

Customer Brand Preference Plan



Smart Pharma
Consulting

How to build a **SMART**
Customer Brand Preference Plan?

Position Paper

February 2016

In many cases, Brand Plans are inefficient and of little use due to a weak building process, a lack of market insight and an insufficient involvement of brand teams

Why current “Brand Plans” are of limited use?

- Based on their solid experience, Smart Pharma consultants have observed the following key facts:
 1. At affiliate level, the Brand Plan process is often **viewed as a constraint** and as **not essential**
 2. Therefore, **brand teams minimize** the **time spent** to prepare their plan
 3. In spite of a large quantity of available data, the **knowledge** and the **understanding** of key market **stakeholders** are often **insufficient** and **not accurate**
 4. Strategic **priorities are not always driven from the market situation analysis** and not always **supported by** the corresponding **operational activities**
 5. Most of the brand plans **do not include relevant monitoring tools** and a monitoring **process**

*Pharma companies should abandon their current Brand Plan process which is of limited use...
... and drastically transform it into an effective and efficient strategic tool for its affiliates*

The “Customer Brand Preference Plan” and its corresponding building process and tools proposed by Smart Pharma Consulting are a “Must-Have” for brand teams

Why building “Customer Brand Preference Plans”?

- Smart Pharma consultants have capitalized on:
 - 24 years of Strategy & Marketing consulting in the pharma industry¹ and
 - 25 years of teaching in the top European B-schools (e.g. HEC, ESSEC, ESCP Europe, etc.)to elaborate the **principles of a robust “Customer Brand Preference Plan”** which will contribute better than conventional “Brand Plans” and even better than “Customer-focused Brand Plans” to **optimize** the **brands performance**
- If properly built:
 - Through a **rigorous strategic** and **tactical thinking process**
 - Following a **robust** but **simple methodology**
 - Using **practical tools**the “**Customer Brand Preference Plans**” will help brand teams **develop** a “**Must-Have**” plan
- The “Customer Brand Preference Plan” should **reinforce** the strategic and tactical **thinking**, lead to a **more efficient** and **effective resource allocation** to meet the objectives set for the brand

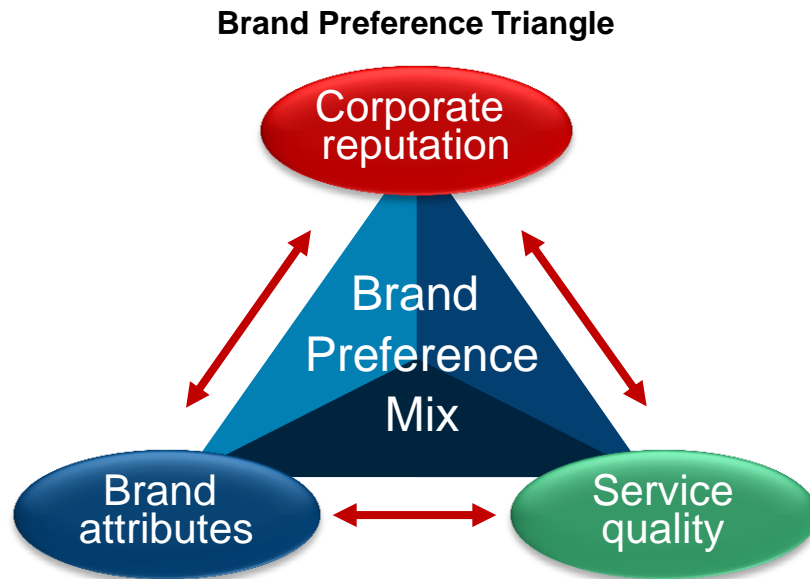
To help brand teams adopt the highly effective “Customer Brand Preference Plan”, Smart Pharma Consulting suggests a set of principles, methods and tools

How to build “Customer Brand Preference Plans”?

