# Make the ROI Needle Jump the Groove

## Five Steps to Better Targeting Health

BY KEVIN CLANCY AND ERIC PAQUETTE

*With questions about the effectiveness and value of DTC advertising now being frequently thrown at marketers, what's needed to answer these questions is a format for improving the targeting efforts at the heart of most campaigns. The authors suggest a five-step "wellness program to remedy your segmentation efforts and reinvigorate ROI."*

This is just a tough time to be a DTC marketer. Or to put it less mildly, as Mark Drossman, a former executive creative director of Glow Worm/Publicis Healthcare Group and now a co-founder of the new agency Extrovertic, did, it's downright "Pharmageddon."

It's not exactly a secret anymore that we're in a recession. While it's true that, "throughout previous economic downturns in the advertising world," wrote Rich Thomaselli, a correspondent for *Ad Age*, recently, "the one bellwether of hope was always the pharmaceutical industry….But not this time." Pharmaceutical companies, as it turns out, are cutting back on marketing just like everyone else, DTC efforts included. "There have been DTC cutbacks at a number of companies," confirmed Stan Woodland, president and chief executive of CMI and Compass Inc., a media buying and planning group. Nielsen reported that DTC spending declined in the first nine months of 2008 by about 4.5 percent and TNS projected spending for 2008 would decrease by 8 percent.

Not helping matters are studies such as the Nielsen IAG ranking of the most-recalled prescription drug ads, which found efforts had become less memorable over the course of the past year, raising more questions about effectiveness and value. "Consider the volumes of money being spent by some of the major brands – ad budgets in the range of $200 million a year," Jon Swallen, a senior vice president of research for TNS, explained. "As the guy who's approving the spending, you want to know that you're getting good value for your dollar. And whether you're talking about a $200 million budget or a $10 million budget, the pressure is there to deliver a good return on investment."

But before you bite your nails down to the nub wondering just how you are going to deliver the kind of return senior management wants to see – particularly if you have a smaller budget with which to work – relax. Though urban marketing legend may have it that you have to spend more – 25 percent more; 50 percent more; double your budget! – to increase sales, in reality pouring dollars into advertising and media rarely increases profitability, sometimes doesn't even boost sales, and certainly doesn't guarantee improvements in marketing effectiveness or ROI. Unless, that is, a company puts equal effort into finding an exceptional market target first.

### Heavy on segmentation, light on targeting

We'd be hard-pressed to find anyone in marketing today who doesn't acknowledge the value of using market segmentation to guide brand strategy development.

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Segmentation was among the top five most interesting and relevant marketing concepts in the 2009 Marketing Executives Networking Group Trends Report. Marakon Associates and the Economist Intelligence Unit also found in a survey of senior executives at large companies that six out of 10 had conducted

a major market segmentation exercise within the past three years. Likewise in the DTC world, segmentation is one of the most frequently done marketing research exercises.

Typically segments are identified and understood, and those segments are further "considered" and "researched" in the development of positioning and messaging strategies. But too often the buck stops there. Strangely, many firms never select a buyer target based on the results of segmentation work, instead choosing to advertise to all sufferers in the category.

We say "strangely" because, as Daniel Yankelovich and David Meer wrote recently in the Harvard Business Review, the "original and true purpose" of a market segmentation exercise was "discovering customers whose behavior can be changed or whose needs are not being met" to identify a valuable target. Too often the selection of specific targets is ignored. In cases where a company does pull out specific targets as part of brand strategy development, the targets rarely end up as the audience for actual brand marketing activities. The data is used to profile different types of buyers in the category but not to make concrete targeting decisions.

Now we're of the mind that DTC marketers would very much like to use a market segmentation to pick a target and drive decisions for marketing and advertising strategy development and execution, but for a number of reasons they just can't.

Generally speaking, the most commonly employed approaches – need/attitudes, lifestyles, media databases – are heavy on segmentation, but light on the targeting. As we show in exhibit 1, each has their unique pros and cons, yet the problem that universally plagues them all is they just aren't that helpful when it comes to identifying the key group (or groups) of patients that are of greatest potential value to a pharmaceutical brand. Throw in that the various groups don't differ in terms of anything other than the variables that created the segmentation in the first place, and it's no wonder the segmentation gets shelved when it comes to picking a target.

Without a clear target, it's very difficult to develop effective messaging strategies that will really motivate a patient to go talk to their doctor about an Rx brand. In many categories there are a number of prescription (and sometimes OTC) options available to a patient, many of which are very similar to one another. If the target is not clear, or lacks different needs, wants, desires and aspirations from other patients, it's darn near impossible to put together a campaign that will really inspire patients to ask for your brand and not another.

