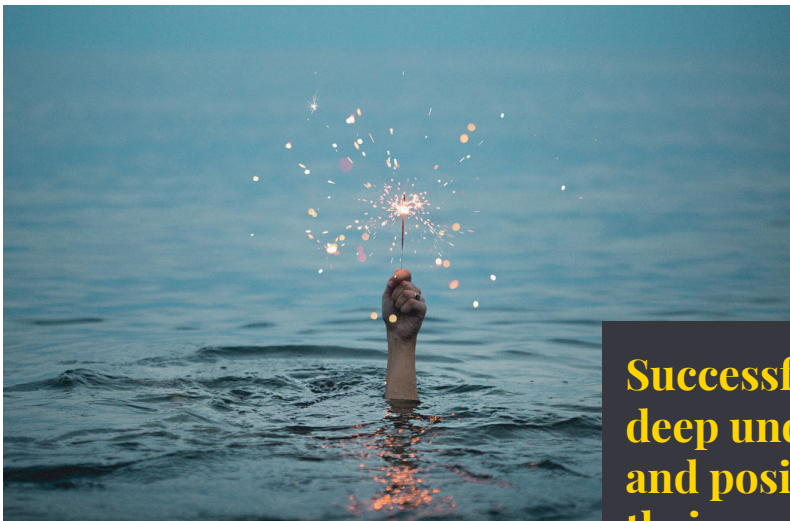


Digital Marketing is no Substitute for Sound Strategic Marketing



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Successful marketing is based upon a deep understanding of the customer and positioning products to meet their needs. In the mid 1990's pharmaceutical companies embraced strategic marketing to differentiate their products beyond clinical data and maintain competitive advantage. Though traditionally slower than fast moving consumer goods (FMCG) in adopting new commercial practices, in recent years the pharmaceutical industry has embraced 'digital marketing'. Done well, this can generate significant benefits – but in the rush to 'go digital' many companies have forgotten many of the fundamentals of strategic marketing and are wasting money on initiatives that don't add value to healthcare professionals (HCPs). To regain their commercial edge, companies must not be overly seduced by digital, and must return to the fundamentals by re-building their strategic marketing muscles.

For much of the last 50 years, pharmaceutical commercialisation has been based upon the view that doctors are primarily driven by clinical data and always prescribe rationally. As competition within the industry increased, companies had to challenge this traditional view to ensure they continued to remain commercially successful – with many executives looking to fast moving consumer goods (FMCG) companies for inspiration. The primacy of marketing and brands in these organisations drove growth and many executives sought to emulate their approach. To build equivalent marketing capabilities, pharmaceutical companies invested in training,

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processes and teams to create highly effective marketing machines, as illustrated by the 'statin' wars of the late 90's/early 00's. Though at times some companies broke industry guidelines in pursuit of commercial return, taken as a whole, marketing in the pharmaceutical industry has enabled greater prescriber and patient choice. In more recent years, the industry has had to adapt to healthcare systems that demand greater value for money due to ageing populations and healthcare budgets that cannot keep pace with the increased demand from patients and consumers. Nearly all companies have therefore now established market access and health economic capabilities, and have integrated these critical functions into the strategic marketing planning process. With a stronger market access focus, companies can create and implement stronger marketing strategies.

Starting to flex the digital muscles

Like market access, 'digital' has caused pharmaceutical companies to re-look at their commercialisation approaches in pursuit of greater marketing effectiveness. As society has 'gone digital', so have the ways in which HCPs choose to acquire information that will support their prescribing decision.

With no prior blueprint on how to 'go digital' in their marketing, early pioneer companies such as Merck & Co. and Eli Lilly took a 'commercial R&D' approach to digital, characterised by a 'fast fail' approach – invest in new ways of working, learn what works, and kill what doesn't. The creation of dedicated teams has enabled these companies to build core capabilities that are now the envy of their peers. For many pharmaceutical companies however, the conservative and highly regulated nature of the industry has slowed digital adoption due to a combination of regulatory and confidentiality concerns and issues around promotion of prescription medicines to patients. In parallel with the industry beginning to flex its 'digital marketing' muscles, an eco-system of agencies have emerged that promise superior gains if a particular digital channel is used. This, combined with the industry's limited experience in the area, has meant some pharma companies have unfortunately wasted their shareholders' money. Having spent years building core marketing strengths, the pharmaceutical industry is now being seduced by unproven 'supplements' to continue to grow.

The dangers of allowing strategic marketing to atrophy

At its heart 'digital marketing' is marketing. When done well marketing creates a customer experience that drives behavioural change and alters prescribing habits – with digital an increasingly key part of this. However, when 'digital marketing' is done poorly, it is little more than a distraction and at worst a waste of time and money that drives little commercial return.

Novasecta's experience is that at some level, all companies are flexing their digital muscles – with some more than others. In the last two years, all of the brand plans we have reviewed have possessed some element of 'digital

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marketing' within them. However, we have observed three key trends that senior commercial leaders tell us are cause for concern:

1. Focus on 'digital initiatives'
Marketing plans that are anchored on one or two digital tactics e.g. an app or social media campaign
2. Weak marketing capability
Team members unable to answer fundamental marketing questions and/or make the link between tactical choices and marketing strategy
3. Reduced resource in strategic marketing
Teams responsible for delivering strategic marketing reduce budgets in preference for digital activities

These trends are indicative of organisations that are losing their core marketing strengths. While in the short term this may not affect performance, a lack of up-to-date customer insight eventually means products lose relevance to customers and commercial performance is affected. Companies must have a solid strategic marketing base if subsequent 'digital marketing' is to be effective.

Re-build the strategic marketing muscles

Thoughtful senior leaders in the pharmaceutical industry have realised that in many cases the pendulum has swung too far towards 'digital marketing', and they must now come back to marketing fundamentals. Novasecta's experience is that for companies with a heritage in strong strategic marketing, re-building the marketing 'muscles' can be achieved relatively quickly by following a four-step process:

Re-build strategic marketing muscles through a four-step improvement process



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A key element of embedding great strategic marketing in any organisation is having a framework of key questions that anchors teams and individuals. Though these questions may appear superficially simple, thoughtful and comprehensive answers demonstrate that the organisation has the right core strategic marketing principles in place. The key marketing questions that require insightful answers are:

1. What is your market?
2. Who are your target customers and patients?
3. What do they currently do and why do they do it?
4. What are your competitors doing and why?
5. What do you want your target customers and patients to do?
6. What is your product positioning?
7. What are your key activities that require investment?
8. How will you know they work?

Though it can be hard and time consuming, the pharmaceutical industry has enormous capacity for change and reinvention. As patients and HCPs have changed, the industry has adapted to meet their needs, be it by creating strong brands, developing value/outcomes-based propositions or engaging with them across multiple channels. Strong strategic marketing is at the heart of all these, as it places the customer at the centre of the organisation and focuses teams on understanding and meeting their needs. Having lost some of their strategic marketing strengths, leading companies are beginning to flex their muscles and see real gains. Time to hit the gym.