning, and manage end-to-end commercial operations. We help customers in the complete journey from Data to Insights to Operations.