

Using Channel Optimization Segmentation to Maximize Communication in a Dynamic Sales Market

PMRG Annual National Conference
March 2009



MAXIMIZING
BRAND POTENTIAL
IN A VOLATILE
MARKETPLACE

2009 ANNUAL
NATIONAL CONFERENCE

 **PMRG**
PHARMACEUTICAL MARKETING RESEARCH GROUP

Agenda

- What is channel optimization segmentation and why do we do it?
- How to think about channels
- Best practices in Channel Optimization Segmentation
- Making the Results Actionable
- Case Example



Agenda

- What is channel optimization segmentation and why do we do it?
- How to think about channels
- Best practices in Channel Optimization Segmentation
- Making the Results Actionable
- Case Example

The context

Technology is offering new ways to reach physicians ...

New communication channels are competing for doctors' attention ...

There are increased restrictions regarding what and how information can be delivered ...

Sales forces are being squeezed ...

MAXIMIZING
BRAND POTENTIAL
IN A VOLATILE
MARKETPLACE

2009 ANNUAL
NATIONAL CONFERENCE

 PMRG
PHARMACEUTICAL MARKETING RESEARCH GROUP

These changes bring challenges ... and opportunities

- Traditional interaction between physicians and sales representatives will never disappear, but it's changing
- There are new communication resources available to maximize touch points
- But, evidence is clear that different people respond differently to different communications
- The goal: Optimize a multi-channel marketing approach



Extending Traditional Segmentation

- Traditional segmentation focuses on attitudes and behaviors
- The goal: Align attitudes with important behaviors such as brand preference and prescribing behavior
- Learnings are then enacted in personal selling situations; alternative channels are not explored



Channel Optimization Segmentation (C.O.S.)

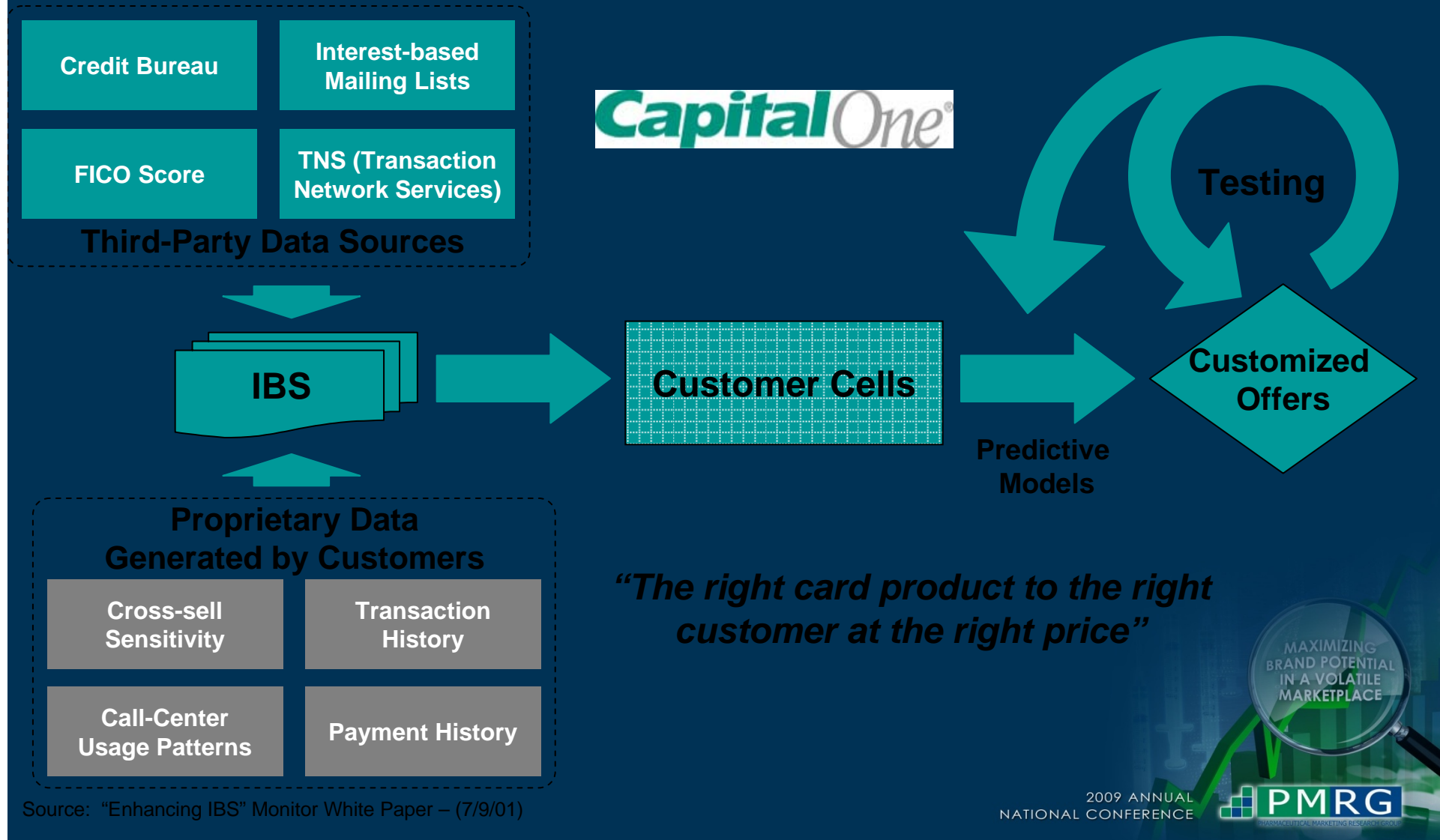
- COS extends segmentation to communication channels
- COS has an advanced history in other industries, but is relatively new to pharmaceutical research

