



# Customer Targeting and Marketplace Insights

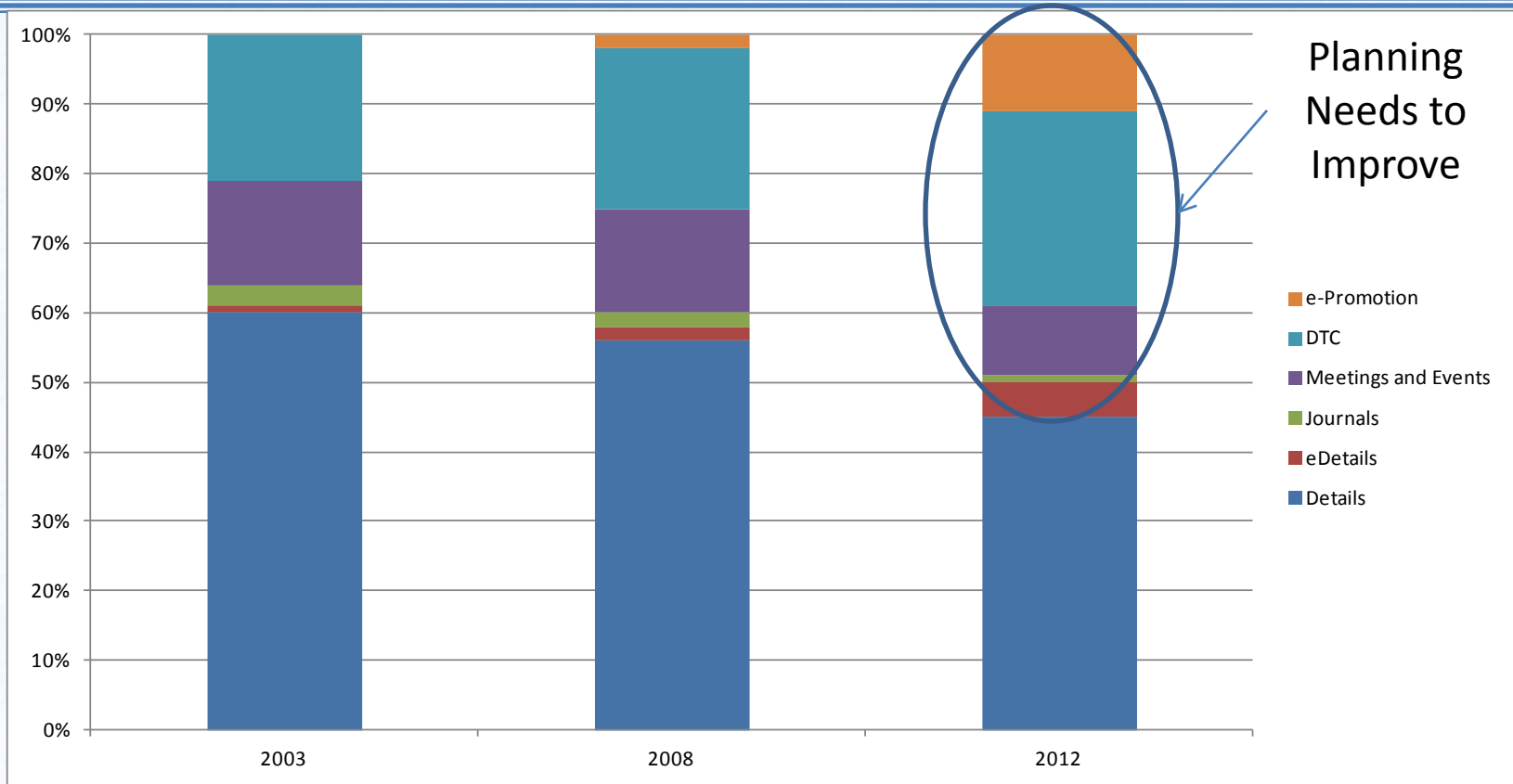
Sunny Longordo  
5/10/2012

# Optimizing Sales and Marketing Promotional Spend



- Making the Case
- Getting Started
- Challenges and Considerations
- Setting up for Success

# Personal Selling is Lower than 50% of Promotional Spend



Compared to targeting for personal promotion, non-personal promotion target selection is rudimentary and redundant.

