Integrated Market Research: The Intelligence Behind Commercial Transformation

To perform effectively in today's challenging economic conditions, pharma companies are weaving primary research, secondary data and analytics into an integrated model, yielding insights that drive new product development, influential messaging and optimal spend.

Executive Summary

Accomplishing more with fewer resources is the challenge life sciences companies face today, whether they are cutting costs, increasing innovation or maximizing revenues from maturing product portfolios. Meeting that challenge successfully requires using new approaches to commercial operations, sales and marketing that rely on smart, well-informed decision-making. In turn, pharma companies must fully capitalize on the huge volumes of data available to them to help segment their targets, match them to optimal channels and develop effective messages.

Achieving these objectives means pharma companies must adopt a highly transformed, integrated approach to using primary market research, secondary data sources and analytics. While each of these disciplines provides data on their own, they are even more powerful in combination, as each discipline can inform the other, yielding robust insights that can drive:

- New product development, as well as extend the life of maturing or niche brands.
- More influential messaging to influence behavior.

- Optimal spend through well-defined segmentation and channel alignment.
- More flexibility and lower fixed costs through virtual teams.

Leading life sciences companies today are already reaching these goals through integrated market research.

The Integrated Market Research Model

With limited resources that must be used as effectively as possible, it's imperative for life sciences companies to have clear, defensible answers to these questions:

- What are the targets to which we should be directing our resources?
- Which traditional and non-traditional channels do our key targets prefer?
- What messages will most influence those targets?
- Where does our product fit in the current competitive landscape?
- What clinical endpoints will drive prescriptions?

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- What data is required to measure the effectiveness of channels and messages during a campaign?

- How will the return of a specific campaign be measured?

Answering these questions has become a complex problem, with the expansion and growing influence of digital channels alongside traditional marketing channels, as well as marked differences in which channels specific audiences prefer.

While a great deal of secondary data is available to provide information on these behaviors, this data offers little in the way of insights to help pharma companies understand why a target group is behaving a particular way or which channels it prefers. Making assumptions about behaviors and channels based purely on secondary data can lead to inappropriate tactics, missed targets and wasted resources.

Deriving insights about behaviors and preferences from these "big data" sources requires that they be combined with data garnered from carefully scoped primary market research. Primary research can help pharma companies understand the relationship between attitudes and self-reported behavior. However, far more robust insights can be derived from combining primary market research data with secondary behavioral data. By integrating these sources, we can get a clear understanding of the relationship between actual behavior and attitudes and product perceptions.

This approach is particularly useful in projects such as segmentation, where it is important to project the findings derived from the market research sample onto the universe of prescribing physicians. Leveraging insight about which attitudes and product perceptions are driving prescribing within a segment allows sale representatives to better target the physicians they call on and tailor messages to meet their specific needs.

Sharper Insights Support New Customer Engagement Models

Integrated market research provides pharma companies with powerful, detailed insights to apply to a wide variety of activities across the commercial value chain. In brand management – and sales and marketing activities in particular – integrated market research is especially effective in segmentation, sample optimization,

multichannel campaigns and virtualizing brand management.

Smarter Segmentation

Companies often use physician-level prescribing data from secondary sources to determine segments. This secondary data presents a snapshot of what is happening, such as the highest prescriber in a class, early adopters vs. laggards, etc. Secondary source data, however, cannot explain why a specific physician or group of physicians is prescribing or not prescribing a product. Primary research can uncover those "whys" but only for a limited sample size.

Knitting the two types of research together via latent class analysis means that attitudes can be attached to actual behaviors. That data can then be projected onto a larger universe to determine segment membership.

Integrated secondary data and primary research can offer a more granular analysis of segments, including which channels the segment prefers and why, as well as stronger conclusions about what motivates segment behaviors. These insights enable the pharma company to target segments via the most effective channels and create customized messages more likely to resonate with a segment's attitudes.

