



La La Land

THE MYTH OF MULTICHANNEL EXCELLENCE

Rumours of multichannel excellence in pharma are, like celebrating a misawarded Oscar, somewhat premature. You'd have to be living in La La Land not to recognise that the industry is still experiencing growing pains in its adoption of multichannel marketing (MCM). But, unlike a Faye Dunaway faux pas, pharma's battle should come as no surprise.

The growth of digital technologies, aligned with the need for more efficient and cost-effective customer engagement, has diversified channels of communication and challenged the industry's long-standing reliance on representative-led sales models. Throw on top of that the inherent challenge of targeting multiple stakeholder groups within restrictive healthcare regulations, and it's easy to see why

applying new thinking to deeply embedded behaviours is proving so difficult. It doesn't help that the ultimate goal is to compete in what's already the 'new normal' outside the pharma bubble; the pervasive omnichannel world that envelopes us every day. But at the moment, pharma's not even in the frame. That bigger picture breeds a scary thought: multichannel excellence is not the main award, it's just a prerequisite for success at the Omnichannel Oscars where the real prizes are handed out. In a modern world where consistent communication is fundamental to a memorable experience (ask Faye Dunaway), the Best Picture for pharma will see it established as a player on the omnichannel stage. PME throws the Spotlight (not Moonlight) on how it's getting on.

The Big Short

The pharmaceutical industry is currently some way short of a nomination at the Omnichannel Oscars; it's only just getting to grips with MCM. In late 2014, the Cap Gemini Consulting and MIT report, 'The Digital Advantage' compared the digital transformation capabilities of all industries and placed pharma as a 'beginner'. The intervening years have seen regular boasts of green shoots of innovation, but the industry still lags far behind the so-called 'digerati' of banking, retail and tech. From such a position, pharma has recognised that there's little point in playing the Imitation Game and has instead focused on the Inception of pharma-specific MCM strategies that respond

to known healthcare nuances. But progress has been slow.

Across Health's latest Multichannel Maturometer (2016) reveals that performance in important indicators such as digital satisfaction and digital marketing budgets is stagnant, while progress against common pain points in execution has actually regressed. Globally, almost 60% of respondents say that digital transformation processes in their organisations are, at best, slow. In Europe, although the level of integration between digital/multichannel marketers and the IT/business function is generally acceptable, processes for channel mix and campaign automation are poor. Only 5% of respondents say they have robust processes in

place for either - offering little to suggest that companies are on the brink of a platform to maximise multichannel opportunities.

The DT Associates paper 'Digital Excellence in the Global Pharmaceutical Industry in 2016' provides a more encouraging view of organisational readiness in the sector. The study, which evaluated digital progress across 14 major pharma companies, reports increased digital maturity, with alignment between corporate and digital strategy 15% higher than in 2014. The most notable trend, it says, is the recognition that 'digital must be fully integrated into existing market practices and not bolted on'. This has led companies to rebrand their digital teams as 'MCM', 'Integrated MCM' and 'customer engagement'. However, the authors report that strategic measurement of digital optimisation is still largely ignored, and that digital transformation efforts remain disjointed. Despite recognition that digital is not a silo or a bolt-on, digital teams still struggle to get wider organisational support. "Firms report 53% maturity in getting support for their digital roadmap from leaders in other parts of the firm, 56% maturity in gaining consensus across the organisation on the value of digital, and 57%

maturity in cross-functional governance of digital capabilities." And financial support? The jury is still out. Across Health reports that MCM budgets in pharma are well below other industries; in Europe, an average 15.7% of marketing budget is allocated to digital. Data suggests that the European leaders earmark more than a quarter of their marketing budget to digital activities, showing that there is a correlation between digital investment and MCM outcomes. However, from a tactical perspective alone, a confusing and ever-growing array of potential channels are vying for that investment.

The Theory of Everything

At the macro level, the ongoing proliferation of channels has created an abundance of opportunities for marketers to engage their customers. Consider the following:

- 43% of the world's population now own a smartphone (Pew)
- Consumers spend over twice as much time per day on mobile versus desktop (Digiday)
- Mobile video generated 55% of mobile data traffic in 2015 and is projected to grow to 75% by 2020 (Nielson)
- More video content is uploaded to the internet in 30 days than all three major US TV networks have broadcast in the past 30 years (Hubspot)
- 79% of adult internet users are on Facebook (Pew)
- Pokemon Go gained over 20 million daily active users in 2016, demonstrating AR's potential for mass engagement (Gamespot)
- 38% of adults now rely on digital sources for daily news (Pew)
- 58% of customers prefer to receive marketing promotions via email over social, print or text message (PwC)
- Consumers now spend over 5 and a half hours a day with digital media (AdAge).

