

Predictive Analytics: Key Driver of DTC in 2014

Three Big Data trends will define how the pharmaceutical industry leverages key DTC marketing channels in the New Year and beyond. For this installment of the Crossix RxMarketMetrics™ Series, we have decided to highlight the biggest analytics trends you can expect in 2014.

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Data. We all know its importance in driving healthcare consumer marketing. Understanding how to effectively reach target consumer audiences without invading their privacy and breaching HIPAA regulations has been a serious challenge – until now. Finally, in 2014, we will see more widespread use of fully compliant consumer data analytics to drive targeted direct-to-consumer (DTC) promotion, placing the pharmaceutical industry on par with other consumer-oriented verticals. Data-driven, robust technology platforms will forever change how healthcare companies select, deploy and measure digital, TV and Point of Care (POC) marketing campaigns.

Here are the three biggest data-driven DTC trends to expect in the coming year.

1. Digital spend will increase, as innovative targeting & measurement technologies take flight

Digital media, considered the “wonder” channel by many industries as a cost-effective, targeted means of reaching potential customers, has maintained a relatively small profile in the pharmaceutical industry’s DTC toolbox. Upholding patient privacy and a lack of clear guidance from the FDA have been two significant hurdles to overcome in fully tapping the digital channel. In addition, pharmaceutical marketers’ assumption that their audiences are not spending time online, coupled with a perceived inability to accurately measure return on investment (ROI), has made the industry reluctant to dive headfirst into the digital pool.

However, the digital media landscape within healthcare is changing dramatically as we set our sights ahead. To start, we have learned that target audiences are indeed online, contrary to popular belief throughout the industry. A recent Crossix study revealed that online audiences are more active Rx and over-the-counter (OTC) brand purchasers than offline audiences. Furthermore, the differences in Rx and OTC purchase behavior are even more pronounced among audiences exposed to online brand advertising.

These insights reinforce that pharma’s target audiences are online, they spend a significant amount of time there and brands can influence their treatment-related decisions by placing relevant messaging in front of them. Now the question is: how can we better target consumers using more sophisticated data, while preserving their privacy, as well as the rules and spirit of HIPAA? Relying primarily on contextual ad placements on endemic sites – where inventory and scale can be quite small depending on the therapeutic area – has been the industry’s digital *modus operandi* until now. This simply doesn’t cut it anymore.

Enter predictive analytics. Thanks, in part, to a strategic partnership with data and technology firm, Acxiom, Crossix has created advanced, data-driven modeling techniques that enable audience targeting based on predictive consumer variables, including demographic, geographic and behavioral data. The models determine the likelihood or propensity that the targeted audience will take a specific action and are far more accurate and measurable than the typical media-buying approach, which relies upon targeting with demographic and / or geographic data alone. And importantly, since this targeting methodology entails applying consumer data variables correlated with treatment-related behaviors, actual private healthcare data is never used and patient privacy is never compromised.

This ability to target based on predicted behavior has opened the door to leveraging the efficiency, speed and impact of digital channels, by minimizing the number of ads served to unqualified audiences. By using predicted behaviors, pharmaceutical marketers can now complement their endemic media buys with targeted media spends on lifestyle publishers’ sites and news sites, where opportunities to reach viable target audiences – and reach them at scale – are significantly greater. Even premium publishers like AOL, Yahoo and Facebook are now options, allowing marketers to seamlessly run ads on their properties via new technology platforms and at relatively lower cost.

These new data-driven technology platforms also provide greater accountability and opportunity to optimize digital campaigns. In the past, campaign performance was determined by looking back at campaign results reports after the campaign already ended. Too little, too late. In 2014, campaign analytics will take a huge step forward with technology that enables marketers to confirm that targeting strategies are working, measure campaign impact as it happens and then respond dynamically, making adjustments when necessary as the campaign plays out. With these new tools, campaign measurement will be more accurate, timely and actionable, fully empowering marketers to optimize channel effectiveness and improve ROI.

Mid-campaign optimization is incredibly important considering the additional channels at play with every campaign today. Historically, the pharmaceutical industry allocated a significant portion of its marketing budget to one dominant channel, typically TV. Once the campaign ended, the impact on sales revenue was evaluated using media mix modeling or consumer surveys. Such measurement methods have biased the industry's ROI model because TV typically commands a substantially bigger slice of the budget pie. Consequently, the correlated impact of high-spend channels can be artificially inflated. However, today's marketing mix taps multiple channels. For an accurate understanding of ROI, it's critical to measure each channel's individual and complementary performance within the mix rather than blindly attribute results to high-spend channels. Predictive analytics and technology-enabled real-time measurement is the key.