Sample Optimization

An inventory theory-based approach is the most effective for sample optimization. This analysis requires determining "habit rate" and "critical rate."

Typically, prescribing data – supplemented by secondary data, such as longitudinal patient data – is used to derive optimization parameters. However, these estimates can have a large margin of error, leading to over-distribution of samples, potentially hurting prescription rates. Adding primary research yields more accurate and cost-effective "habit" and "critical" rates. By leveraging primary market research to obtain these parameters, pharma companies can construct the sample frame, allowing them to develop optimal samples not just for the target universe, but for specific segments within that universe, as well.

Multichannel Optimization

Using a variety of channels for a campaign – personal and non-personal, traditional and digital – can be cost-effective, but only if the channels

match the top preferences of their targets. Determining the best channels maximizes the exposure of content and messaging, promotes long-term loyalty and engagement with targets, and ensures marketing spend is well allocated.

Understanding these preferences means examining the increasing diversity and volume of secondary data available for many digital channels, alongside primary research about how digital users differ in their embrace of and preference for these channels. A latent class segmentation combining these disparate data sources is a logical first step in launching a digital campaign.

Analytics measure the effectiveness of all channels and messages as the campaign unfolds so tactics can be adjusted in near real-time. Our experience has demonstrated that primary market research inputs are a valid proxy for channels where the data is poor or unavailable when creating ROI models.

Realizing Revenues from Noncore Brands

Insight is critical to realizing more revenues from unlaunched, niche or otherwise "noncore" brands in a portfolio. Channels, tactics and spend must be carefully aligned with a brand's profit potential to ensure cost-efficient program management. Primary research can uncover perceptions about existing products and competitors, providing insight into whether and how to reposition and message a brand and the most effective tactics and channels for doing so.

Integrated Market Research in Action

Leading pharma companies are already combining primary research, secondary data sources and sophisticated analytics to support new customer engagement models. Here are two scenarios in which companies are benefitting from this approach.

Situation: Planning a Multichannel Digital Campaign

A life sciences company was planning a campaign focusing on digital channels with minimal sales representative support.

Challenges: For the campaign to succeed, the company had to identify the relevant physician segments in terms of digital media usage and preferences. It then needed to understand which channels, tactics and custom messages would

be most effective for each segment. Finally, it wanted to measure the effectiveness of its digital activities.

Solution: The company collaborated with a third-party services provider to apply an integrated market research methodology. Some secondary data existed about the digital usage of the targeted physicians; however, that data was sparse and did not provide preference insights. Primary research identified physician digital usage patterns, correlating channel use with professional activities.

Together, the secondary data and primary research enabled the company to create narrower, more focused segments, with a comprehensive understanding of each segment's digital preferences. That allowed the company to customize tactics to each section, with less expensive digital channels aligned with less frequent digital users and higher-dollar tactics put against higher-value targets. Analytics monitored effectiveness against leading and lagging indicators, with follow-up primary research providing further insights into the ROI of specific channels.

Situation: Repositioning an Established Drug for New Indications

A leading pharmaceutical company had received FDA approval to market a well-established drug for new indications. The company needed to identify high-value physicians in the new specialized markets and determine their channel preferences, as well as what messages and positioning would resonate with them.

Challenges: Strong competition from existing drugs in the new treatment areas made it imperative for the company to validate the commercial value of targeted physicians, understand how they made prescribing decisions and know their attitudes toward brand-positioning messages. Historic physician-level prescribing data, though plentiful, could not provide these detailed insights.

Solution: Working with a partner skilled in research and analytics, the pharmaceutical company integrated a wide variety of secondary data sources with primary market research designed to understand and link physician attitudes and behaviors.

By using latent class analysis, the partner provided the pharmaceutical company with fully integrated behavioral and attitudinal data, enabling the

creation of sharply delineated physician segments in each of the new indication areas. The granular, robust data enabled the company to assess its forecast data with confidence and develop brand positioning aligned with each segment's key prescribing drivers.