Examples of COS approaches and solutions



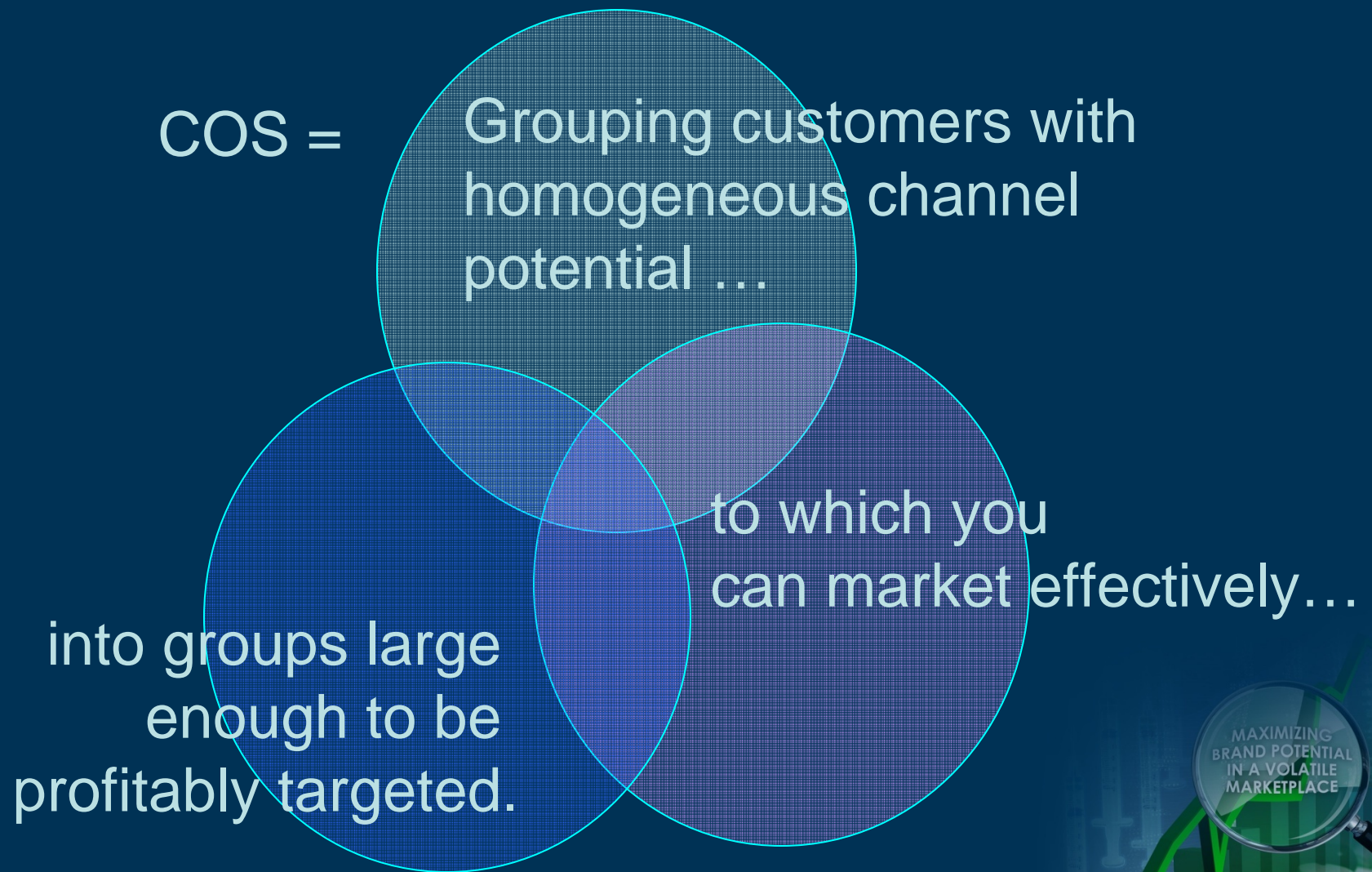
Understanding Customers: Capital One

Capital One's unique "Information Based Strategy" (IBS) allowed the company to customize offers to potential customers and maximize the NPV of each customer



Source: "Enhancing IBS" Monitor White Paper – (7/9/01)

COS can help you assign the right efforts to the right prospects



Agenda

- What is Channel Optimization Segmentation and why do we do it?

- How to think about channels

- Best practices in Channel Optimization Segmentation

- Making the Results Actionable

- Case Example

There are myriad forms of communication channels

Examples of Communication Interactions

In Office Programs

Dinner Settings

Remote Communication

Print Strategies

Speaker Programs

Internet and Tech-Enabled Channels

Others?

Internet and Tech-Enabled Channels

For each channel, consider its contexts

- Specific vs. General
- Present vs. Ongoing
- Push vs. Pull
- Quick vs. Time-Intensive
- Drivers and Barriers

Channels can be explored using several dimensions and metrics

- Attitudes toward channels:
 - How credible / valuable / accessible is each channel?
- Behaviors – Which channels are used, and how?
- Context: For which purposes is each channel used?

Agenda

- What is channel optimization segmentation and why do we do it?
- How to think about channels
- Best practices in Channel Optimization Segmentation
- Making the Results Actionable
- Case Example



As with all research, it's GIGO (Garbage In, Garbage Out)

- Attention to inputs is key
- “Play the tape to the end”
 - Develop a priori hypothesized segments
 - Ensure coverage of all relevant channels and initiatives, including channels not currently utilized but under consideration
 - Include practographics, demographics, and (some) prescribing behavior
 - Don't forget about segment identification!



Powerful segmentation solutions rely on the best inputs and most powerful science

- Begin with high-potential inputs
 - Collect and validate using qualitative research
 - Include input from full spectrum of internal teams
- Finalize with only the best inputs
 - The most differentiating
 - Linked to short- and long-term initiatives
- Use best-practice marketing science along with marketing savvy to find the best solution



The quantitative phase should cast a wide net, using the most powerful differentiators

- Test a LOT of items
 - Think outside the box
 - Use experimental design techniques, not Likert scales
- Filter to those items that drive solutions
 - We are looking for explanatory power, regardless of segmentation technique

Derive segments that maximize key communication channel differentiation

Value of Informational Channels: Perceived value of sources



Information Gathering Behavior: Which channels are used



Intrinsic Characteristics: Volumetric and prescribing behavior



One approach uses Rasch scaling to test a broad range of potential differentiators . . .

