

Savings Offers

Effectively Reaching the Right Audience?

Pharmaceutical marketers should evaluate performance of savings offers by the shares of patient types acquired – continuing patients, lapsed patients, competitive switches, and new to category – as the incremental value driven from savings offer programs differs by patient types. As a result, redemption data alone cannot provide actionable insights. Using Rx-based benchmarks of savings offers suggests that distribution channel is the critical factor in executing a successful savings offer program.

The pharmaceutical industry spends millions of dollars annually on savings offers as a tool to both drive new patients and to improve adherence among existing patients. Pharmaceutical marketers increasingly use savings offers as a consumer tactic, arguing that these programs enable patients and doctors to make treatment decisions without being overburdened by cost considerations. In addition, marketers believe that the offers increase adherence among patients who may have stopped therapy due to cost, especially in the down economy.

The benefits of an offer can vary from program to program based on patient response to out-of-pocket savings and ability to foster brand interaction. For example, savings cards range from one-time use to monthly use, while the value can range from a free trial Rx to a flat dollar amount to a sliding scale based on patient co-pay. Marketers make such offers available to consumers through a number of channels, including point-of-care (POC) and media-driven DTC campaigns, or as a part of a broader relationship marketing (RM) program that provides additional education to the consumer. The choice of tactic can affect targeting, activation/redemption rates and brand engagement.

Brand managers often evaluate savings offers by relying on redemption data. However, redemption data alone cannot answer the critical question that determines ROI – what is the profile of patients redeeming the offer (existing, lapsed, new)? The types of patients reached drive the impact of the program. For example, the adherence benefit from existing patients differs when reaching patients relatively new to the brand versus continuing users. Likewise, the impact on driving new

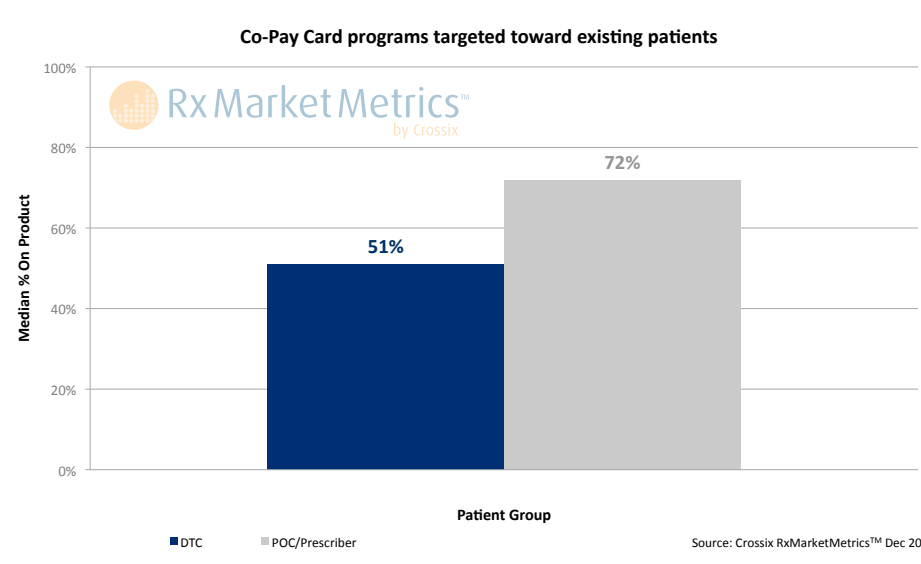
patient starts differs across patient types – lapsed patients (win-back), branded competitive users, generic competitive users, or naïve to treating in category.

RxMarketMetrics uses actual Rx matchback analyses of hundreds of marketing tactics over a broad range of brands and therapeutic categories. By aggregating and reporting on the market norms, RxMarketMetrics analysis can help brand managers understand the patient types of those who redeem savings offers.

Understanding patient types reached through co-pay card

RxMarketMetrics can inform targeting through the metric *Percentage of Existing Patients (among redeemers)*, with existing patients defined as having used the product in the six months prior to first redemption. A comparison of co-pay card programs distributed through the POC setting versus those distributed through media-driven DTC campaigns shows POC consumers more targeted toward existing patients (see Chart 1).

Chart 1: Co-Pay Card Percent on Product by Distribution Channel



Within distribution channels, the patient types reached and potential impact of programs varies. For example, the patient types reached through the POC channel depends on factors

such as stage in product lifecycle (new entrant to market versus established product), market share, and generic competition. Prescribers may extend an offer to patients they feel can

benefit from the offer, which may or may not correlate well with the target patient base defined by brand managers and sales reps. Additionally, the offer itself can affect the patient types reached, especially when another product in the space has a competing offer (see Chart 2).

As with the POC channel, the patient types reached through media-driven DTC campaigns varies across campaigns. However, brand managers can exercise more control over the audience reached through media-driven DTC campaigns than in the POC setting. Monitoring share of patient types throughout the campaign can allow the brand manager to adjust the media and optimize toward the most effective buys for driving the target patient types (see Chart 3).