- To help brand teams build an **efficient brand plan**, Smart Pharma Consulting proposes to:
 - **Apply** the concept of “**customer-preference**” which is the most relevant driver to optimize the brand market share
 - **Design** a “**Customer Brand Preference Plan**” which allows to apply this concept
 - **Adopt** the **4Ws** (What? – Why? – so What? – What to do?) approach which ensures a better consistency between the market situation analysis and the selected actions to be implemented
 - **Replace** the conventional **SWOT** by the **Advanced SWOT** which is more analytical and thus **facilitates** the **identification** of **strategic priorities**
 - **Draw** the “**Customer Brand Preference Card**” which summarizes: the brand ambition in terms of performance, the strategic preference drivers per customer segment to meet this ambition and the tactics which will support each strategic driver
 - **Select** Key Execution Indicators (**KEIs**) to monitor following a **predefined process** the **quality of execution** of the actions and Key Performance Indicators (**KPIs**) to measure their **impact**

The Brand Preference Mix is a framework that can be used to create a superior customers preference and to ensure maximum market shares

Brand Preference Mix (1/2)



- As the great majority of prescribers use several brands for a given pathology:
 - The challenge for pharma companies is to **increase the preference** of prescribers for their brands, to gain a greater share of their prescriptions (vs. competitors)
 - Strengthening the preference of a prescriber for a brand must go beyond only securing the loyalty to the brand
- To reinforce brand preference, pharma companies should optimize their **Brand Preference Mix**:
 - The perceived value of their **brand (product) attributes**
 - The perceived **quality of the services** they offer and deliver to physicians
 - Their **corporate reputation**
- The **links** between the three components of the Brand Preference Mix should be well established in the mind of prescribers

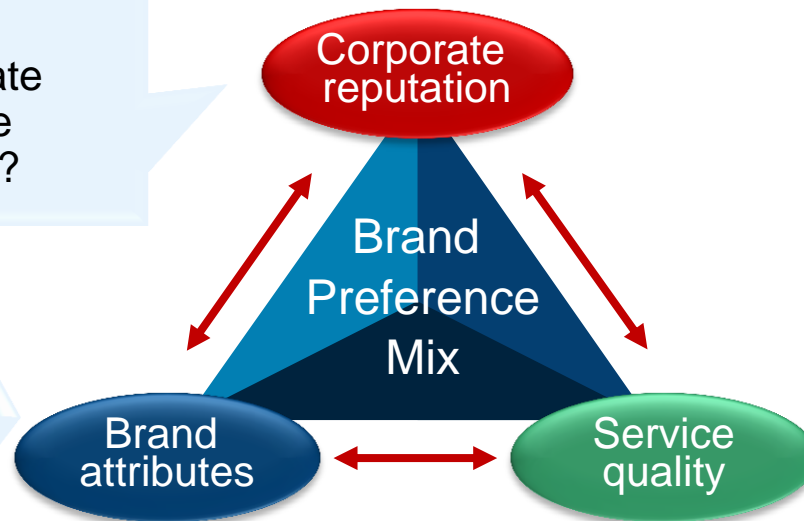
To boost the preference of physicians for their brands, pharmaceutical companies can leverage the three components of their Brand Preference Mix

Brand Preference Mix (2/2)

Key issues to be addressed

- How to convey an **appealing corporate identity**?
- How to maintain a corporate reputation that induces the stakeholders¹ **preference**?