Respondents choose channels that most and least satisfy a particular metric

	Most	Least
Channel 1	X	
Channel 5		
Channel 18		X



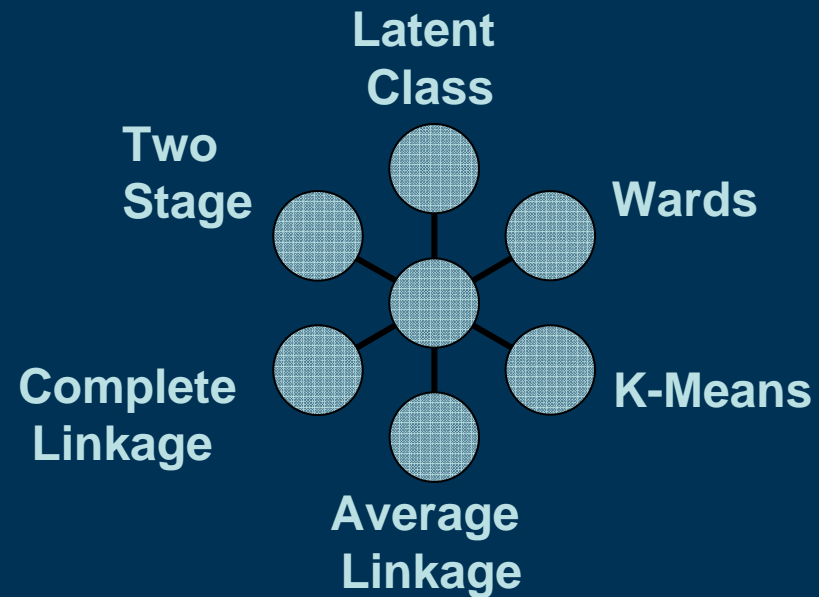
Enables rapid evaluation of many segmentation variables

Produces agreement scores for each respondent



... that can then be tested using a wide variety of segmentation algorithms

Agreement Scores



Produces a measure of differentiating power independent of technique



The segmentation can make use of a variety of mathematical techniques

- Hierarchical clustering
- K-Means clustering
- LCA (Latent Class Analysis)

Regardless of technique, classification will be key

- Make sure the segments make sense
 - Not just mathematically, but logically and strategically
- How can the segments be identified in the world?
 - Multiple classification techniques are available
 - Discuss the techniques early to allow for all possible opportunities
 - Work with internal teams to gain alignment and buy-in to classification technique (Case Example: technique using secondary data)

Agenda

- What is channel optimization segmentation and why do we do it?
- How to think about channels
- Best practices in Channel Optimization Segmentation
- Making the Results Actionable
- Case Example



With segments in hand, the crucial next steps make the segmentation actionable.

1. Target Specific Segments via Classification Algorithm



2. Conduct Qualitative Research to Further Profile Segments



Develop Segment-Specific Channel Marketing Tactics



3. Launch Pilot Program to Test Effectiveness Prior to Broad Roll-Out



Reassess & Refine Segment-Specific Channel Marketing Tactics

Note: Steps are rarely unidirectionally linear

Use qualitative techniques to gain full insight into each segment

- Hear how each segment describes the channels
 - Watch how the segments interact with the channels (behaviorally, emotionally, attitudinally)
- Why do segment members use the channels as they do?
- What is the marketing bundle that appeals to each segment?
- Are there “synergies” among channels for certain segments?

Think across the marketing basket and across time

Maximizing Current Programs



Resource Alignment

Development of Future Programs



Strategy Development

A magnifying glass with a black handle is positioned over a green bar chart. The text 'MAXIMIZING BRAND POTENTIAL IN A VOLATILE MARKETPLACE' is visible through the lens.

MAXIMIZING
BRAND POTENTIAL
IN A VOLATILE
MARKETPLACE

Use the results to make full use of current channel offerings

- Sharpen current communication using already-existing tools
 - Provide better focus on most impactful communications
 - Improve efficiencies of communications
- Fully employ synergies
 - Between channels
 - Between teams

And, develop potential future forms of communication

- Develop partnerships (e.g., online site partnerships)
- Innovative uses of technology
 - PDAs, etc.
 - e-detailing, e-information
- Innovative use of social events (e.g., group gatherings to discuss articles)



Ongoing assessment should accompany the strategies

- Following resource alignment and product development, use qualitative/quantitative research to confirm proper match
- Use pilots to roll out new / adapted techniques
- Develop metrics to assess success and shortcomings



Agenda

- What is channel optimization segmentation and why do we do it?
- How to think about channels
- Best practices in Channel Optimization Segmentation
- Making the Results Actionable
- Case Example

