



## Optimizing Internet Marketing Initiatives in Pharma and Life Sciences

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The advent of the Internet as a legitimate marketing tool has created the first trackable mass-marketing channel. Today, Internet marketing campaigns can capture even the most granular details of every interaction, which can then be stored for individual and aggregate analysis. Internet campaigns, unlike TV, radio, and print, need not rely on post hoc statistical surveys with their inherent delay, potential error, and cost.

This *Alert* article is the first in a series that looks at the potential opportunities and challenges found in managing the pharma and life sciences Internet marketing value chain. The purpose of this article is to set a framework for pharma and life sciences Internet marketing. In future articles, I will delve deeper into each of the elements that comprise the value chain.

Three trends are driving change:

- Pharma and life sciences CEOs are demanding better accountability and ROI from their marketing investments.
- Target audiences are increasingly using the Internet as a key component in making healthcare decisions.
- New drugs targeting smaller populations make traditional broadcast channels less desirable.

Marketing executives are turning to Internet marketing as a more effective means to measure branding and sales impact, along with the promise of a greater ROI than traditional marketing channels. Marketers in big pharma companies are looking to better understand this medium of communication and use it to develop a direct relationship to the consumer.

The Internet marketing value chain can be segmented into three stages: awareness, direct response (demand generation), and relationship marketing. These stages, which are controlled by the analytics performed by the marketer, are managed independently and powered by the analytics engine.

### Awareness

In this stage, Internet marketers strive to build recognition and relationships with their target audience, hoping to persuade them into buying. The audience can be engaged via many modes, such as text, audio, video, and interactive (e.g., games and assessments). Each awareness opportunity can be personalized based on factors including preexisting data on the audience, context, and specific behaviors exhibited during a session. Most sophisticated Internet marketing awareness campaigns include a direct response element that lets a visitor move further into a relationship with the advertiser. This mixed mode (simultaneous awareness and direct response) is one of the strengths of Internet advertising.

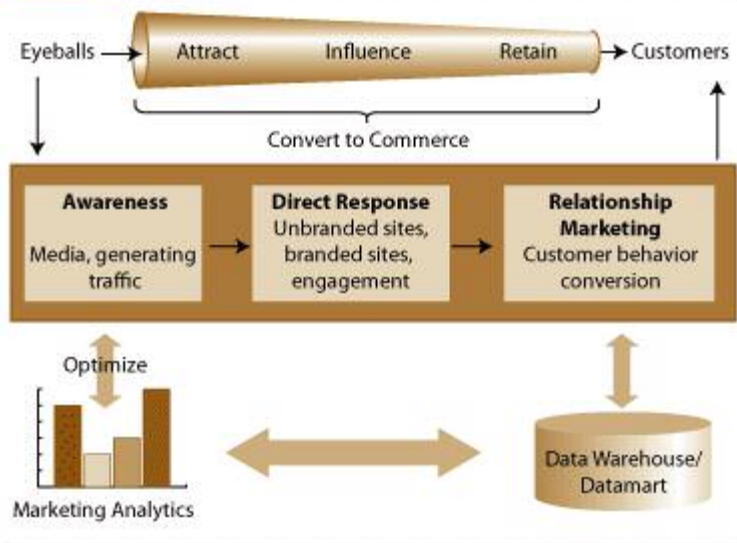
As a visitor engages with an Internet message, a great deal of data is generated, such as which message engaged the visitor and the subsequent activity of that visitor. The data presents great insight into how each audience segment responds to the brand's message.

### Direct response

This stage involves moving a visitor into a deeper level of engagement (e.g., registration, downloading a coupon, requesting a salesperson, or providing profile information). A campaign can simultaneously offer multiple levels of engagement that match the steps in the advertiser's marketing process. A typical direct response campaign has the following elements:

- Advertising component (banner, acquiring e-mail lists, contextual placement, co-registration, and/or sponsorship)
- Conversion component (rich media banner, micro site, and/or partner site)
- Call to action (registration and/or coupon download)

**Figure 1:** The pharma internet marketing value chain



Source: AMR Research, 2006

At minimum, a direct response campaign attempts to get a qualified, opt-in registration to enable subsequent relationship marketing. In addition, marketers want to create a viral effect that spreads the advertiser's message to others in the target audience.

The data derived from a direct response program provides insight into campaign ROI. For example, marketers will measure the whole cost of delivering a coupon download from awareness through direct response into relationship marketing.

### **Relationship marketing**

E-mail-based relationship marketing (RM) is the ongoing communication with an audience that has selected to opt in to a campaign for awareness and direct response purposes. RM utilizes the direct response opt-in database to engage visitors after a session. The e-mail touchpoints are designed to move the audience to a deeper level of engagement. For example, if a qualified visitor registers on an unbranded site for a pharmaceutical drug, a subsequent RM e-mail may invite the visitor to a coupon offer on a branded site. Follow-up RM e-mails would then encourage coupon redemption as well as suggestions on how to discuss with a doctor whether the therapy is appropriate.

Many studies have shown that the more personalized the RM e-mail, the greater the likelihood of success in moving the visitor to the next level of brand engagement. This means that while an opt-in database is necessary, insight into a specific visitor's psychographic, demographic, and behavioral profile will greatly improve marketing effectiveness.

