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Marketing Mix Optimisation

How to cut spending by 10% while maintaining market share

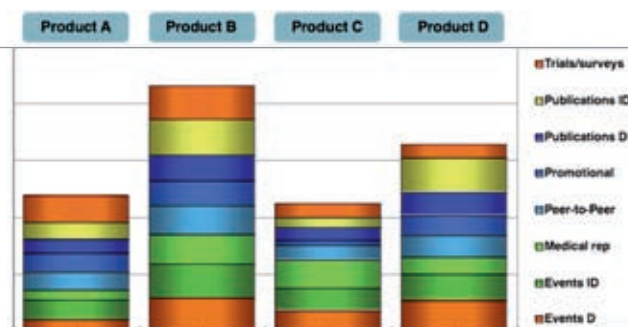
Optimisation of the marketing mix is one of the key priorities in pharma today. In this case, a marketer in a top-10 pharmaceutical company was facing a sudden 10% budget cut. The challenge was to know which channels could be reduced (or even stopped) and which should be strengthened -- without losing market share. A unique, proven, and cost-effective on-line research methodology was put in place to address this increasingly common business issue.

Approach

In a first step, Across Health presented the customer with a template of about 25 channels, which was then adapted to the customer's focus areas. In addition, the client added high-cost customer-specific services, whose impact had never been really assessed, to the research set. The channels were categorised as direct (i.e., pharma is the sender -- all traditional pharma media, but also digital marketing channels, as well as key pharma services, samples etc) and indirect channels (i.e., other organisations own the medium: conferences, medical portals, peer-to-peer influence etc).

A customer panel was composed with several segments, allowing for tailored subanalyses. They were then sent an on-line 15-minute multimedia survey based on a unique marketing-mix research methodology. The response rate was close to 90%...

Marcom Visibility Analysis



Results

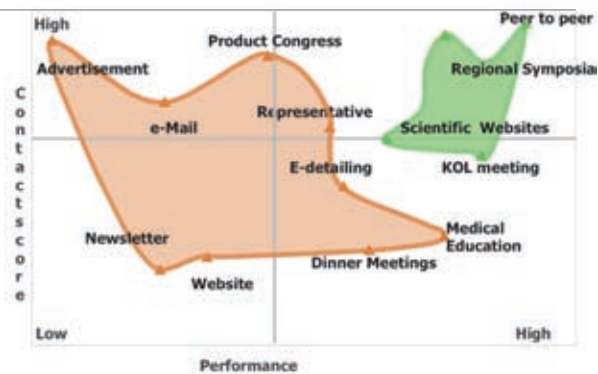
All channels (direct & indirect) were scored on different dimensions and mapped in terms of reach and impact. In addition, SOV was assessed at the aggregated level and at the microlevel (performance of each key channel versus competition), yielding uniquely granular – and actionable – insights. For instance, the customer was surprised to learn that they were spending more than the competition and that one competitor was extremely well perceived for its on-line services.



The results were presented to the Board and, after a focused and fruitful discussion based on these hard research facts, several channels were discontinued (equal to the 10% budget cut), and 40% of the resources were reallocated to more effective communication channels. In addition, a new strategy was formulated to leverage the impact of indirect channels.

Most importantly, the brand maintained its market share, resulting in an important increase in profitability. The customer decided to repeat this “sanity check” on an annual basis, to assess how the new mix was being perceived by the target customers as well as monitoring competitive trends. In addition, they have since extended the program to other brands.

Performance map



Conclusion

Cuts in marketing budgets should not necessarily equate to reduced sales or market share.

On the contrary, they offer an opportunity to reassess your mix and focus on the high-impact ones.

This highly affordable tool (20-30K euro) with a quick turnaround time (3 weeks) occupies a unique position in the marketing mix research universe. It can be applied in any country (or even multicountry setting) or therapeutic area, and lends itself well to any lifecycle stage -- from prelaunch (what channels are being used effectively by the competition?) over growth (where should we spend more?) to maturity (how can we reallocate resources to other brands without hurting sales?). If desired, the impact of new “channels” like patients, formularies, pharmacists, nurses etc can also be assessed... Your imagination is the limit.