The final blow to effectively using a segmentation is the dearth of direct "links" between the groups that come out of segmentation work to the databases that communications planners use to formulate their plans. Even if a high priority target emerges with a clear set of addressable needs, no one has any information how to find it when it comes to sales and marketing activities.

It's no wonder the performance of so many campaigns and programs gets off track—it's more than likely it was never on the right one to begin with.

With all of its missing pieces – which, incidentally, are by no means indigenous ONLY to the pharmaceutical world – segmentation has become one of the most frequently frustrating undertakings for an organization. The Marakon/Economist study we mentioned earlier also discovered among those who'd done a segmentation, only 14 percent of execs derived any real value from their most recent effort. The good news here is that it does NOT have to be this way. Though the typical prescription for an ailing segmentation is to do yet another segmenta-

## Exhibit 1: Five Segmentation Approaches: Pros and Cons

### Need/Attitudes Segmentation

**Pros**
- Easy to do
- Intellectually interesting
- People love to name the groups

**Cons**
- Rarely identifies segments with different levels of potential value to your brand
- Needs are often weakly related to behavior
- Can't be found in databases

### Lifestyle Segmentation

**Pros**
- Interesting and fun to work with
- Easy for everyone to understand
- Insights for advertising copy

**Cons**
- Lifestyles rarely predict brand choice of potential profitability for your brand
- Can't be found in databases
- Little understanding of the differential problems of alternative targets

### Media Database Segmentation

**Pros**
- Differentially reachable with media
- Easy for everyone to understand
- Planners can find efficient targets

**Cons**
- All your competitors have the same information
- All category sufferers are not equally valuable to you
- Little understanding of the differential problems of targets

tion, we suggest an alternative five-step wellness program to remedy your segmentation efforts and reinvigorate ROI.

### Step 1: Perfect the process

The whole of marketing performance is only as good as the sum of its parts, and ROI is not going to get any better unless marketers get everyone to focus their efforts on the same key target groups. A segmentation that's relevant and usable across the varied consumer sales and marketing activities requires an understanding of who will use the segmentation, how they will use it, and what information and insights they need to develop better marketing strategy and tactics in their area. If a market research analyst, a rep from purchasing and procurement, a brand manager, and a lawyer from legal get together in a room to talk about doing some segmentation work, what do you think the probability is of their accurately and completely answering these questions for any functional area outside of their own? Since that's the way most segmentation efforts starts off these days, it's a fair statement that we already know the answer to that one.

Taking care in the set-up goes a long way to ensuring that the end result will meet as many collective needs as possible and helps rally usually silo'ed functional areas around a common effort. In an upfront meeting, marketers should consider bringing together folks from a variety of areas such as:

- The marketing team
- Traditional and digital ad agencies
- Media buyers and planners
- PR/Events management
- The marketing research department
- Senior members of the sales force
- Medical/legal advisors
- Key opinion leaders

Very importantly, there needs to be some consensus on objectives. What will the segmentation explain – brand preference, positioning/messaging opportunities, openness to switching brands? How realistic are these objectives in a specific treatment category? Can marketing actually act on the information that we'll uncover?

### Step 2: Find the money

A surprising number of segmentations we've seen do not have a good measure of profitability built in, meaning there's no way for marketers to gauge which sufferers hold the highest potential value for the brand. Putting effort into capturing clever measures of current and future profitability in the segmentation will help fill this massive information gap. A segmentation effort will pay for itself many times over if it provides clear direction on which group or groups offer the highest return on the marketing investment – that's the group a DTC marketer wants to go after, the one they want to TARGET.

In addition to financial measures of the revenue (for example, lifetime value, current share for your brand, etc.) and cost (for example, cost to reach and influence with media, etc.) sides of profitability, there are also several stand-ins for profitability that reflect:

- How hard it's going to be to get and keep a particular sufferer
- How enabling they will be to marketing efforts
- And, most importantly, future behavior

A DTC marketer, moreover, would probably like to find out how interested a sufferer is in treating his or her condition, how open he or she is to a prescription therapy as a treatment option, and whether he or she is likely to stay on the product. Patients vary dramatically in their comfort level and willingness to start the discussion of treatment options with their doctor. Certainly a DTC marketer would be interested in reaching those who are open to starting those discussions, rather than those who view the doctor as boss. Finally, the patient's responsiveness to the DTC marketer's specific prescription brand would also offer a more robust picture of the value of an individual to the pharmaceutical company.

