Customer Driven Portfolio Optimization

Business Challenge

This top 10 pharmaceutical company was facing significant P&L pressure due to patent expirations and gaps in the product pipeline. Their current promotion budget allocation was based upon a mass market, undifferentiated approach. The sales force was delivering the same message across all physicians while the marketing promotion was delivered in an uncoordinated and haphazard fashion. The organizational structure was designed around brands and tactics, which inhibited a focus on customers. This company hired Merkle to improve promotional efficiency while reducing the overall level of spend.

Approach

With Merkle’s assistance, this company decided to strategically move from a mass market promotional approach to a customer centric promotional approach that was both new to the organization and continues to improve over time.

To support this change, the following actions were taken:

- First, the company created a customer centric team with the objective of developing tailored promotions based upon customer engagement preferences.
- Next, Merkle built a customer centric technology solution that captures all customer touch-points (across brands) and provides a 360° view of the customer.
- Once the technology was implemented and the company was able to view their customers holistically, they determined the most favored touch points across the product portfolio and configured a messaging strategy based upon the results of customer engagement preferences.
- Using these preferences, the company was able to ‘micro-target’ HCPs. That is, they were able to customize the campaign based upon the HCP’s value, growth and engagement preferences.
Merkle, a technology enabled, data driven customer relationship marketing (CRM) firm, is the nation's largest privately-held agency. For more than 25 years, Fortune 1000 companies and leading nonprofit organizations have partnered with Merkle to maximize the value of their customer portfolios. By combining a complete range of marketing, technical, analytical and creative disciplines, Merkle works with clients to design, execute and evaluate connected CRM programs. With more than 2,000 employees, the privately held corporation is headquartered in Columbia, Maryland with additional offices in Boston; Denver; Little Rock; London; Minneapolis; Nanjing; Montvale, NJ; New York; Philadelphia; Pittsburgh; San Francisco; Hagerstown, MD and Shanghai. For more information, contact Merkle at 1-877-9-Merkle or visit www.merkleinc.com.

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Once the campaign was executed, we then created a feedback loop, using the results from each campaign to inform the design of the next campaign. The feedback loop integrated 3 sets of metrics: Engagement metrics, which quantified the HCP response during the campaign, Performance metrics, which quantified the gain in sales due to the promotional campaign, and Perception metrics, which provided insight into why HCPs engaged / didn’t engage with the campaign. Integrating these three sources of information to create a single view of campaign success was critical in further developing and optimizing future campaigns.

Results

Results of the customer centric campaign were tracked using engagement metrics such as when and how frequently HCPs interacted with the campaign tactics, along with performance metrics such as any gain in ROI. Results were available for all HCPs in the campaign including both responding and non-responding HCPs.

Key Results Across 4 Campaigns

65%

HIGH VALUE HCPS ENGAGED WITH CAMPAIGN

ROI

2:1 to 6:1

Responders

Over 10:1

Increased Engagement

Campaigns were delivered for retail pharmaceutical brands and institutional based brands. As a result of this success, Customer Centric promotion has become a larger focus for the organization as they look to include other customers beyond HCPs.

Looking Ahead

The client is now working on incorporating digital data and media data into the promotion planning process to jointly optimize all promotion spend. Additionally, sales force integration – the ability to jointly optimize marketing and sales - is also being planned.

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