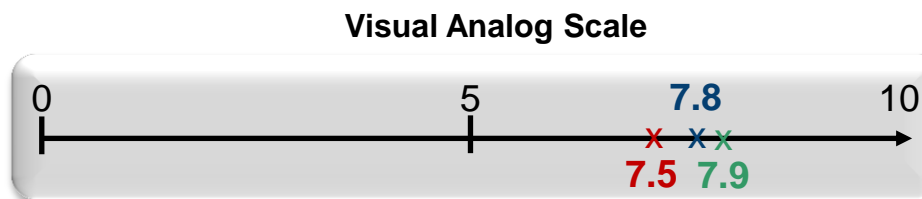
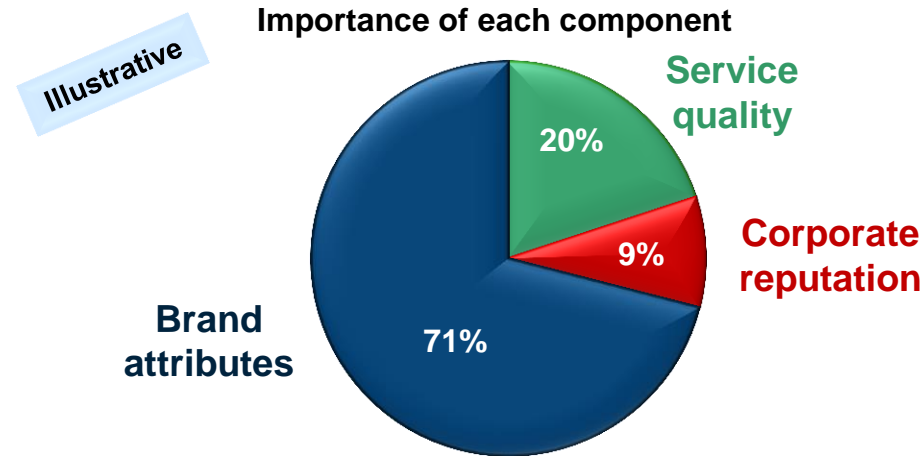
- How to generate “preference” by highlighting **attributes**?
- How to create a **feeling of uniqueness**?
- How to **leverage** corporate reputation and service offering?



- How to deliver **unique services**...
- ... that are **highly valued**?
- How to select and design services that will lead to corporate and / or brand **preference**?
- How to make sure the service is **related** to the company and / or the brand?

The Brand Preference Mix Index enables to assess the brand performance on each of the preference components, over time and compared with competitors