These handpicked statistics, which don't include other data that shows the growth in channels such as Snapchat, Instagram, Twitter and even radio, are enough to make every non-pharma marketer salivate. However, in Europe, many of these channels are too risky or inappropriate for pharma communications. By comparison, pharma's channel tactics are much more conventional. The Multichannel Maturity Meter reveals

the most widely-used tactics include eDetailing (84%), pharma-owned websites (71%), direct (58%) and email marketing (57%), web banners (52%), web conferences (41%), online medical education (40%) and HCP self-service portals (36%). Activities such as marketing automation, adherence tools, social media monitoring/marketing and quantified self/self-tracking devices are a long way from becoming standard practice.

'Applying new thinking to deeply embedded behaviours is proving difficult'

The reality is that although channels and opportunities are growing in number, it's neither possible nor sensible to invest in everything. Success requires securing an understanding of the right channels for a particular audience and integrating them to create a consistent experience across them all.

This principle is the nucleus of a long-standing debate into multichannel and omnichannel; the onus should not be to create 'many' channels (multichannel), but to develop seamless experiences across the most appropriate channels for your customers (omnichannel). The answer is much more than semantics.

Hidden Figures

Successful MCM that drives omnichannel excellence therefore requires sustained investment in Customer Experience (CX) - not least to identify customers' channel preferences and behaviours, and to measure progress in a changing communications paradigm. According to Gartner, in 2017, 89% of marketers across all industries expect CX to be their brand's primary differentiator. So →

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how are pharma companies faring? The simple answer is: many don't know. A 2016 DT Associates study of Pharma CX found that, despite recognising CX as one of the biggest business opportunities in the industry, marketing managers at large pharmaceutical companies are currently unable to measure how well-received their digital initiatives are by their target customers. More than a third of marketing managers said they don't measure CX at all, while many have no means of benchmarking their CX with that of their competitors.

The 2016 Multichannel Maturometer concurs, finding that fewer than 20% of European respondents are comfortable with how they measure customer engagement. Only 15% measure results across all channels, 12% measure HCP engagement and just 11% claim a good mix of qualitative and quantitative KPIs. Furthermore, almost a third (30%) of respondents don't yet leverage customer data from their cross-channel initiatives for advanced customer analytics and closed-loop marketing.

The DT Associates analysis reaches a logical conclusion: companies' lack of measurement discipline jeopardises their digital brand investments. Certainly, the continued inability to evaluate CX performance will undermine industry's efforts to deliver consistent and seamless omnichannel experiences. To overcome this, marketers need to regain control and select the right measurement tools. DT Associates says that marketers "must apply the same discipline and rigour to measuring CX as they do to determining the effectiveness

of traditional interactions such as rep visits or congresses".

The Help

In fact, the need to apply similar metrics to digital and face-to-face engagement uncovers a wider point: in a multichannel world, such engagements cannot be measured in isolation - they are each a part of the same omnichannel experience.

The issue of face-to-face engagement is perhaps the most notable area that differentiates pharma MCM from its consumer counterparts. As QuintilesIMS' report into the core challenge of multichannel marketing - Channel Preference Versus Promotional Reality - points out, the traditional sales rep model that has disappeared in many other industries remains strong in pharma. Globally, the industry still employs between 400,000 to 500,000 sales professionals, and although the rise of digital technology has brought new routes to customers and presented significant challenges, the traditional model has proved remarkably resilient.

The theory that the pharmaceutical field force will one day become extinct has long been debunked. However,

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in the technology-led era of communications innovation, the industry must ensure it doesn't fixate on digital in its attempts to rethink pharmaceutical marketing. Industry's decision to rebrand digital teams as MCM could mask a dangerous inference that multichannel marketing operates purely in the digital domain. It doesn't. In fact, in an industry where investment in the field force bucks the trends of most other business sectors, pharma should do more to ensure that its MCM activities support sales representatives, rather than try to replace them.

The 2016 Multichannel Maturometer indicates that the industry invests just a small percentage of its digital budgets in the sales function - with an average allocation of just 8%. Moreover, although the concept of the 'multichannel rep' is gaining traction in Europe, just 18% of respondents fully believe their reps are equipped with digital tools beyond eDetails. Worse still, only 11% provide their sales force with an integrated customer database that bridges all channels - meaning omnichannel customer intelligence remains low. Just 6% boast a good view of HCP channel acceptance,

belying pharma's widespread claim to be customer-focused.

Silver Linings Playbook

The Across Health study reveals that customer-centricity is the industry's biggest priority in the next two years, with 56% noting it as their most important challenge. Alongside it, 'defining and optimising the customer journey across multiple touchpoints' (43%) and 'transforming the field force to multichannel reps' (37%) complete the sector's top three digital priorities. If pharma can progress purposefully in these key areas, as well as upskilling teams and building robust metrics, the journey from multichannel to omnichannel will start to gather pace. It may be some time before companies make the Omnichannel Oscars, but unlike Faye Dunaway, if they push the envelope, they'll ultimately deliver the right result.

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