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### Step 3: Tap into problems and pains

It's great to know which group to target. Now how do you get them to want to ask a doctor for your brand? Exceptional positionings that truly motivate sufferers often address problems—and the bigger the problem a brand can solve for the target group, the better the market response. Yet when we say "problem," we're not necessarily talking about fixing symptoms of an underlying condition, particularly if there are a host of branded and generic competitors doing the same thing. Positioning opportunities abound where target consumers say they have a need yet NO ONE offers a solution.

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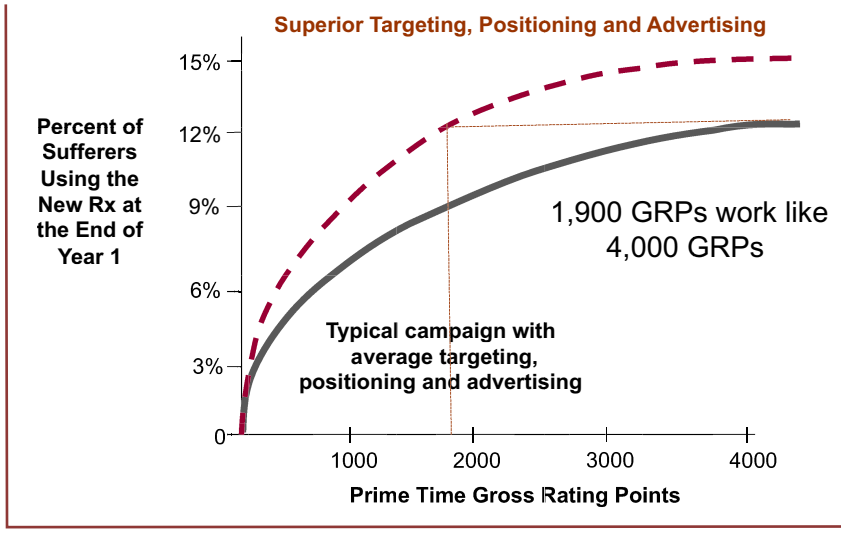
important event. As another example, Seasonale, a birth control pill, offers women the added "convenience" of four periods a year. Other possible positioning opportunities might include:

- Attributes (for example, patch vs. pill, contains ingredient X)
- Benefits (clears up your skin, stops joint damage, for example)
- Target market characteristics (such as would-be-athletes, active seniors)
- Celebrity endorsements (Oprah, Donovan McNabb, among other examples)
- Qualifications (for example, most rigorously tested, developed by world-renown surgeon)
- Intangibles (makes you glad to be alive, more patient with your kids, for example)

**Exhibit 2: Effects on New Rx Market Share**




## Step 4: Integrate the segmentation exercise with media databases

More and more we see that marketers do not use the segmentation database for addressing media questions. To do this would require that media metrics be added to the segmentation study questionnaire and used in the segmentation itself. As a result targets would be identified that are different in terms of their media profiles. Very importantly, the segmentation database can be married to syndicated databases such as MRI and SMRB in order to provide rich insights into the media exposure patterns of every target identified in the study.

As you can see in exhibit 2, an exceptional target can save a company millions on media. Instead of buying thousands of GRPs to reach your foals, a DTC marketer can by a few hundred to get the same results. This scenario is only possible, however, if the media planners have information with which they can work. Including questions about media preferences and habits in the segmentation exercise that directly link to what's actually in media databases is the way around this problem.

## Step 5: Test advertising with the target

Even when you have a high value target, a clear, compelling positioning, and solid media guidance in hand, if the advertising executions don't deliver the message, the ROI needle certainly isn't going to jump the groove. We've seen countless high potential strategies fall flat when it comes to implementation and the last place a DTC marketer can afford to have this happen these days is in the real world.

Before anything goes live or on-air, engage in copy testing to figure out whether the advertising appeals to the target, that it reflects the agreed upon positioning, and that targets respond positively to it. Our recommendation is that marketers formally test 7 or more executions. The more executions tested, the greater is the probability of finding a blockbuster. Don't hesitate for a second to take it back into the shop for a tune up if it doesn't. Urban marketing legend may have it that campaigns can build over time – in other words, don't worry too much if the target doesn't get the message at first, it will. But like the bride who went to every tanning salon in town the day before her wedding only to drop dead because she'd cooked her organs 10 times, it's just not true.

## Here's to your health

Yes, we admit it, it sounds pretty simplistic that the answer to ROI woes is found in market segmentation, currently the source of so much frustration for DTC marketers. But consider the famous words of Phil Kotler, dean of American marketing professors: "Nail targeting and everything else falls into place." Identifying a good target – one that is responsive, and profitable – and a compelling positioning – one that differentiates and resonates – is the start of great brand strategy. Actually hitting that high value target with real-world sales and marketing activities with that compelling positioning can change a brand's trajectory. DTC

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