The data also guided the pharma company's choice of channels, enabling it to optimize the use of its human and financial resources in entering the new markets.

An Emerging Best Practice

Weaving primary research, secondary data and analytics into an integrated market research model helps pharma companies perform more effectively in today's challenging economic conditions. This technique helps uncover insights and data that enable pharma companies to create more effective messages and send them to the right targets, through the right channels, at the right time and place.

Collaborating with a skilled, experienced third party to virtualize the market research spectrum also increases the speed with which insights are delivered, while lowering the fixed costs associated with research.

Its ability to create competitive advantage, even as market realities continue to shift, makes integrated market research an emerging best practice, one that leading companies will quickly adopt to support new commercial and customer engagement models.

About the Author

Stephanie D. Foye, Market Research Practice Leader in the Enterprise Analytics Practice, leads a global team of market research professionals, both qual and quant, as well as a desk research team. Stephanie is particularly adept at synthesizing data across disparate sources to garner deeper insights. She is knowledgeable about higher level analytic techniques, yet pragmatic in her approach to research design and analysis. With 15 years of experience in the healthcare sector, Stephanie has knowledge of all the major therapeutic areas and many of the niche markets, as well. She led the Market Strategies Divisions at Bruskin/Goldring and Audits and Surveys Worldwide, leading a team that executed research that supported a client's strategic initiatives regardless of industry vertical. Stephanie started her own consulting firm while in graduate school at Columbia University, working toward her Ph.D. in psychometrics. She had a diverse clientele that included market research firms, academic researchers, hospitals and the United Nations. In this role, she was hired as an expert consultant to the Oklahoma City Bombing prosecution team in the area of survey research and statistics. Stephanie's undergraduate degree is also from Columbia University, where she graduated magna cum laude and was elected to Phi Beta Kappa. She can be reached at Stephanie.Foye@cognizant.com.

About Cognizant's Enterprise Analytics Practice

Cognizant's Enterprise Analytics Practice (EAP) combines business consulting, in-depth domain expertise, predictive analytics and technology services to help clients gain actionable and measurable insights and make smarter decisions that future-proof their businesses. The practice offers comprehensive solutions and services in the areas of sales operations and management, product management and market research. EAP's expertise spans sales force and marketing effectiveness, incentives management, forecasting, segmentation, multichannel marketing and promotion, alignment, managed markets and digital analytics. With its highly experienced group of consultants, statisticians and industry specialists, EAP prepares companies for the future of analytics through its innovative "Plan, Build and Operate" model and a mature "Global Partnership" model. The result: solutions that are delivered in a flexible, responsive and cost-effective manner.

About Cognizant's Healthcare and Life Sciences Practice

Cognizant's Healthcare and Life Sciences Practice is committed to helping change millions of lives for the better by partnering with clients to build solutions to healthcare challenges, continually improve the way they do business, set the pace in clinical development, strengthen their regulatory infrastructure, and increase competitiveness. Consistently ranked among the top 10 on the Healthcare Informatics 100, Cognizant serves 27 of the top 30 global pharmaceutical companies, 15 of the top 20 health plans in the U.S., five of the top six pharmacy benefit management companies in the U.S., nine of the top 10 biotech companies, and 12 of the top 20 medical device companies. With a large team of dedicated professionals including doctors, pharmacologists, physicians, biomedical engineers, pharmacists, biostatisticians, medical writers, and GxP consultants, the practice provides domain-aligned consulting, IT, business process and analytics solutions globally.

About Cognizant

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting, and business process out-sourcing services, dedicated to helping the world's leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 50 delivery centers worldwide and approximately 140,500 employees as of March 31, 2012, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 500 and is ranked among the top performing and fastest growing companies in the world. Visit us online at www.cognizant.com or follow us on Twitter: Cognizant.

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