

Determining the ideal mix



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A major biotech and ZS determined the proper promotional mix for several oncology products—and boosted ROI.

BUSINESS ISSUE

Many choices, less clarity

Resource allocation for a drug launch or even an existing product has never been a simple task, but these days, market conditions and the variety of channel options has made finding the ideal promotional mix significantly complex.

A drug's promotional mix can be crucial to ensuring its success or contributing to its failure. An optimal mix maximizes the ROI for promotional spending—improvements to the marketing mix can boost revenues as much as 10%.

As marketers have a dizzying array of promotional options, old assumptions have become suspect. For instance, it's no longer enough to figure out how a specific promotional activity affects a product's sales—each activity may have a different marketing aim, and marketers must determine how one promotion changes the effectiveness of others.

So with myriad options and few certainties, how can pharmaceutical companies feel confident in their promotional mix decisions—or even if they have the right information to decide in the first place?

THE PROBLEM

Enormous opportunities in a complex market

A global biotechnology manufacturer needed to analyze its promotional mix for several oncology products. Oncology drugs represent a unique marketing challenge.

Treatments administered on-site often require a buy-and-bill model, in which providers acquire expensive products directly and request reimbursement from payers. This can obscure insights that the industry depends upon in a retail setting. Irregular buying patterns and myriad promotional programs make it hard to correlate activity with results.

The company's oncology portfolio represented a large portion of revenues and also promotional spending—one product's promotional budget was in excess of \$70 million. The company needed confidence that its resources were directed to the proper channels, tactics and customer segments.

"There's so much money in oncology that it can truly make or break a company," says a director with the corporation. "These are products that drive the revenue that's going to fund future development of other products, whether oncology or otherwise."

THE SOLUTION

15 channels, 40 tactics, 250 simulations

Because it was unsuitable to fit a typical promotional mix model to the oncology market, ZS built models accounting for buy-and-bill dynamics, vague account-level data and “noise” in buying patterns. The work included:

- 250 iterations of analytical models to determine impact and stability
- Analysis of more than 40 promotional tactics across 15 channels
- Tailored program recommendations based on customer preference and promotional response, with detailed plans for improvement in individual channels

IMPACT

Insights that defied expectations

In the case of one particular oncology drug, the project revealed unexpected and eye-opening insights:

- Higher-than-expected return on digital channels
- The fact that inside sales had a far greater impact when coupled with coverage by sales rep
- The company could reduce sales and marketing investment 10% without affecting revenues

“ZS’s approach is different than other consulting groups that I’ve worked with,” according to the director. ZS’s industry and implementation expertise, he says, enabled it to work on more than “strategic and non-executional” aspects of the project—and serve as a full partner in the effort.

“ZS’s approach is different than other consulting groups,” according to a company director, as ZS’s industry and implementation expertise allowed it to serve as a full partner and deliver maximum impact.



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