Brand Preference Mix Index



BPM Index calculation

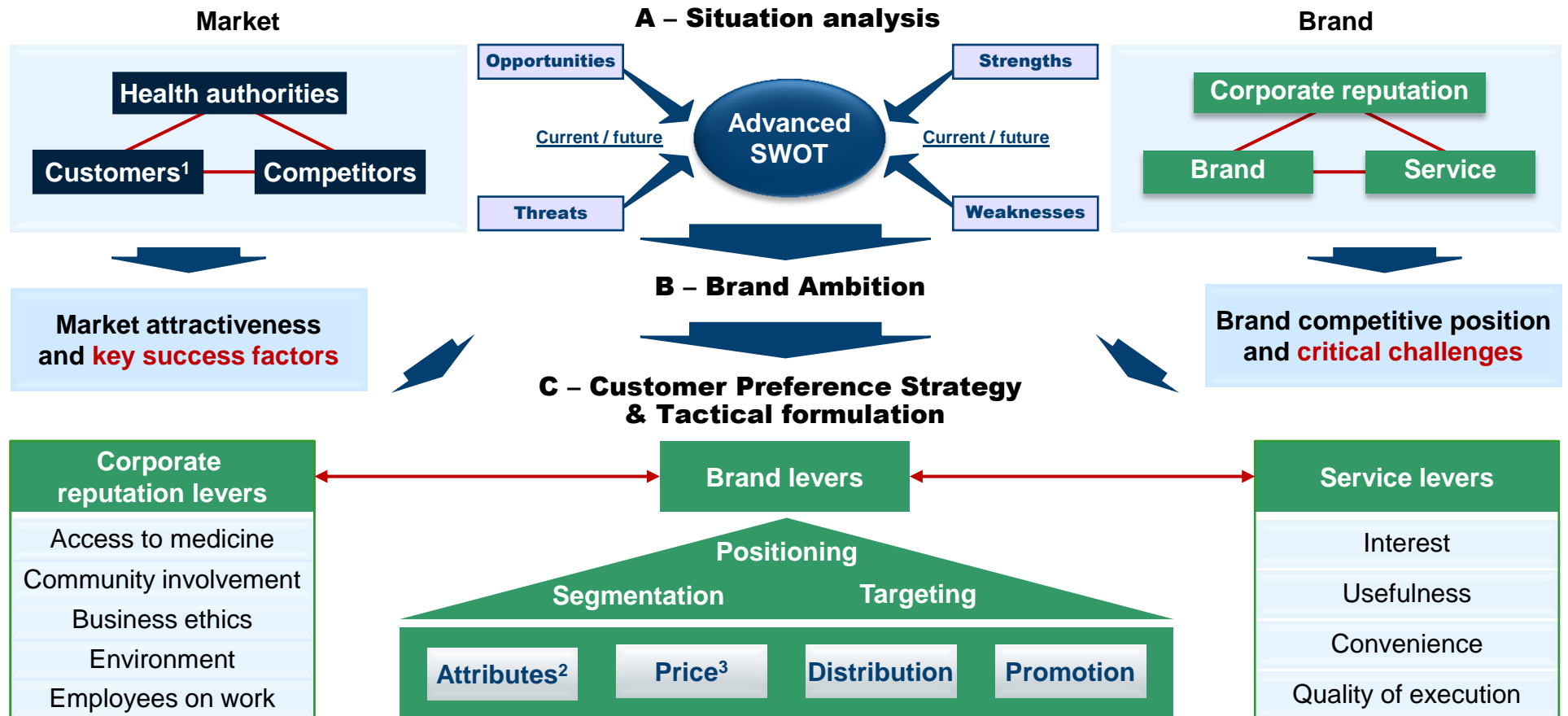


$$(71\% \times 7.8) + (20\% \times 7.9) + (9\% \times 7.5) = 7.8$$

- The Brand Preference Mix Index (BPM Index) measures:
 - The **relative importance** of the three BPM components per brand
 - The **score of the brand**, on a 10-point scale, for each of its preference components
- The BPM Index can be defined **per customer**¹, **per indication**, **per form**, etc.
- The BPM Index reflects the customer perception at a **given point in time**, making possible to **track the evolution** of this perception over time and to compare it with competitors, considering:
 - **External events** (i.e. related to health authorities, competitors and customers behaviors)
 - **Internal events** (i.e. related to promotional activities, quality of services offered, new communication strategy, etc.)

The strategic & tactical thinking process aims to align strategy with market key success factors and identify critical challenges related to the brand

The Strategic & Tactical Thinking Process (1/2)



Source: Smart Pharma Consulting analysis

¹ Distributors, nurses, patients, payers, patients advocacy groups, pharmacists, physicians, etc. — ² Accounts for indications, clinical evidence and positioning, etc. — ³ Accounts for price, reimbursement and hospital listing

To be efficient, Customer Brand Preference strategies should be supported by an appropriate thinking process, including customer insights and an adequate monitoring

The Strategic & Tactical Thinking Process (2/2)

