Pegging Brand Performance Measures to the Metrics that Really Matter

Success in today's high-pressure pharma market requires organizations to create more relevant brand performance frameworks that not only reflect lagging indicators such as product sales, market share, pricing and profitability, but offer a lifecycle-focused view of where business is heading.

Executive Summary

Marathons are often viewed as an analogue for measuring performance. Marathon running is a game for players, not winners, and when one runs a marathon, it is against the distance and not against other runners or against time. A corollary can be drawn between a marathon and brand performance, where the market can be viewed as the race, an athlete represents the brand, a coach acts as a stakeholder and the stopwatch is seen as the measurement tool for gathering performance data.

The coach provides guidance to help the athlete alter his approach according to the nature of the race, while the data obtained from the stopwatch can be interpreted and is indicative of the athlete's performance. The data sets can be interpreted according to measurement needs; each data point is indicative of a fact.

Less than 1% of new pharmaceuticals brands excel in today's highly competitive environment. The reason for failure is rarely a lack of data points, management reports and performance indicators. In fact, the opposite is often true. Lack of alignment, an excess of key performance indicators (KPIs), irrelevant KPIs, a disconnect between KPIs and critical success factors for a brand and mismatched KPIs across business functions and geographies are the major challenges pharma organizations face when designing an optimal KPI framework.

This white paper aims to identify an indicative and relevant metrics framework to track brand performance that focuses on leading indicators which yield insights for quick decision-making and achieving desired objectives.

A Brand Performance Primer

Business leaders often invoke the old but relevant adage: “You can't manage what you don't measure.” Amid the pharma industry’s steep patent cliff and shrinking pipeline for blockbuster molecules, organizations face a major challenge in maximizing the value of each brand launch. In the era of shorter lifecycles of pharmaceuticals launches, it is imperative that organizations diligently prepare and achieve optimal returns from each product launch – with little margin for error. As a result, brand performance measurements...
Amid the pharma industry’s steep patent cliff and shrinking pipeline for blockbuster molecules, organizations face a major challenge in maximizing the value of each brand launch. Within a solid KPI framework is critical to a successful launch. There are various methodologies and frameworks available for measuring brand performance that pivot around a product’s lifecycle. But which framework is right? Traditionally, brand performance has been measured by financial returns. However, understanding the market and the operational drivers can improve the predictability of financial outcomes. Many companies engage in a variety of integrated marketing activities to monitor brand performance indicators by what are known as “the five A’s”: (brand) awareness, acquaintance, association, allegiance and appraisal, spread over perception, performance and financial factors.²

Measuring brand performance in pharmaceuticals is vastly more complex than in other industries. The reason: Consumers are not always the target for the brand. Influencers, or key opinion leaders and physicians, are often the direct customers. Tracking pharma brand performance qualitatively is therefore complicated, requiring insights into multiple perspectives of various customers including primary and specialist physicians, key opinion leaders, legislators, payers (i.e., insurance plans), pharmacists, patients and, in some contexts, caregivers.³

Dissecting Brand Performance Measurement

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<tr>
<th>Clusters</th>
<th>KPI categories</th>
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<td>Strategic</td>
<td>• Source of Business</td>
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<td>• Share of Access</td>
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<td>Execution</td>
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<td>• Call and Activity</td>
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<td>• Share of Science</td>
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<td>Customer Impact</td>
<td>• KOL Advocacy</td>
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<td>• Perception and Awareness Across Stakeholders</td>
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<td>Performance</td>
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<td>• Sales (Value/Volume)</td>
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<td>• Market Share</td>
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<td>• Evolution Index</td>
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<td>• Pricing Strategy</td>
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Given the level of interaction between healthcare professionals and pharmaceuticals representatives, companies strive to measure their own propensity to accommodate customers and their future needs (i.e., the customer interaction index). The dynamic nature of the business makes brand awareness and perception key to a product’s performance.