At long last, the pharmaceutical industry can leverage the digital targeting and analytics tools that have been used by finance, retail and many other verticals for years. As a result, use of the digital channel will grow in 2014 and, as the channel matures, so will digital budgets.

2. The industry will move from testing to implementing 'addressable' TV buying strategies

The opportunity to reach a broad audience is, in essence, why so many healthcare marketers have relied on TV for the

lion's share of DTC promotion. However, in 2014, TV will be used far more effectively by applying predictive behavioral models to media allocation – especially with cable and satellite providers. For example, Allstate Insurance pushed its “Mayhem” ad spot for renter's insurance exclusively to renter households by using data-driven, addressable media, reaching 15 million targeted households through DirecTV and Dish Network in late 2012.¹ New technologies allow advertisers to strategically buy TV ad inventory based on who the target is, as opposed to what the target watches. This paradigm shift is rapidly taking hold with major providers – including Comcast, Charter, Time Warner Cable, Cablevision, DirectTV and Dish Network, who are enabling advertisers to target specific consumer audiences based on demographic, geographic and other variables, using provider set top box and subscriber data.² And as with digital media, new TV analytics and targeting methodologies established through partnerships like those between Crossix and leading cable and satellite providers, now allow pharmaceutical marketers to reach their desired target audiences in a privacy-safe way.

It's an exciting time for the healthcare industry in the TV space. The next step will be to measure the results of initial addressable TV campaigns to prove that they are effective in reaching target audiences and driving brand impact. Crossix and its partners already have such campaigns underway, and proof of concept will continue to trend in 2014 and beyond.

3. The POC channel will command a greater share of brands' marketing mix and budgets

While marketing at the point of care has proven to be an effective means of reaching qualified audiences who have advanced further along the patient lifecycle, the true impact of the POC channel on consumer behavior has been undervalued. Traditionally, POC campaign measurement has been physician-centric, making it difficult to accurately measure patient impact and impossible to benchmark against other DTC channels. In addition, until recently, there has been no way to collectively examine both consumer Rx and OTC data sets, which is critical for Rx brands that are going or have gone off-patent, as well as for Rx brands facing market competition from OTC brands.

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 and leading agencies & publishers plan, measure and optimize consumer marketing initiatives. Crossix offers the most complete cross-channel solutions, 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 most respected names in the industry, Crossix helps marketers get marketing messages to the desired audience. The Crossix patented methodology incorporates best-in-class privacy safeguards far exceeding HIPAA regulations. Founded in 2004 and headquartered in New York City, Crossix is a PoC³ affiliate member (www.poc3.org). To learn more, visit www.crossix.com



Crossix's recent innovation in POC measurement – Crossix POC Impact™ – bridges these measurement gaps and provides the industry with the data and insights needed to assess how these campaigns influence patient conversion and adherence, from an Rx and / or OTC perspective. The solution uses a consistent methodology that further enables comparisons across tactics and channels within the broader DTC marketing mix. Wallboards, in-office TV, waiting room magazines, patient brochures and starter kits, mobile messaging, EMR tactics, HCP promotions, in-office educational clinics and pharmacy programs, including frequent shopper loyalty cards – all have been measured using this breakthrough methodology.

Ultimately, POC tactics can have a significant impact on how patients learn about their particular conditions and the appropriate ways to treat them. In better understanding how patients are impacted within the POC channel, as well as across different marketing channels, healthcare marketers can better leverage the POC channel to drive sales lift for their Rx and OTC brands. As a result, expanded utilization of the POC channel as part of the broader marketing mix will gain significant traction in 2014.

Our prediction: Big leaps in marketing effectiveness

Even with Crossix's predictive analytics models that draw from over 100 million consumer data records, it's impossible

to have a crystal ball of absolutes for the healthcare industry in 2014. However, prevailing trends do point to a number of significant areas poised for growth – the rise of the digital channel being the biggest. The most important takeaway, though, is less about the trends and more about realizing the transformative power of data. There's so much data available today and the companies, agencies and publishers that learn how to harness it to improve efficiency and effectiveness will be the real winners. **DTC**

Asaf Evenhaim is a Co-Founder of Crossix and serves as Chief Executive Officer. He started Crossix in 2004 with over 10 years' experience in healthcare marketing and technology businesses. This article 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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