Integrated customer preference model

Customer Preference organization¹

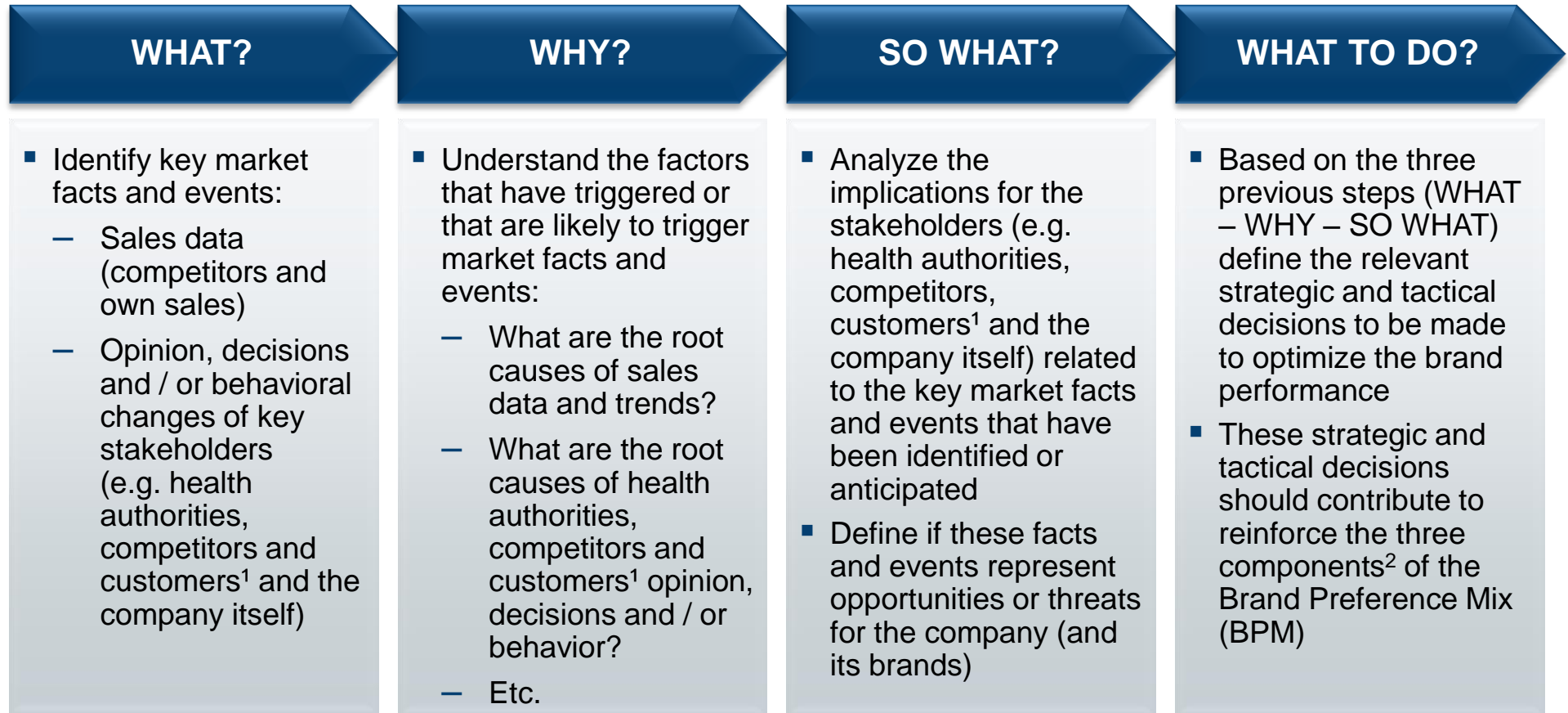


Source: Smart Pharma Consulting analysis

¹ Including companies activities, processes, structure and culture – ² Key Performance Indicators – ³ Key Execution Indicators

The 4 Ws approach enables brand teams to make evidence-based decisions and therefore to improve their relevance and their robustness

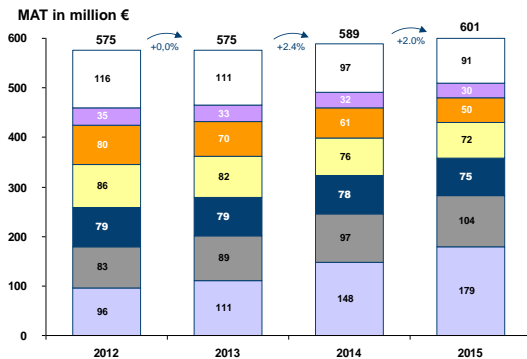
The 4 Ws approach



The situation analysis should focus on identifying and analyzing current and future key market events from which implications for the brand will be deduced

Situation analysis

1. Market Definition/Structure/Dynamics



2. Regulatory & Market Access

	Trends	Description (What?) Analysis (Why?)	Implications (So What?)
Registration conditions	-		
Pricing / Reimbursement policy	=		
Medical guidelines	+		
Public Health Initiatives	NA		

3. Customer Opinion & Behavior

Customer segments	Trends	Description (What?) Analysis (Why?)	Implications (So What?)
Customers #1	=		
Customers #2	++		
Customers #3	-		

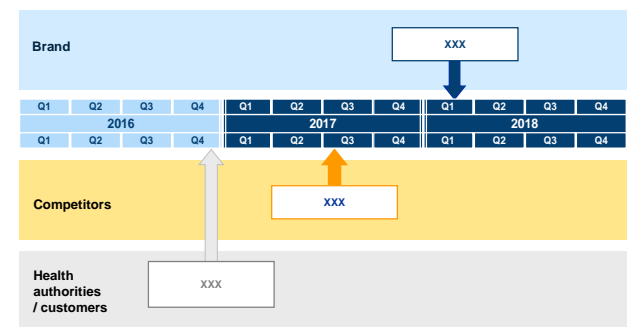
4. Competitors Assessment

	Overall Position	Strengths Weaknesses (What?)	Rationale (Why?)	Implications (So What?)
Brand	+			
Competitor 1	+++			
Competitor 2	+			
Competitor 3	++			