Project Background

- Channel Optimization Segmentation in a specialty market (2008)
- Second project (first was in 2006)
 - One business issue was to compare segments and channels across waves
 - Not only can physicians migrate across segments, but new technologies, etc. can produce new channels and therefore new segments
- Conducted online; n=535, including sub-sample of “repeaters” from 2006



Selected channels and metrics examined

Channels

Articles, books, advertisements
Sales representative interactions
Conferences, meetings
Internet networking, conferences
Search engines, websites
E-mail newsletters
PDAs, Podcasts, DVDs
Peer-to-Peer interaction
Lunches / Dinners

Metrics

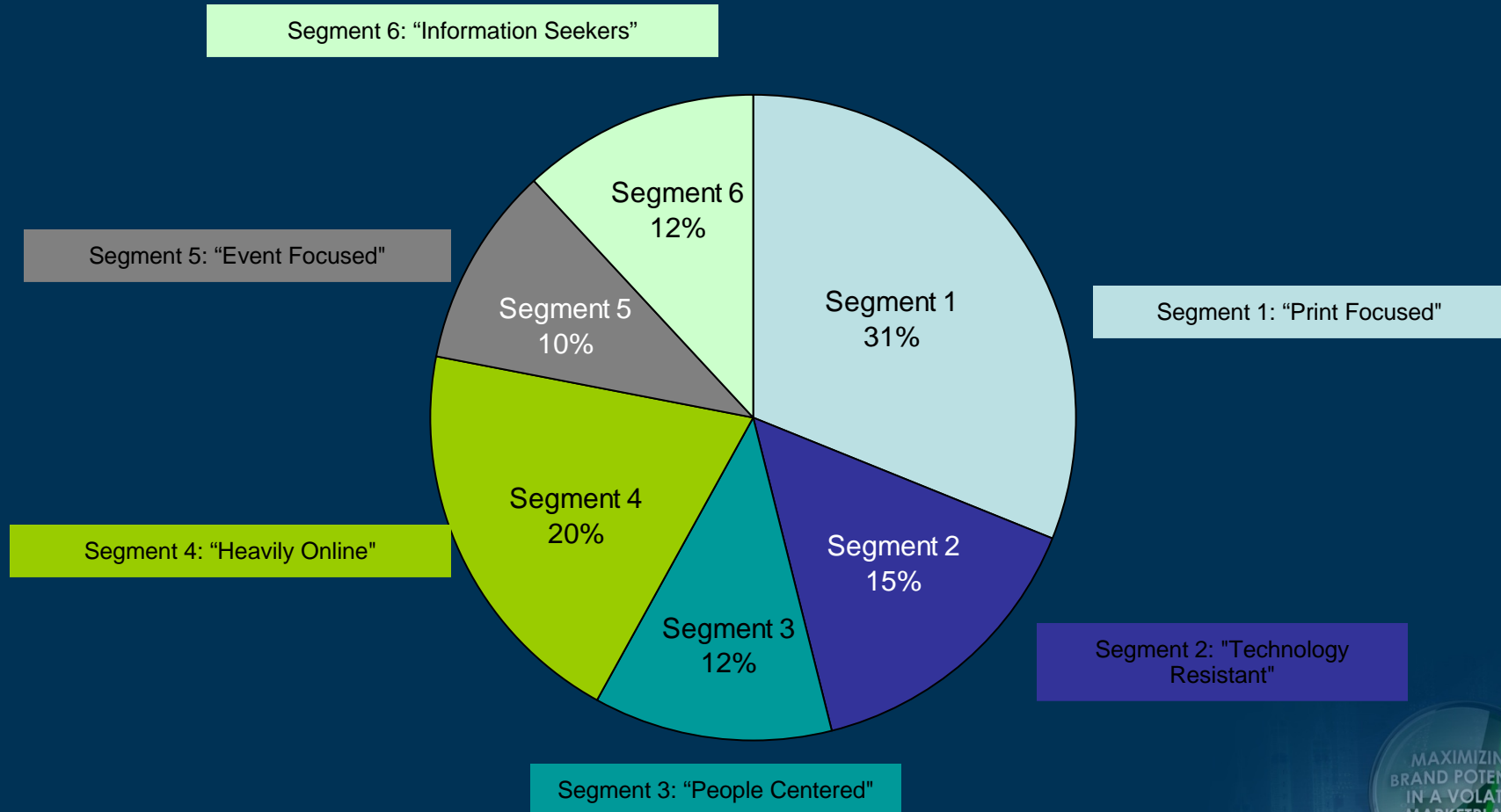
Credibility
Value
Ease of Use

Contexts

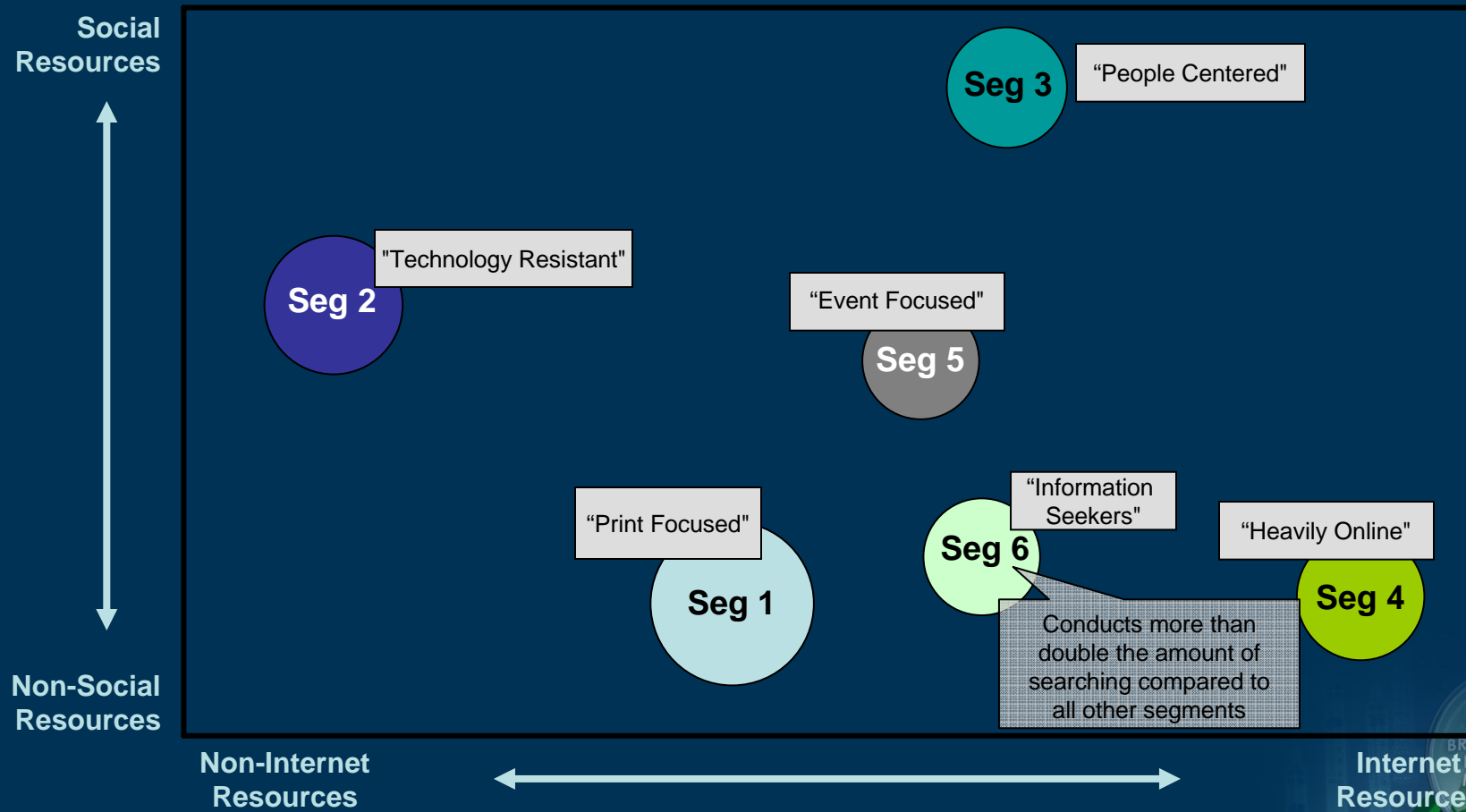
Keeping up-to-date
Researching disease information
Making treatment choices