Understanding patient types reached through FTOs

Marketers generally use free trial offers (FTOs) with the objective of acquiring new patients through reduced barriers to trial, despite the common industry concern that existing patients predominantly take advantage of FTOs. The overall goal is for these patients to continue filling prescriptions beyond the trial period, which can vary from a few days to a full month of therapy. FTOs are costly, as the brand pays the full price

Chart 2: Co-Pay Card POC Campaigns Percent on Product

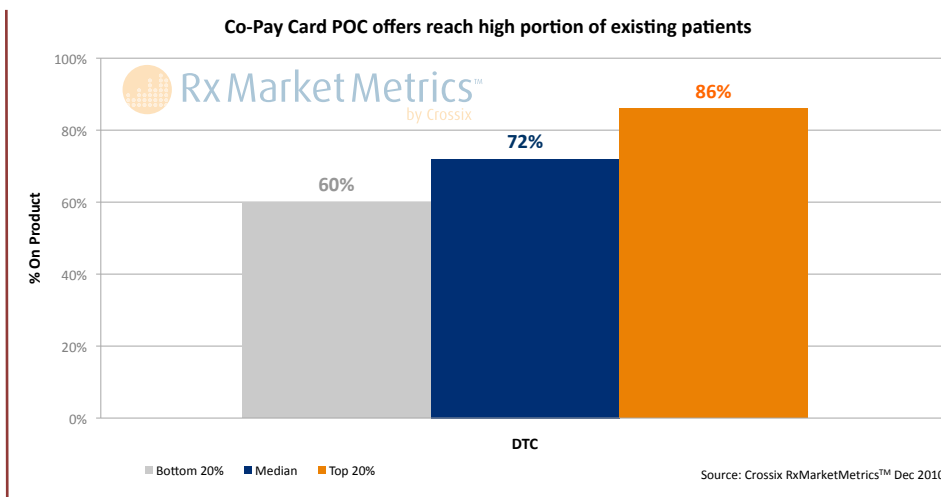
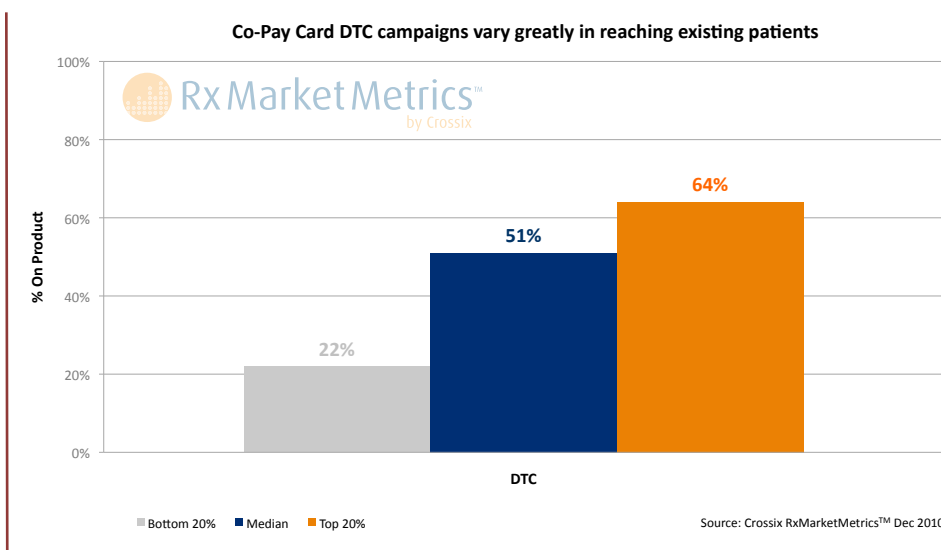


Chart 3: Co-Pay Card DTC Campaigns Percent on Product



About RxMarketMetrics

Prescription drug information drawn from Crossix RxMarketMetrics™, market benchmarks for performance of patient adherence and consumer marketing activities based on more than 1,500 actual Rx analyses including 600 consumer marketing tactics across a broad range of therapeutic categories.

Campaigns included in RxMarketMetrics aggregated for the chronic, lifestyle and specialty/biologic markets and derived from actual, anonymized and aggregated, results of consumer marketing campaigns for dozens of leading pharmaceutical brands ranging from direct response (DR) to general awareness and branding campaigns (GA), and multi-channel, from Web to Print to TV.

Normative Rx-based measures include conversion rates and curves, retention rates and curves, and Rx patient profiles specific to the market, channel and tactic. Benchmarks further broken down by campaign specifics, such as purpose, level of branding, creative, offer type, response channel and fulfillment stream.