5. Evaluation of brand recent tactics

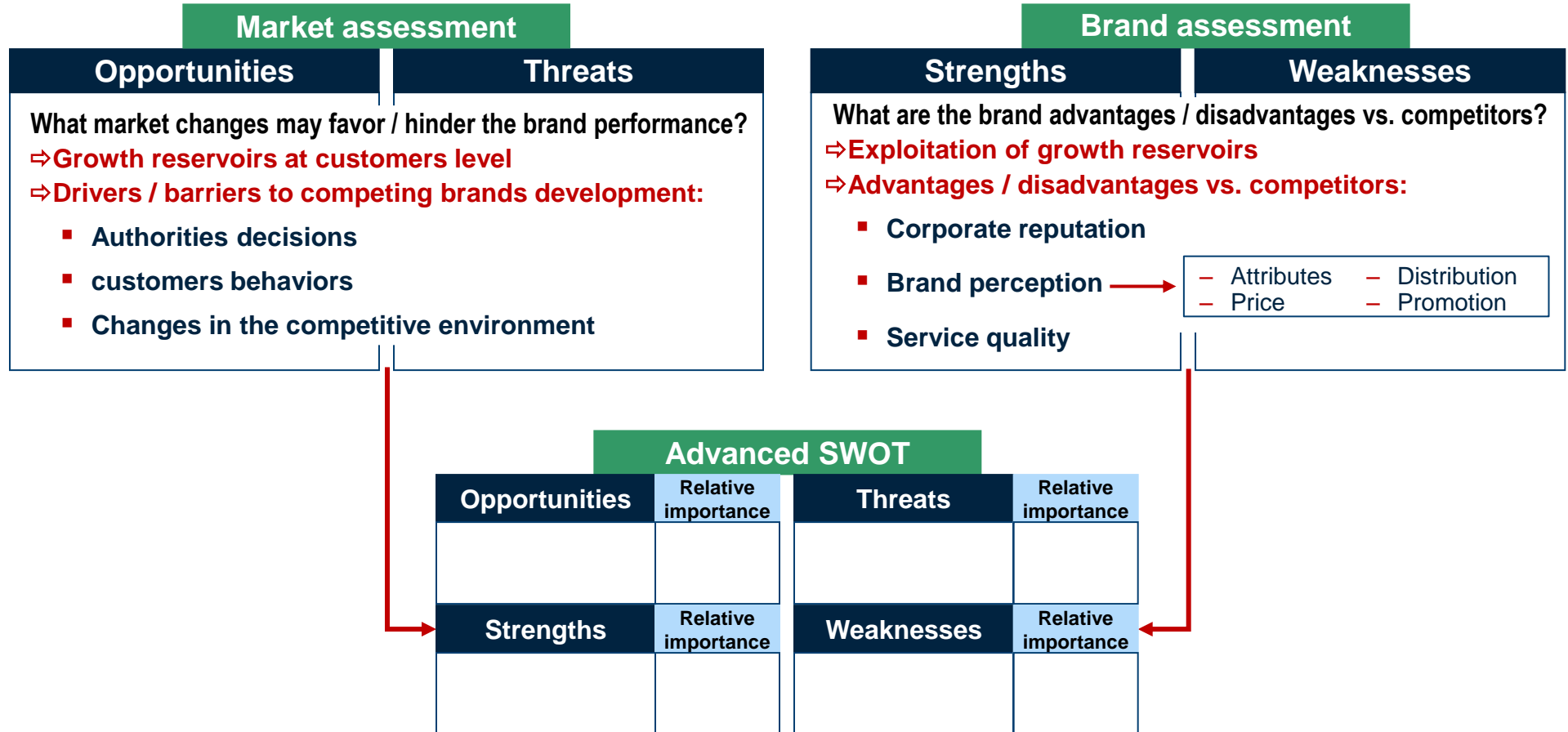
Targeted customer	Objective	Tactic/Action (What?)	Cost (K€)	Results vs. objectives	Rationale (Why?)	Implications (So What?)
						Continue
						Reconsider
						Abandon
						Increase