MAXIMIZING
BRAND POTENTIAL
IN A VOLATILE
MARKETPLACE

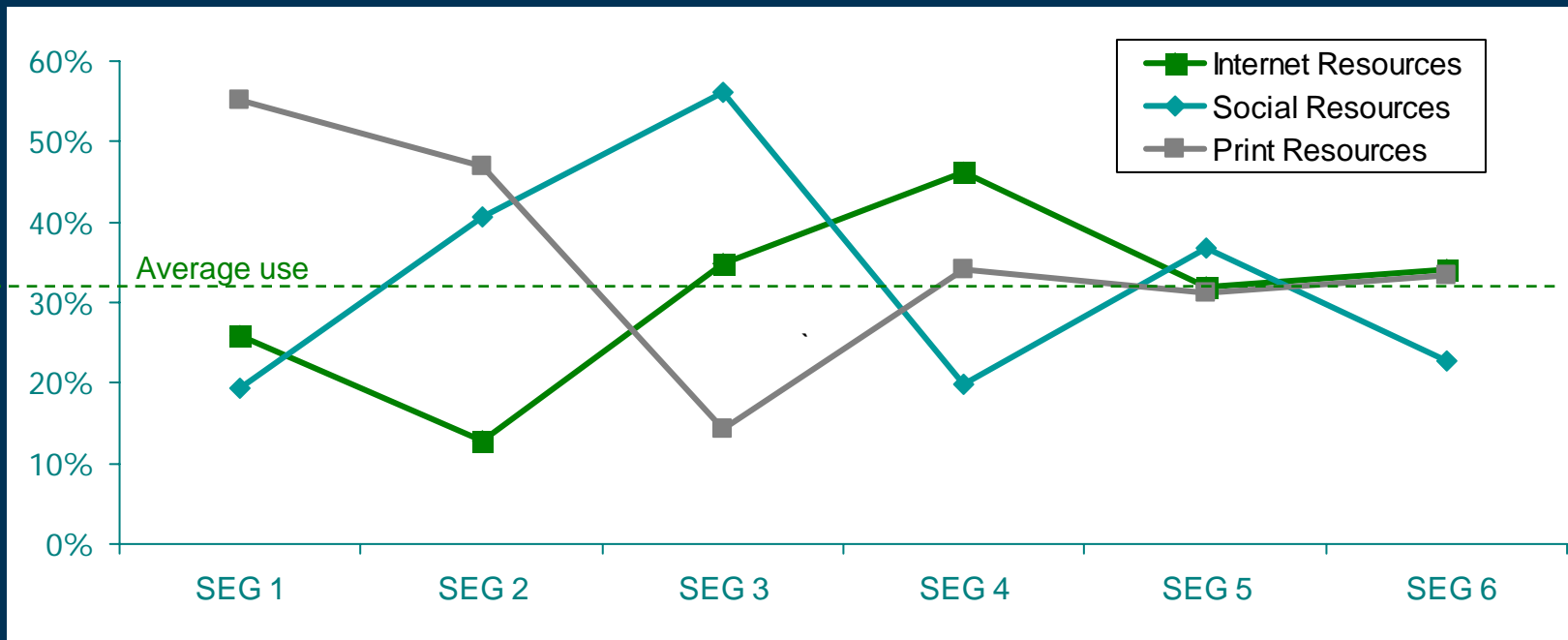
The project revealed six segments



The two predominant differentiators between segments were physicians' reliance on the internet and their preference for social channels.



