

Closing the Optimization Gap

Sales-Driven Marketing Strategy through Predictive Analytics

Marketers have grown accustomed to managing strategic decisions through metrics that are months or years in the making, or with more timely measurement that compromises the ability to measure actual sales impact. Predictive analytics resolve many of these challenges, instilling greater confidence that the marketing strategy is informed by insights directly connected to the bottom-line.

While increased sales are the ultimate end-goal of marketing, pharmaceutical brand strategists have encountered unique challenges when attempting to evaluate marketing initiatives based on actual Rx or OTC sales impact. Linking sales directly to a consumer is more complicated in the pharma space due not only to the need for stricter privacy safeguards, but also because of the nature of the purchase transactions themselves. Being able to track a consumer from exposure to sale and aggregate disparate data sources to compile a meaningful, longitudinal view of a consumer's behavior demands more complex analytical frameworks than those used by marketers in other categories – e-commerce, for example.

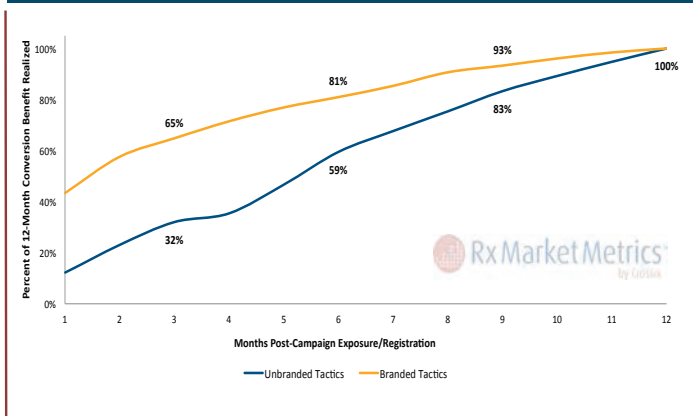
Because of this added complexity, most healthcare marketers frequently need to make strategic decisions based on metrics that apply to a confined segment of the consumer pathway, without any tangible connection to actual sales. Through recent innovations, however, healthcare marketers can begin to reap the rewards of early indicators of marketing performance that are actually linked to sales. Predictive modeling and analysis that merges previously isolated sets of consumer, behavioral, and transactional data have empowered marketers of Rx and OTC products with the targeting and measurement tools needed to optimize strategy based on true ROI-based indicators of success.

When attempting to understand what works and what doesn't, the speed with which insights can be produced can have major implications for a brand's overall financial performance. After-the-fact, post-campaign measurement can

only inform marketing strategy in slow-motion and best serves as a postmortem to address the question: what happened? Even measurement mid-campaign can prove too sluggish for some products that need to allow many months for a consumer to act – to actually visit the doctor, go to the drugstore, and fill an Rx or purchase an OTC product.

Chart 1 shows the difference in times-to-conversion benefit for unbranded and branded tactics employed by Rx brands indicated for chronic conditions. While branded tactics realize a greater percentage of their conversion impact by six months after campaign exposure/registration (81%), there is still additional impact to be measured through month 12.

Chart 1: Time-to-conversion benefit for unbranded and branded tactics employed by Rx brands indicated for chronic conditions



Unbranded tactics, on the other hand, realize only 59% of their conversion impact by six months after campaign exposure/registration, reinforcing the need for many months to pass before direct measurement can quantify the overall impact. It is clear that, when possible, the most actionable measurement is that which can be done as soon after a campaign's launch as possible, as long as it reflects the total eventual impact on brand sales.

Fueled by a variety of consumer data inputs

Many types of metrics have strong predictive qualities, the most refined of which actually connect each of the steps in the consumer journey – from marketing exposure all the way through to the sale.

When considering qualities that can have a positive, causal impact on a consumer's likelihood to start on a product, one of the most powerful indicators is prior product usage. By measuring the types of Rx and OTC products a consumer has used prior to starting on the marketed Rx or OTC brand, one can model the "predictive profile" indicative of a potential new customer. These models can score a consumer's likelihood to start on a specific brand, but also quantify a consumer's likelihood to treat within a specific category, switch from branded to generic products, or be an adherent patient.