6. Evolution of the Market Environment



The “Advanced SWOT” helps brand teams carry out a more specific and relevant assessment of the market situation and of the brand competitive position

Advanced SWOT (1/3)



Brand teams should identify and prioritize market opportunities and threats according to their importance in driving brand performance

Advanced SWOT (2/3)

Opportunities	Relative importance ¹	Threats	Relative importance ¹
<p>What might positively impact market dynamics?</p> <ul style="list-style-type: none"> ▪ Authorities: new indications, guidelines, etc. ▪ Customers: prescriptions behaviors (e.g. off-label), emergence of new prescribers, improvement of patients adherence, etc. ▪ Competition: withdrawal of some competitors, decrease in promotional investments, patent expiry, etc. 		<p>What might negatively impact market dynamics?</p> <ul style="list-style-type: none"> ▪ Authorities: guidelines tightened, usage restriction imposed, price decrease, de-reimbursement, market withdrawals, etc. ▪ Customers: prescriptions behaviors (e.g. preference for generics), etc. ▪ Competition: generics threat, new market players, increase in promotional investments, etc. 	

Performance drivers (illustrative)

1. Set competitive price
2. Prove superior efficacy
3. Obtain support from KOLs
4. Run relevant clinical studies
5. Benefit from a strong corporate reputation
6. Offer service quality

Items on which brands need to perform better to gain market shares and / or increase the market size

Brand teams should identify and prioritize their brand's strengths and weaknesses to effectively define key challenges expected over the projected period

Advanced SWOT (3/3)

Strengths	Relative importance ¹	Weaknesses	Relative importance ¹
<p>What are / will be the brand advantages?</p> <ul style="list-style-type: none"> ▪ Corporate reputation: size, reactivity, efficiency, skills, expertise, innovation, access to medicine, etc. ▪ Service quality: value of services, usefulness, quantity, quality of execution, etc. ▪ Brand perception: <ul style="list-style-type: none"> – Attributes: indications, formulations, patent, etc. – Price: price level, reimbursement status, etc. – Distribution: direct / indirect, rebating strategy, etc. – Promotion: marketing / medical investment, etc. 		<p>What are / will be the brand disadvantages?</p> <ul style="list-style-type: none"> ▪ Corporate reputation: size, reactivity, efficiency, skills, expertise, innovation, access to medicine, etc. ▪ Service quality: value of services, usefulness, quantity, quality of execution, etc. ▪ Brand perception: <ul style="list-style-type: none"> – Attributes: indications, formulations, patent, etc. – Price: price level, reimbursement status, etc. – Distribution: direct / indirect, rebating strategy, etc. – Promotion: marketing / medical investment 	