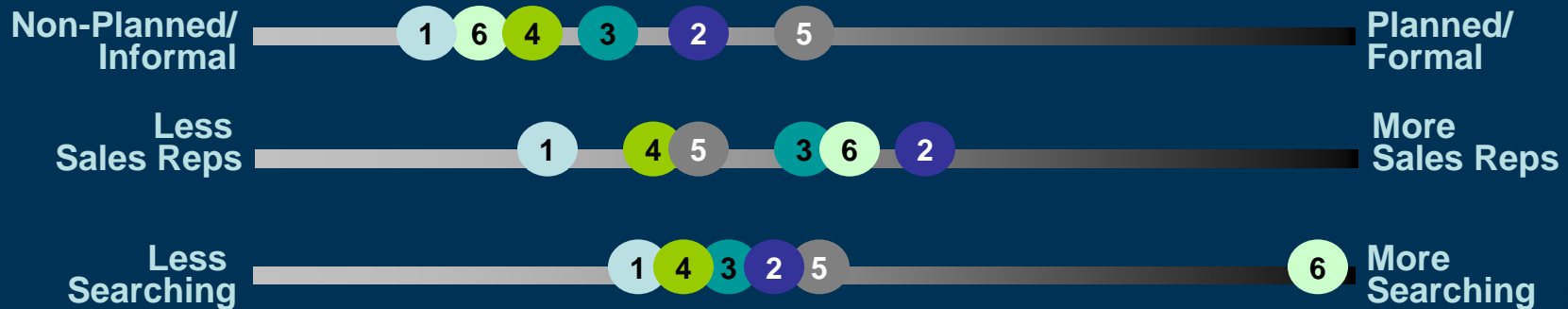
Physicians' use of print resources such as journals and books also differentiated physicians.



Less Internet Less Social	Least Internet More Social	Mod Internet Most Social	Most Internet Less Social	Mod Internet Mod Social	Mod Internet Less Social
"Print Focused"	"Technology Resistant"	"People Centered"	"Heavily Online"	"Event Focused"	"Information Seekers"



Additional differentiators included use of planned/formal events, use of sales reps and frequency of searching behavior.



- 1 "Print Focused"
- 2 "Technology Resistant"
- 3 "People Centered"
- 4 "Heavily Online"
- 5 "Event Focused"
- 6 "Information Seekers"

Segments differed in the value they placed on various channels.

Credible Channels

- Seg 1, Seg 5 and Seg 6 find journals, books, and formal meetings credible
- Seg 2, Seg 3 find social channels credible
- Seg 4 finds internet channels credible
- Seg 6 likes it all

Valuable Channels

- Seg 3 finds social channels, valuable, both on- and off-line
- Seg 4 and 6 value the internet, Seg 6 really values their PDAs
- Seg 5 values formalized meetings
- Seg 2 doesn't value the internet

Easy to Use Channels

- Seg 2 and Seg 3 do not find the internet easy to use
- Seg 4 and Seg 6 find technology easy to use. Seg 6 particularly finds their PDA easy to use

Seg 1

"Print Focused"

Seg 2

"Technology Resistant"

Seg 3

"People Centered"

Seg 4

"Heavily Online"

Seg 5

"Event Focused"

Seg 6

"Information Seekers "

MAXIMIZING
BRAND POTENTIAL
IN A VOLATILE
MARKETPLACE

The segmentation evolved over time

- Between 2006 and 2008:
 - Two additional segments emerged
 - The dimensions of the existing segments were refined and clarified
 - Importance of social vs. non-social resources
- 2008 survey instrument capitalized on and refined 2006 instrument
 - In turn, 2008 results were more precise and actionable

The results led to subsequent research and channel alignment

Next steps included:

- Presentation to and agreement with various internal divisions and teams
- Evaluation of currently used tactics
 - Alignment of tactics with channels
 - Applicability of tactics to segments
- More efficient use of existing tactics; exploration of novel tactics to maximize segment receptivity

Channel Optimization Segmentation can be a valuable resource

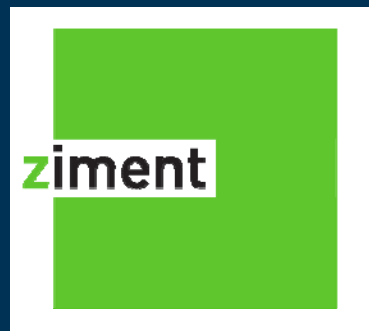
COS will work best when:

- A diverse spectrum of communication channels is considered with adequate foresight
- Present and future resources are taken into account
- Internal alignment and buy-in are achieved and managed
 - Check and confirm alignment early and often



Thank You!

For more information, please contact . . .



Josh Rossol

Chief Methodologist

(734) 369-3150

(212) 647-7200

Josh.Rossol@Ziment.com



2009 ANNUAL
NATIONAL CONFERENCE