### Sales Force



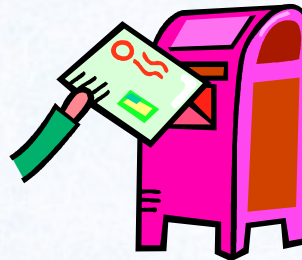
### Alternate Programs

Vendor Selected



Speaker Programs

Top 6 deciles



Mailing

Top 3 deciles



E-Detailing

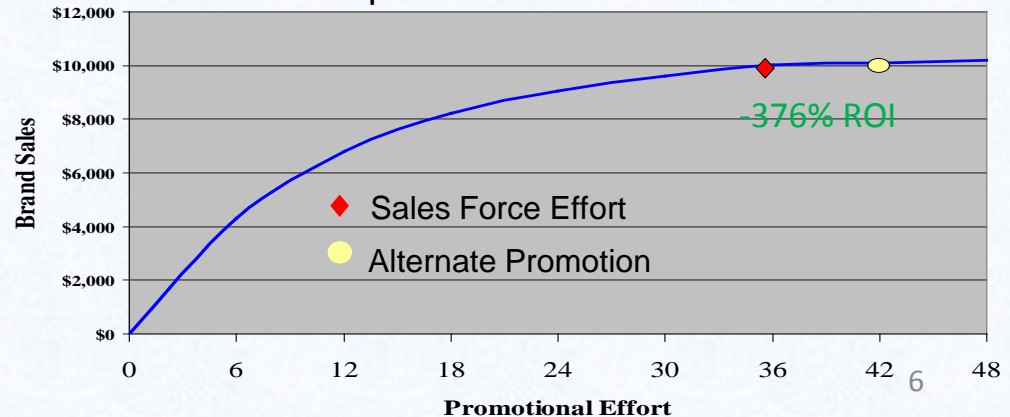
A common strategy is to add alternate promotions to physicians already receiving a large number of rep delivered calls.

Dr. Jones			
Sales Force		Alternate	
36 details/year	\$ 5,625	2 speaker programs	\$ 2,000
		2 teleconferences	\$ 200
		3 e-details	\$ 180
	\$ 5,625		\$ 2,380
Total Brand Sales	\$ 10,000		\$ 500
ROI	44%		-376%

Adding alternative promotions to the 36 calls moves the physician further out on the flat part of the response curve.

The increased effort from alternate promotion does not produce enough increased brand sales to offset the cost (negative ROI).

Response Curve for Dr. Jones



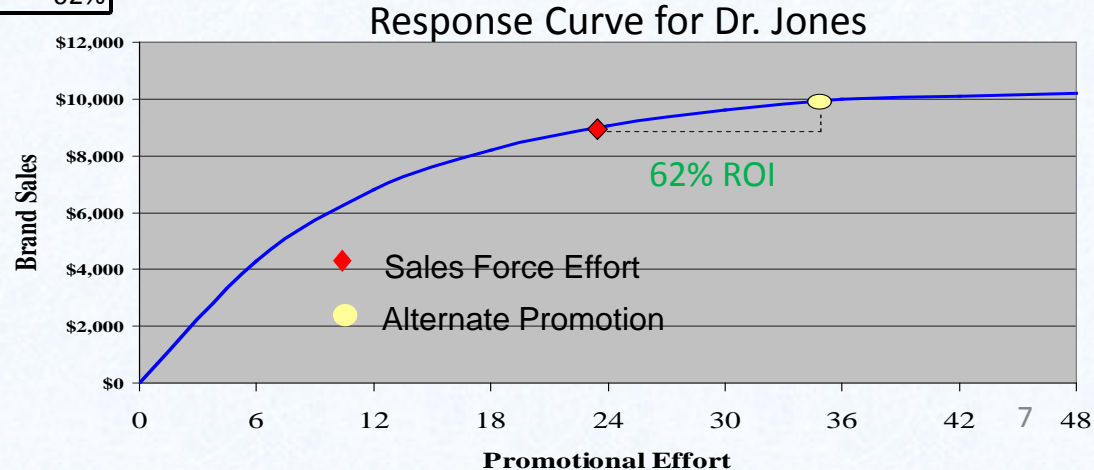
A better strategy is to integrate personal promotion with the right mix of non-personal promotion.