Measuring Pharmaceuticals Brand Performance

Most organizations aim to define their KPIs by connecting leading and lagging metrics. Leading metrics are the performance indicators that illuminate future growth of a brand, whereas lagging metrics are performance indicators derived from past results. While lagging indicators are de rigueur across the industry (in conjunction with leading indicators), many organizations are now focused on leading metrics.

The selection of key brand performance indicators depends on a number of parameters:

- In-line/late-stage pipeline drugs, launched brands and established brands.
- Primary care and specialty care brands.
- Global, regional or individual market.
- Targeted stakeholders within an organization.
- Priority brands aligned to the vision of the organization, or non-priority brands.
For marketers, it is vital to track the acquisition of loyal customers, measurements attained by perceiving performance through their customers’ eyes. To improve performance and sustain profitable growth, many marketers now measure customer loyalty and market responsiveness with parameters such as net promotion scores based on factors including corporate communications, expectation-setting and delivering on promises.4

A Brand Performance Framework
Before defining its KPI framework for measuring a brand’s performance, an organization needs to answer the following questions:

• How do we track progress versus key brand strategic imperatives?
• Do we execute set strategies well, and how do we compare to our competition?
• Do our strategies have the desired impact on customers?
• Do we obtain the business performance we plan?

Based on the responses to such questions, brand performance frameworks can be categorized broadly into four major clusters (see Figure 1, previous page).

KPI Frameworks
Figure 1 presents the major performance indicators that are commonly used to track brand performance for pharmaceuticals companies; however, KPIs should focus on the most important and pertinent metrics. The goal of an effective KPI system/framework is to provide relevant and actionable insights.

Many pharmaceuticals companies still rely on the conventional metrics of market share, sales and prescriptions to measure brand performance, but these measures alone fail to provide the granular level of information required to ensure an optimal course and proper fact-based decision-making.

The following frameworks can help overcome these shortcomings:

• Considering the brand’s lifecycle: The choice of metrics will vary according to the brand’s lifecycle. Traditional KPIs exist to measure brand lifecycle elements, including sales, market share, pricing and profitability. More pertinent KPIs illustrate progress made in achieving those objectives. They can be classified as leading indicators.

• Prevalence rate
• Diagnosis rate
• Treatment rate
• Branded drug treatment rate
• Perception and awareness across stakeholders

Pipeline Brands
• Prevalence rate
• Diagnosis rate
• Treatment rate
• Branded drug treatment rate
• Perception and awareness across stakeholders

Launch Brands
• Market share and M&S spend
• Market access position
• Physician adoption ladder
• Sales growth PP (val/vol)
• Real-world delivery
• New, add-on and switch-in patients
• Repeat patients
• Patient share split

Established Brands
• Profitability
• Market share
• Sales growth PY (val/vol)
• Evolution index
• Share of voice
• Standard of care

Generics
• Sales (val/vol)
• Market share (val/vol)
• Share of access
• Pricing
• Profitability

Indicative KPI Framework Focused on Lifecycle and Brand Stage

Figure 2
Leading indicators include KPIs such as perception and awareness across stakeholders for a pipeline brand, the physician adoption ladder and market access position for launch brands, evolution index and the standard of care for an established brand, and the profitability and share of access for a generic. An indicative KPI framework focused on a brand’s lifecycle stage is depicted in Figure 2 (previous page).

- **Accounting for differences within the U.S., Europe and emerging markets:** Market dynamics vary from country to country. Major underlying factors include regulatory barriers, competitors/local players, pricing strategies, distribution/ease of availability and cultural differences. The appropriate KPIs for a managed care market such as the U.S. differ from those associated with European nations and emerging markets. For example, formulary listing and reimbursement status (i.e., share of access) are major leading indicators for the U.S. market. For regional Europe, however, pricing strategy becomes an important parameter. The variable pricing regulation of pharmaceuticals, coupled with weak vertical control over the drug supply chain, results in conducting parallel trade in the European nations.5

For major developed markets, physician and payer rankings of defined attributes, combined with the awareness of those attributes, are more viable and thus are considered leading measures for successful brand performance. However, in an emerging market like India or China, the distribution and the availability of drugs are key parameters for brand success. Also, the incursion of local players and brands is sufficient reason for having a different set of KPIs vis-à-vis Western countries to track brand performance. An indicative KPI framework that controls for geographic variances is illustrated in Figure 3.