This transactional dataset based on prior product usage can then be linked to a robust set of consumer variables to further enrich the predictive profile. Rich sets of variables including media preferences, shopping preferences, internet usage tendencies, financial health, age, gender and ethnicity, among others, can be modeled alongside the prior use of Rx and OTC products to refine the predictive profile, and provide a deep level of consumer insight. By uncovering the differences in consumer profiles between key behavioral segments for a given product, marketers can more effectively target and message consumers by leveraging information about their habits, preferences and demographic profiles. Models are developed independent of campaign target audiences, using

de-identified consumer and Rx/OTC behavioral data, and propensity scores based on these models can then be appended in aggregate to audiences or campaign target lists to create segments that can be prioritized and targeted accordingly.

The final part of the predictive profile, beyond transactional data and consumer variables, involves the linking of marketing exposure and response among the consumers targeted by the campaign. Consumers are bombarded by an ever-expanding array of brand messages across multiple marketing channels, so understanding which interactions are actually valuable can provide the final piece of the predictive puzzle. Capturing this marketing behavior has historically proved challenging, but recent innovations in data capture allow for TV exposure, print exposure, CRM/direct-response tactics, and virtually any type of digital tactic (including display and video) to be connected back to the consumer. By tracking these interactions both online and offline, and linking available engagement data to the consumer at the individual level, predictive modeling can unveil the interconnected attributes that make an individual consumer more or less likely to start on product.

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The implementation of predictive analytics, with the required asset development and deployment, has recently become more streamlined. Data partners in the market have developed the capabilities necessary to create highly customizable propensity-based models, apply these models to the relevant audiences, and measure performance of campaigns to validate the predictive ability and power of the models. Further, innovations are constantly taking place to enable

About Crossix

As the only company founded and focused on a consumer-centric healthcare analytics approach, Crossix is the industry standard by which Top 10 Pharma companies plan, measure and optimize consumer marketing initiatives. Crossix offers the most complete cross-channel solution, helping marketers by correlating campaign exposure to increased sales. Crossix quickly analyzes data, offers forward-looking strategic guidance, and follows through with recommendations to optimize. Leveraging trends in "Big Data," and by partnering with some of the most respected names in the industry, Crossix helps marketers get marketing messages to the desired audience. Crossix's patented methodology incorporates best-in-class privacy safeguards far exceeding HIPAA regulations. Founded in 2004, Crossix is headquartered in New York City. To learn more visit www.crossix.com.



greater granularity in profiling, as technology evolves to support individual-level modeling that strictly adheres to the letter and spirit of HIPAA and other privacy standards. Marketers should be eager to pursue the currently available predictive capabilities, which can be easily operationalized to support active optimization and improvement of ROI.

Paving the path toward greater effectiveness

Many different stakeholders in the healthcare marketing industry can realize the benefits of predictive analytics with respect to improved targeting and measurement. Pharmaceutical brand marketers, media agencies, publishers, ad network providers, payers and other healthcare companies can all gain a competitive advantage by shortening the time it takes to understand sales impact, and making strategic targeting and allocation decisions based on early returns.

Predictive analytics empower marketers by providing a deeper, more sophisticated level of control over a campaign. By determining the profile of individuals most likely to perform a desired behavior, marketers can more effectively target not only the placement of the message, but also the message itself. By understanding the propensity of different audiences to perform a desired action, and the eventual impact on sales, marketers can target more qualified audiences and allocate their media dollars more cost-effectively. Models can also be

applied to lists or databases of individuals who have elected to receive communication (such as through a brand RM program or third-party communication stream) to customize outbound communications based on a patient's likelihood to perform the modeled behavior. Similarly, models can be used to optimize the consumer site or media experience, based on connecting a given interaction with a predictive score toward one or multiple desired behaviors.

Ultimately, by helping to forecast early returns based on the audiences reached and behaviors measured, predictive analytics instill greater confidence that the desired outcome will be achieved. Even for campaigns that usually require six months, one year, or longer for a targeted consumer to exhibit a desired behavior, predictive modeling can help healthcare marketers "close the gap" and optimize their campaigns based on key measures closely associated with eventual sales and return on investment. **DTC**

This is a part of an ongoing series on Rx market metrics of various consumer marketing activities. For more information, see the Crossix RxMarketMetrics™ website (www.rxmarketmetrics.com), from Crossix Solutions Inc., an Rx-based consumer analytics company (www.crossix.com).

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