Dr Jones responds well to non-personal contact and is less likely to respond to a speaker meeting promotion. His mix focuses on other touch points and detailing effort decreases.

Dr. Jones			
Sales Force		Alternate	
24 details/year	\$ 3,750	0 speaker programs	\$ -
		2 teleconferences	\$ 200
		3 e-details	\$ 180
	\$ 3,750		\$ 380
Total Brand Sales	\$10,000		\$ 1,000
ROI	63%		62%

The effort from non-personal promotion supplements details and produces brand sales at a lower cost. Overall promotional spend is lower in this scenario by 48%.



# Benefits – Making the Case

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- Enhanced Customer Relationships
- Savings without Pain
- Improved Public Relations Perceptions

# Benefits – Making the Case

(in millions)	<u>Company A</u>	<u>Company B</u>	<u>Company C</u>
Sales	500	5,000	10,000
Promotional Cost	125	1,125	2,000
Promotion as a % of Sales	25%	23%	20%
Savings @ 5%	6.3	56	100
Savings @ 10%	12.5	113	200
Savings @ 20%	25.0	225	400
Upside @ 5%	25	250	500
Sales	525	5,250	10,500
Promotional Cost	100	900	1,600
Promotion as a % of Sales	19%	17%	15%

# Getting Started

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- Understand the True Value of Customer
- Learn the Cost/Value of Promotion
- Communicate Clearly
- Get Local

# Which Customer is Most Valuable?




	Market Potential
Customer Segment A	1000
Customer Segment B	1000
Customer Segment C	1000

# Is it Clearer Now?



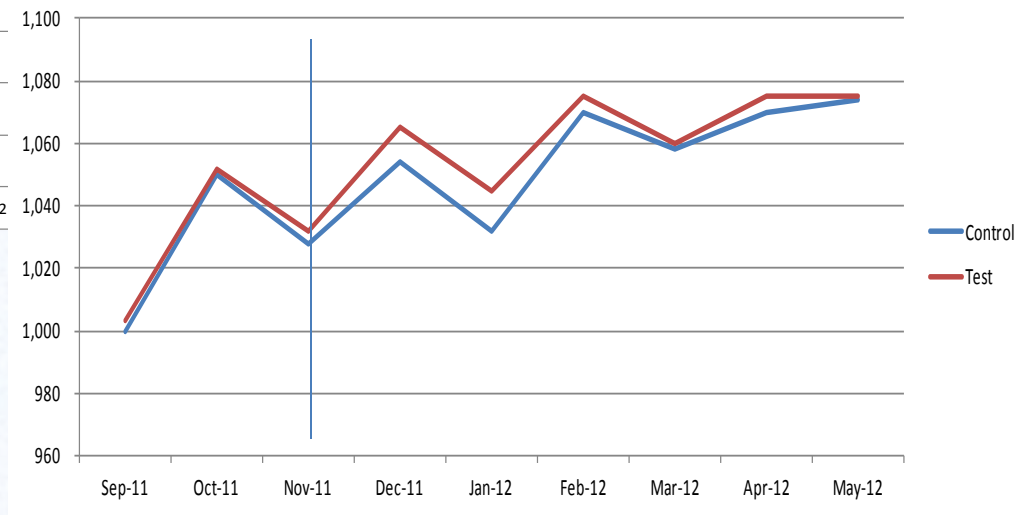
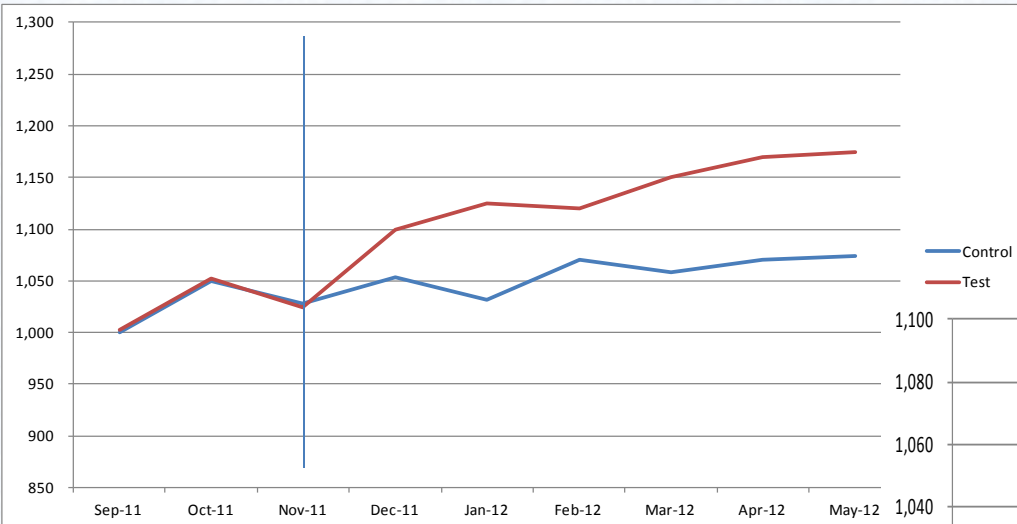
	Market Potential	Expected Share	Actual Potential
Customer Segment A	1000	40%	400
Customer Segment B	1000	30%	300
Customer Segment C	1000	10%	100

