

CASE STUDY

MAXIMIZING MARKETING ROI BY OPTIMIZING CHANNEL SPEND

MARKET MIX MODELING FOR A GLOBAL PHARMA COMPANY



It is imperative to take the guess work out of the decision making and drive leadership decisions with accurate insights for best results.

INTRODUCTION

Product marketing efforts in pharma are primarily focused on promoting the products and communicating the benefits to drive physician-patient decision making.

Pharma companies spend around 10% of their overall budget¹ on product marketing. Research conducted by Statista² puts the average marketing budget of pharma companies at around 12.7 billion U.S. dollars in 2017. While personal promotion via sales forces still forms the largest chunk of a company's promotional spend, non-personal channels like digital, social media, TV, events, and PR are gaining significant importance in influencing prescription behavior and enabling decision outcomes.

In today's world where digital, influencer-based, and personal promotions need to work together to affect decision outcomes, brand leaders need to have their pulse on the channels that connect with the target audience and know which ones provide the maximum return on their marketing investment.

It is imperative to take the **guess work out of the decision making** and drive leadership decisions with accurate insights for best results. Definitive insights on the optimal channel mix and their ROI become critical when promoting multiple products at the same time using the same channels.

A systematic, continuous marketing evaluation can help analyze these timely insights and provide brand managers with the **next best action** for current and future campaigns. Market Mix Modeling helps quantify the contribution of various channels to sales and recommends fund allocation across them to achieve better ROI, efficiency, and effectiveness.

The following illustration details how Atria used Marketing Mix Analytics to help a pharma client analyze the ROI on their marketing campaign and identify the best channels for future campaigns, resulting in the design of their most optimal marketing strategy.



Axtria provided forecasts for the next business year and built scenarios that would help the client achieve their growth vision.

BUSINESS SCENARIO

A global pharma company was promoting three brands – one of the products was a new launch and the other two were relatively well-established drugs.

The current promotional strategies were proving to be ineffective which was impacting sales growth. The client needed Axtria's expertise to assess their existing marketing strategy, derive what would be the best ROI on the channel mix, and guide them in their future campaign execution. To do this, Axtria needed to answer the following questions for the client:

- What was the ROI for each promotional channel?
 - What should be the optimal budget allocation by channel for each brand for the next few years?
- What was the impact on sales in different scenarios of varying budget allocation across channels, if the total promotional budget remained constant?
 - What would be the impact on sales from each promotional channel on the entire portfolio and for each of the three brands?

CHALLENGES

The organization was running multiple campaigns for the three products simultaneously. This resulted in several data-led challenges, which had to be resolved in order to ensure accurate insights.

In addition, the data collected from multiple touchpoints had to be understood thoroughly and standardized, while keeping in mind any potential effects from overlapping campaigns.

The primary challenges included:

Lack of comprehensive data for the newly-introduced product that appeared to be performing poorly during the modeling phase.



There was a high correlation between data from these channels that was making it difficult to tease out individual impact of correlated channels.

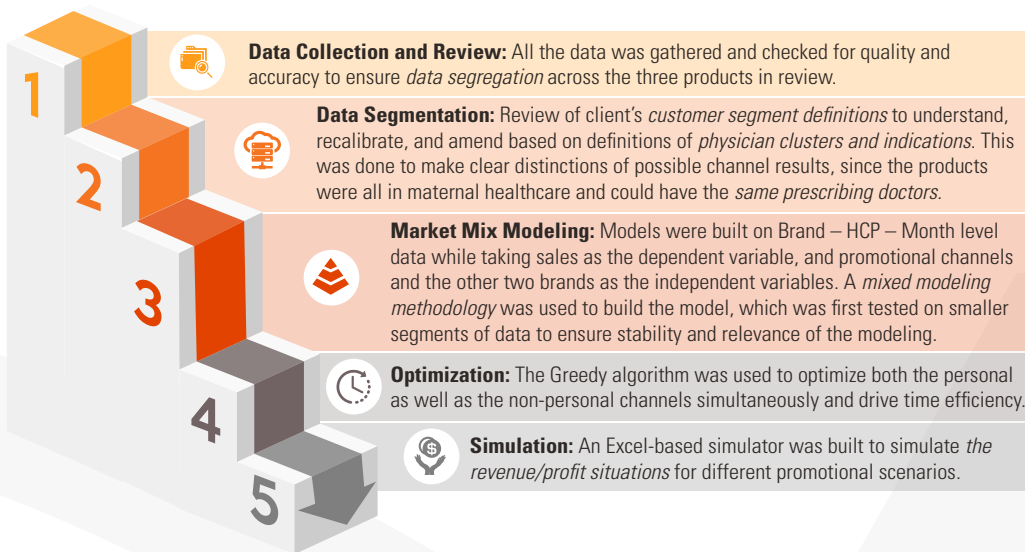


Computing the halo effect of one brand over another was difficult due to limited data availability, especially for the new product.



AXTRIA'S APPROACH

Axtria followed a five-step approach:



Identification of revenue contribution by channel at a brand and monthly to prioritize channels for subsequent campaigns.

KEY TAKEAWAYS

The client achieved the following:

- Segregated insights across the three brands:** Identified revenue contribution by channel at a brand and monthly level to prioritize channels for subsequent campaigns.
- Business rules to understand promotional effectiveness of each channel and brand:** Business rules were applied to analyze the halo effect of one brand over another brand. The fear of cannibalization of the second brand were unfounded as the effect was negligible. This built a confidence measure for the management decision making on channels and investment.
- Mixed-effect models to simulate different spend scenarios, resulting in understanding of varied ROI:** This helped the client come up with the most optimal spend across each channel.
- Future brand forecasts:** Projected forecasts and scenarios to achieve the growth vision.



Axtria's marketing mix analytics helped the client achieve their marketing objectives at 10% lesser spend.

CLIENT BENEFITS



Precision and confidence in decision making

The client received clean and segregated data across each channel and brand.



Minimized spend

Axtria's marketing mix analytics helped the client achieve their marketing objectives at 10% lesser spend.



Optimal ROI across channels

Through understanding of customer segments and channels, Axtria helped the client get more out of the marketing investment.



Increased sales growth and market share

The largest impact came through an increase market share of ~2% in the segment, within a year of implementation.

CONCLUSION

Sales growth and marketing ROI is top of mind for all marketers. But the success of any marketing strategy lies in segmenting who to target, how frequently, through which type of content/messaging, which channel to choose for delivering the message, and when.

While personal promotion is essential to maintain the drug's position in the physician's share of mind, non-personal channels are effective means of promotions at a fraction of the cost. An optimal marketing mix strategy can transform a brand's performance by utilizing the best combination of personal and non-personal promotional channels and generating the maximum value out of each dollar invested.

REFERENCES

1. Who has the biggest marketing budgets - CMO Survey by Deloitte. Published on August 2016. Available at <https://deloitte.wsj.com/cmo/2017/01/24/who-has-the-biggest-marketing-budgets/>
2. Marketing budgets of U.S. health care companies 2016-2017 by Statista. Published in March 2018. Available at <https://www.statista.com/statistics/275384/marketing-budgets-of-us-health-care-companies/>

Founded in 2010, Axtria® is a Big Data Analytics company which combines industry knowledge, analytics and technology to help clients make better data-driven decisions. Our data analytics and software platforms support sales and marketing operations in the life sciences industry. We serve clients with a high-touch on-site and onshore presence, leveraged by a global delivery platform that focuses on reducing the total cost of ownership with efficient execution, innovation, and virtualization.

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