- **Distinguishing between a primary or specialty care brand:** The choice of metrics also varies according to the brand franchise. Primary care brands attempt to capture market share, whereas specialty care brands emphasize patient share. So sales are *prima facie* for a primary care brand whereas a specialty care brand focuses on patient numbers. Specialty care also focuses on the...
types of healthcare centers where the drug is prescribed and on reimbursement status. Share of science and share of voice also are pivotal for specialty care brands compared with primary care brands. An indicative KPI framework for primary or specialty care is shown in Figure 4.

- **Understanding targeted stakeholders within an organization:** The choice of metrics will vary according to an organization’s stakeholders. If the targeted audience comprises national sales managers, regional managers, district managers and the field force, sales performance would be an area of interest. If the target audience is global brand directors and the leadership team, brand performance is a top area of interest. An indicative KPI framework sensitive to targeted stakeholders is illustrated in Figure 5.

**Looking Forward**

The aforementioned matrices, or KPIs, have a singular purpose: to augment companies’ decision-making capabilities. This will ensure that commercial success can be translated into maximal stakeholder profit and a confidence boost to keep investing in the business regardless of industry cycles and challenges (i.e., shorter product lifecycles, blurring market boundaries, regulatory changes and unrelenting globalization).

The commercial environment is getting tougher. Rising customer expectations for unique and personalized offers, coupled with poor scientific productivity (i.e., the absence of blockbuster drugs and the lack of developmental/research molecules and drugs in the pipeline), mean that brand product launches must achieve their full potential. To accomplish this, pharma companies must continue to evolve their brand performance measures towards leading indicators providing important foresights into future success. This means focusing more on prescribers and their emotional engagement to products, including additional measures to capture their affinity towards new brands and the diseases they treat.
Quick Take

A Pharma Reporting and Information System Management

Business Situation
A top European pharma company with a diversified portfolio including medicines, eye care, OTC and animal health products realized that its commercial information, KPIs and reporting were not aligned across the organization. Rather, the business was operating in fragmented processes mirrored by a complex IT system landscape. Misalignment and challenges existed at various levels of the organization.

The company called on us to define, deliver and manage its KPIs to address the needs of reporting at national and global levels, while simultaneously examining the reporting needs of brand managers, to improve company business performance.

Solution
• Assessed current external market data reporting (KPIs, data sources, processes, platforms).
• Identified, defined and delivered new innovative KPIs. Also associated new additional data sources and processes to increase productivity and reporting quality for the new KPIs, especially in its specialty medicines business. Together, this improved business insights and decision-making (competitive advantage). Focus areas included:
  > Primary care.
  > Specialty care.
• Delivered defined KPIs for tracking at national, regional and global levels (top 15 geographies), facilitating comparison and benchmarking both horizontally and vertically within the pharma business.
• Defined and embedded aligned reporting across commercial operations through the implementation of a KPI/dashboard framework.
• Identified the success criteria and alignment with the global leadership team, commercial leadership team and franchise leadership team.

Benefits
Our team identified the following potential benefits that would result if an appropriate KPI framework was implemented.

• Business impact:
  > Improved business insight and better decision-making.
  > Prioritization of investments in more promising markets and brands.
  > Centralized data sourcing.
  > Optimized primary market research spend.
• Alignment:
  > Harmonization across country pharmaceuticals organization and brands.
  > Ability to share/learn best practices with other countries and regional/global teams, which is valuable for new launch brands where there is less market experience.
  > Aligned worldwide business franchise support.
• Reduced complexity:
  > Consolidated and aligned reporting, creating additional transparency and operational rigor.
  > More visibility into brand performance: greater transparency and comparability (“apples to apples”).
• Productivity improvement:
  > Process streamlining.
  > Data elimination.
  > Technology standardization.
  > Outsourcing.
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