# Keep Digging...



	Market Potential	Expected Share	Actual Potential	Existing Share	Existing Sales	Affectable Sales
Customer Segment A	1000	40%	400	35%	350	50
Customer Segment B	1000	30%	300	23%	230	70
Customer Segment C	1000	10%	100	1%	10	90

# Individual Tactics Perform Differently Relative to Each Other



# Relative Value

	Relative Impact
Round Tables (Peer-to-Peer)	150%
Speaker Programs (Peer-to-Peer)	140%
Detail with Patient Starter Kit	125%
<b>Detail</b>	<b>100%</b>
e-Detail	67%
Teleconferences	60%
Secondary Detail	55%
Sample Only	40%
Email	4%

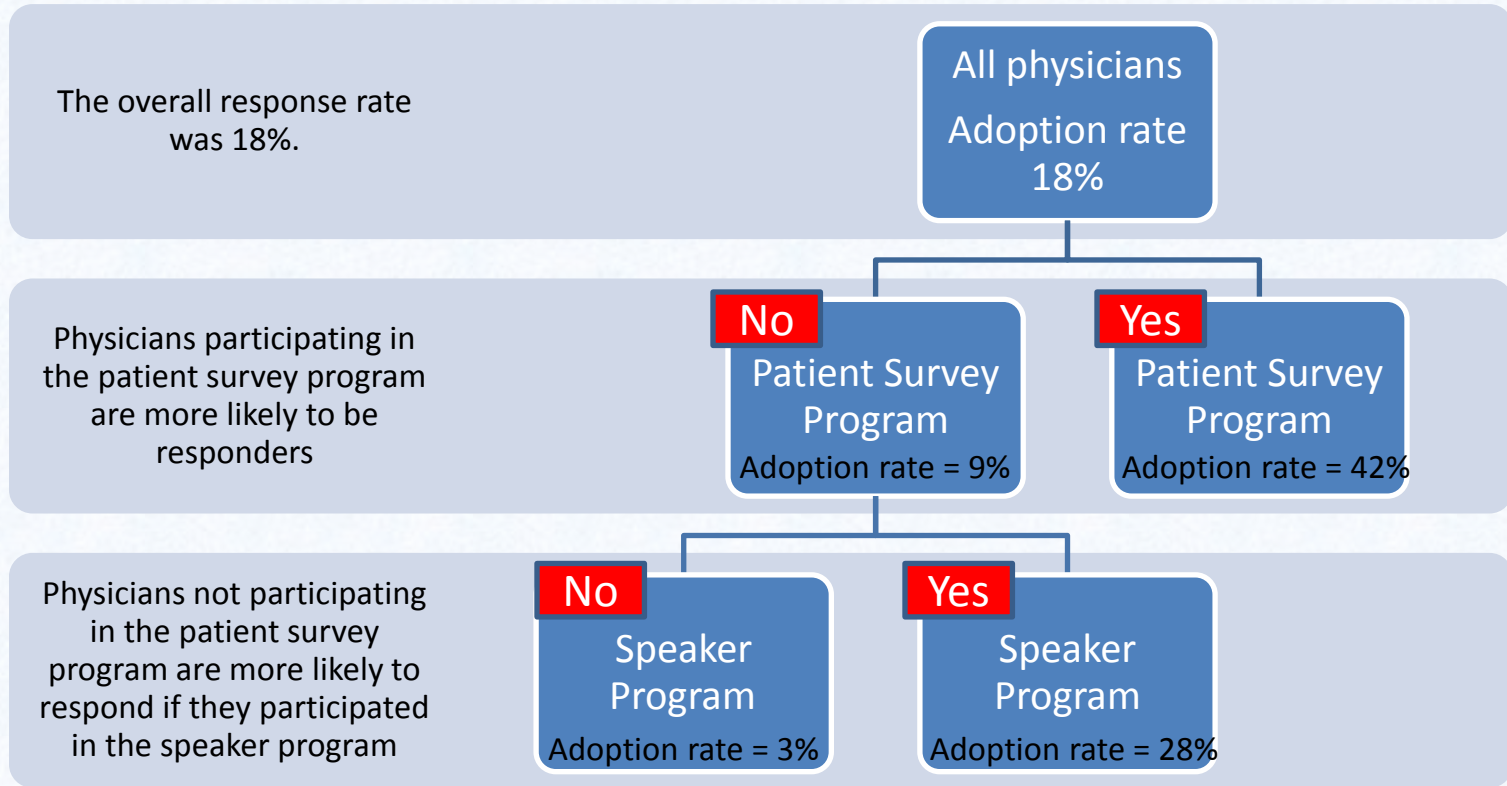
# Relative Value

	Relative Impact	Cost per Contact
Round Tables (Peer-to-Peer)	150%	300
Speaker Programs (Peer-to-Peer)	140%	200
Detail with Patient Starter Kit	125%	200
Detail	100%	150
e-Detail	67%	80
Teleconferences	60%	90
Secondary Detail	55%	75
Sample Only	40%	50
Email	4%	6