Chart 4: Free Trial Offer (FTO) Percent on Product by Distribution Channel

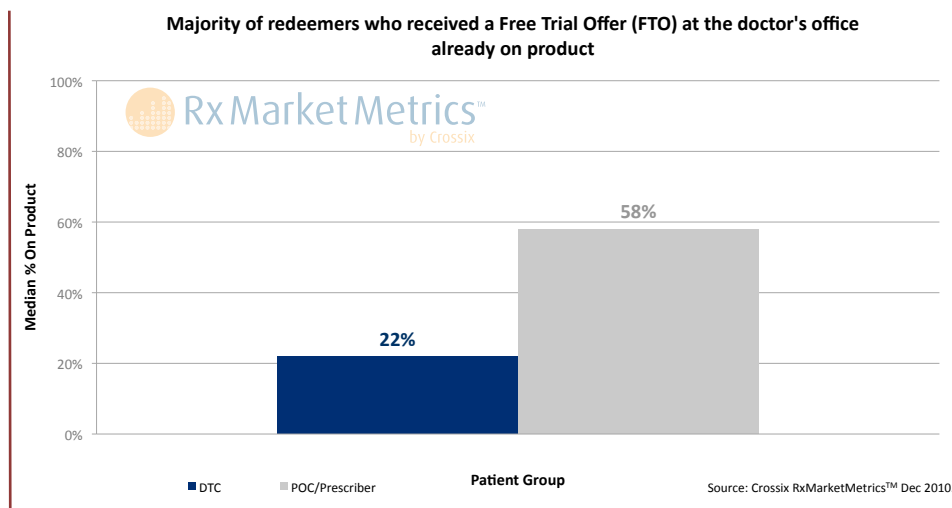
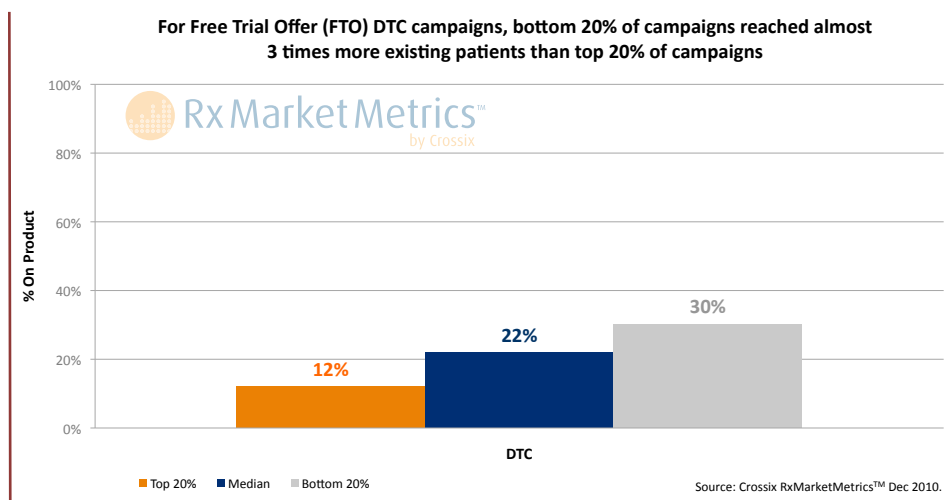


Chart 5: Free Trial Offer (FTO) DTC Campaigns Percent on Product



of the script, including patient co-pay and the amount usually paid by the insurance company. As a result, developing an early understanding of the patient profile of FTO redeemers can make a big difference to the success of the program.

RxMarketMetrics appears to validate the concerns surrounding FTOs, showing a significant percentage of FTO redeemers often already on product. However, the channel of FTO distribution – POC or media-driven DTC – makes a big difference. Doctors appear to pass the savings on to both new and existing patients, and offering FTOs via doctors' offices is not an effective way of ensuring that only new patients use the offer, with 58 percent of patients, by median, already on product when they redeem FTOs received through the POC setting (see Chart 4). While offering FTOs to existing patients is not the primary objective, there could be a retention benefit

in such cases – an impact beyond the scope of this article.

On the DTC side, brands often make FTOs available on the brand consumer website or advertise with a call to action to request the trial offer (see Chart 5). The median rate of patients already on product who engage with a FTO via DTC is 22 percent. The remaining patients, nearly 80 percent of consumers who engage with FTOs through DTC, are potential new patients previously on competitive products or new to treating in the category. The brand's objective, of course, is for these patients to continue on to a paid prescription following the FTO.

Acting on this information

Brands and agencies using savings card and free trial offers can find a number of strategies to optimize and improve their tactics using these market benchmarks. Different marketing strategies will make sense for savings offer tactics based on whether the primary objective of the campaign is acquisition or retention. Likewise, marketers should closely monitor FTO tactics for effective targeting and appear better paired with existing RM tactics rather than distributed through POC channels.

Understanding the patient types reached through savings offers and the

benefit from each patient type allows marketers to more accurately measure the impact of the programs. For example, quantifying the retention benefit when reaching existing patients and the conversion benefit when reaching prospects, together with the patient types reached through the campaign, provides marketers insights into the components that make up the total ROI of the campaign. By understanding each patient type, marketers can dynamically respond to targeting concerns and adjust media and distribution tactics to drive the most profitable patient types for their brand.

This is a second installment of an ongoing series on Rx market metrics of various consumer marketing activities. For more information, see the Crossix RxMarketMetrics™ website (www.rxmarketmetrics.com), from Crossix Solutions Inc., an Rx-based consumer analytics company (www.crossix.com).