### **Marketing analytics**

Marketing analytics provides the overarching framework for understanding how a specific Internet marketing strategy is resonating with a given target audience. At the aggregate level, analytics provide insight into how the awareness, direct response, and relationship marketing programs are working. In addition, analytics show the audience segments that are and are not engaged, and the resulting economic and quality metrics being realized. Analytics inform major decisions, such as advertising spend and messaging, along with tactical elements, such as the RM segments to target and the types of offers that are working.

Three types of analytic databases are developed within a campaign: psychographic, demographic, and behavioral. These databases can be used separately or combined to analyze questions such as how many people 45 and older (demographic) who are not currently being treated (psychographic) viewed a specific physician video on a health site (behavioral) and became a patient.

Typical analytic questions are efficiency (how to reduce cost per action), effectiveness (how to increase quality or quantity of resulting patients in terms of persistency), and competitiveness (how does an advertiser's campaign compare with others in the industry or competition). Analytics seek to understand the customer's behavior so that it can be changed or exploited by relationship marketing.

### **The demand-driven angle**

As pharma and life sciences companies begin their transformation to a demand-driven business model, the first step is to create visibility in the channel and provide the intelligence to make smarter operational decisions.

This multistep value chain presents several opportunities in this regard. The greatest opportunity is its ability to quickly collect, analyze, and act on information. This continuous optimization process results in a predictable demand profile if the Internet marketing campaigns are designed from the start to deliver the marketing message, collect a rich set of data for analysis, and use the data for decision making. This data/intelligence can then be amalgamated with sales, inventory, and movement data to provide demand insight information (see the *AMR Research Report "What Is Demand Visibility?"* March 2006). Also, for insight into using downstream data in your demand-driven strategy, see the upcoming *AMR Research Report "A Handbook for Consumer Product Companies Using Downstream Data."*

### **Who can help?**

Many companies are looking to the traditional advertising agencies for guidance. However, the metrics-driven approach and technology requirement are often beyond the capability or service offerings of most agencies.

Two companies on the leading edge of advertising are **Digitas** and **Avenue A/Razorfish**. Various tools in the value chain are designed to collect data and optimize segments of the chain (for example, advertising spend based on click-through rates).

Products from **Google** (Urchin Analytics) and **DoubleClick** (Dart) focus on how well the placement of advertisements generates visitor traffic, and if these visitors click on particular pages within a site. These tools cannot link to other data sets, however, making it impossible to develop models of audience behavior by segment. Competitive analytics tools like **Hitwise** provide insight into the traffic coming to an advertiser's site, or its competitors' sites, at an aggregate level. These tools will also uncover interesting data, such as keywords that lead visitors to a site. While useful, the data does not provide end-to-end insight.

Some pharmaceutical companies are building middleware to link data together for better analytics. One commercial offering targeting the pharmaceutical space is offered by **e-tractions** (EnterAct). Spanning all three

stages of the value chain, EnterAct was battle tested as the Internet marketing infrastructure for **Sepracor's** highly successful launch of Lunesta in mid-2005. **Unica** with its Affinium suite is another solution. However, it does not incorporate an awareness creation capability. Similarly, **Dendrite**, with its Optas tools, provides a robust analytics and relationship marketing solution for the pharmaceutical industry, but does not provide an advertising capability to populate the necessary data.

### **Learn from your CPG counterparts**

Pharma and life sciences companies can learn valuable lessons from their consumer packaged goods (CPG) counterparts, which are seasoned in this arena and have mature online marketing functions. After years of cautiously experimenting with Web marketing, **General Mills** and **Kraft Foods** are increasing online spending and the range of brands they promote on the web. General Mills expects to nearly double online ad spending in the current fiscal year. Kraft plans to double its number of online ad campaigns in 2006 and increase the number of brands it advertises on the Internet by at least half. Kraft now devotes just a third of its ad budget to broadcast TV, down from roughly two-thirds five years ago. Internet marketing and advertising has been the beneficiary as a result of this shift of resources.

### **What to do?**

Many traditional marketing campaign management projects in pharma are disconnected from Internet marketing initiatives within the same company. In order to maximize response rates, traditional marketing campaigns should expand their scope to include Internet marketing functionality for use in data collection, understanding customer behavior, and relationship management.

It is imperative to develop a multidisciplinary approach, incorporating an analytics requirement into the design and development of Internet marketing awareness, as well as direct response and relationship marketing programs. Companies new to this space should start small, which often means integrating another brand's opt-in database to cross-sell similar audiences (e.g., co-morbidities, such as depression and insomnia).

The following are key questions to ask before implementing an Internet marketing value chain:

- Does my audience (physician or consumer) go online for health information in my category?
- For Internet direct-to-consumer (DTC) advertising, can consumers influence physician behavior in my category?
- How are my competitors using the Internet to reach the same audience?

### **Recommendations**

- Use corporate- and brand-sponsored initiatives to create a multifunctional team made up of brand (both DTC and physician), communications (PR), IT, and corporate analytics.
- Develop and share best practices for each stage and for end-to-end analytics.
- Use analytics in conjunction with offline marketing data and incorporate them into the overall campaign management strategy. These findings should be shared and not kept siloed.
- Commit to a single data repository. If this is external, ensure that the data is transferred into the corporate data warehouse frequently.
- Commit to a thorough review of tactical (weekly or biweekly) and strategic (monthly or quarterly) metrics that results in an appropriate response (e.g., a change in advertising, conversion, relationship marketing, and/or data development).
- Employ an Internet marketing infrastructure that provides end-to-end and tactical insight into how the brand's Internet strategy is performing.