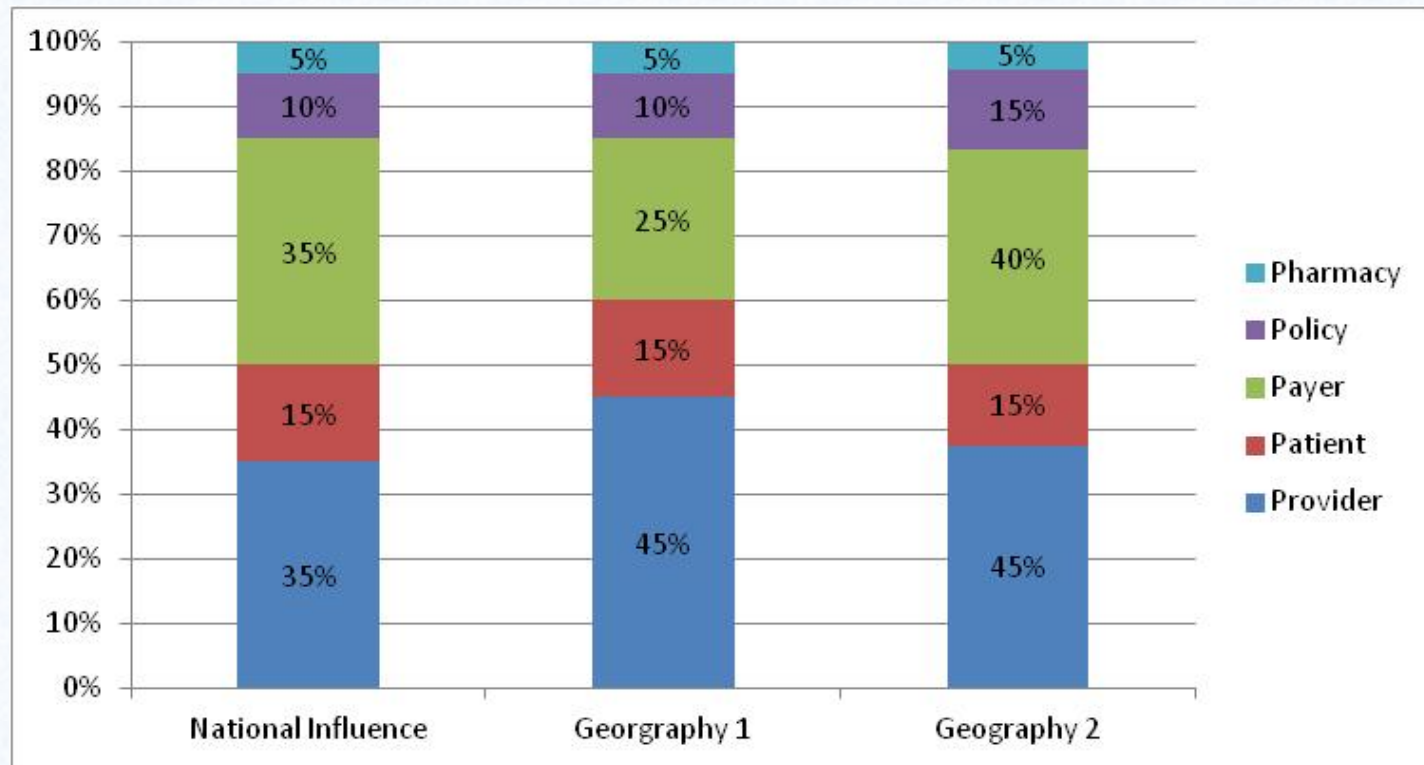
# Relative Value

	Relative Impact	Cost per Contact	Cost per PDE
Round Tables (Peer-to-Peer)	150%	300	250
Speaker Programs (Peer-to-Peer)	140%	200	143
Detail with Patient Starter Kit	125%	200	160
<b>Detail</b>	<b>100%</b>	<b>150</b>	<b>150</b>
e-Detail	67%	80	119
Teleconferences	60%	90	150
Secondary Detail	55%	75	136
Sample Only	40%	50	125
Email	4%	6	150

# Communicate Clearly



# Get Local



# Barriers



- Data & Systems
- Analytical Skills and Powerful Tools
- Business Processes

# Data and Systems

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- Difficult to get complete program data with enough time/data points
  - Lack of a customer preference database
  - Incomplete Managed Markets data
  - Customer data beyond physician/Influence Maps
  - Data Granularity
  - Systems that Learn
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- Supplement Data with Field Intelligence
    - Talk it through with customer-facing teams

# Analytical Skills and Tools

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- Can take years to develop internal skill sets to create and run reasonable models
  - Technical Knowledge
  - Business Knowledge
  - Use vendors to advance progress

# Business Processes

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- Accountability for individual programs
- Product Manager often charged with top line with little emphasis on the bottom line
- Siloed organizational budgeting
- Poor Execution of Results (test and control)
- Low buy-in

# Needs



- Executive sponsorship
- Learning systems
- Great tools and internal teams
- Local knowledge/Customer Knowledge
- Data returned from vendors
- Patience/Culture that embraces change and tolerates risk



Questions?



Thank you