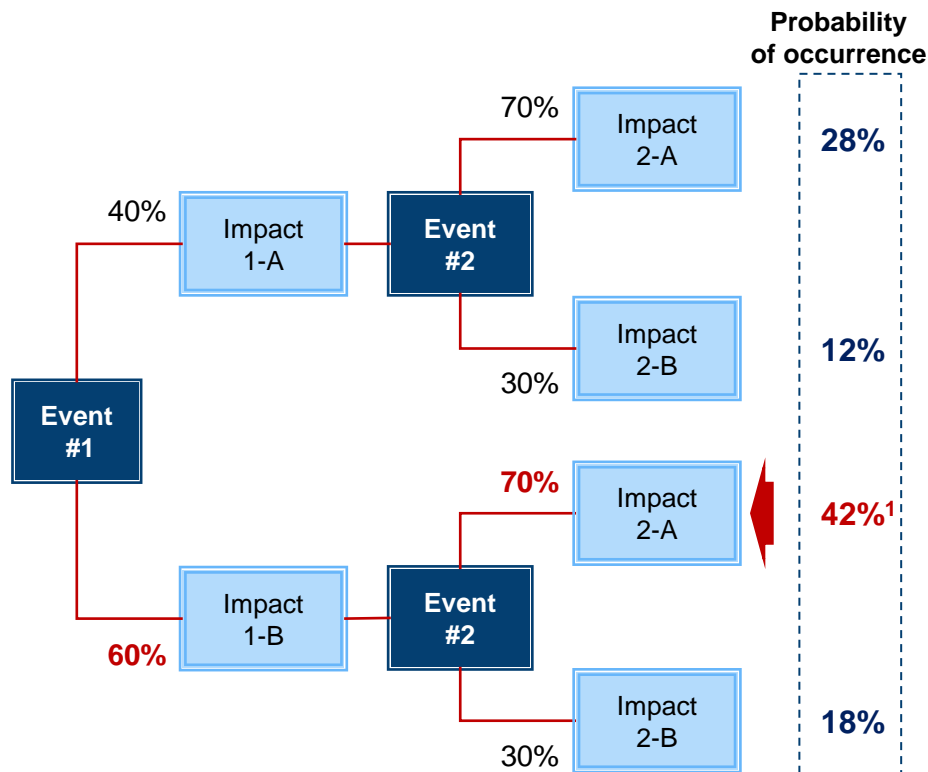
Brand challenges / Critical issues (illustrative)

1. Obtain new indication XYZ
2. Defend brand reimbursement status
3. Improve brand presence among the targeted physicians
4. Strengthen the corporate reputation
5. Improve perceived quality of services to physicians

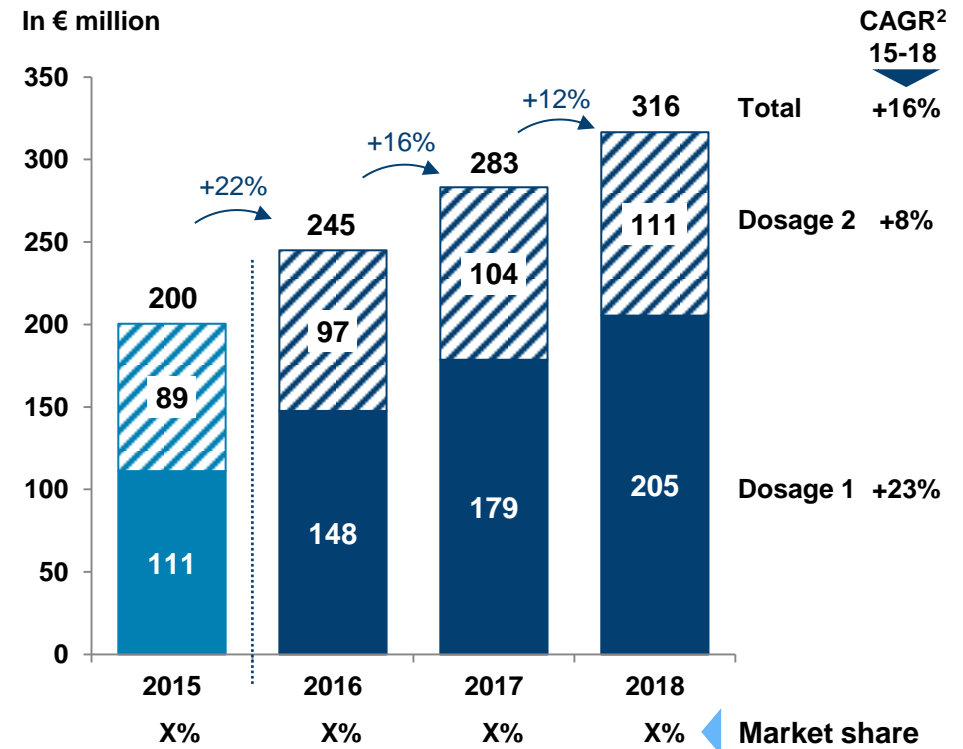
It is key to make sure that existing or planned activities will significantly contribute to reinforce the preference of the brand with the help of specific tools

Brand Ambition

1. Scenario Planning (Market / Brand)

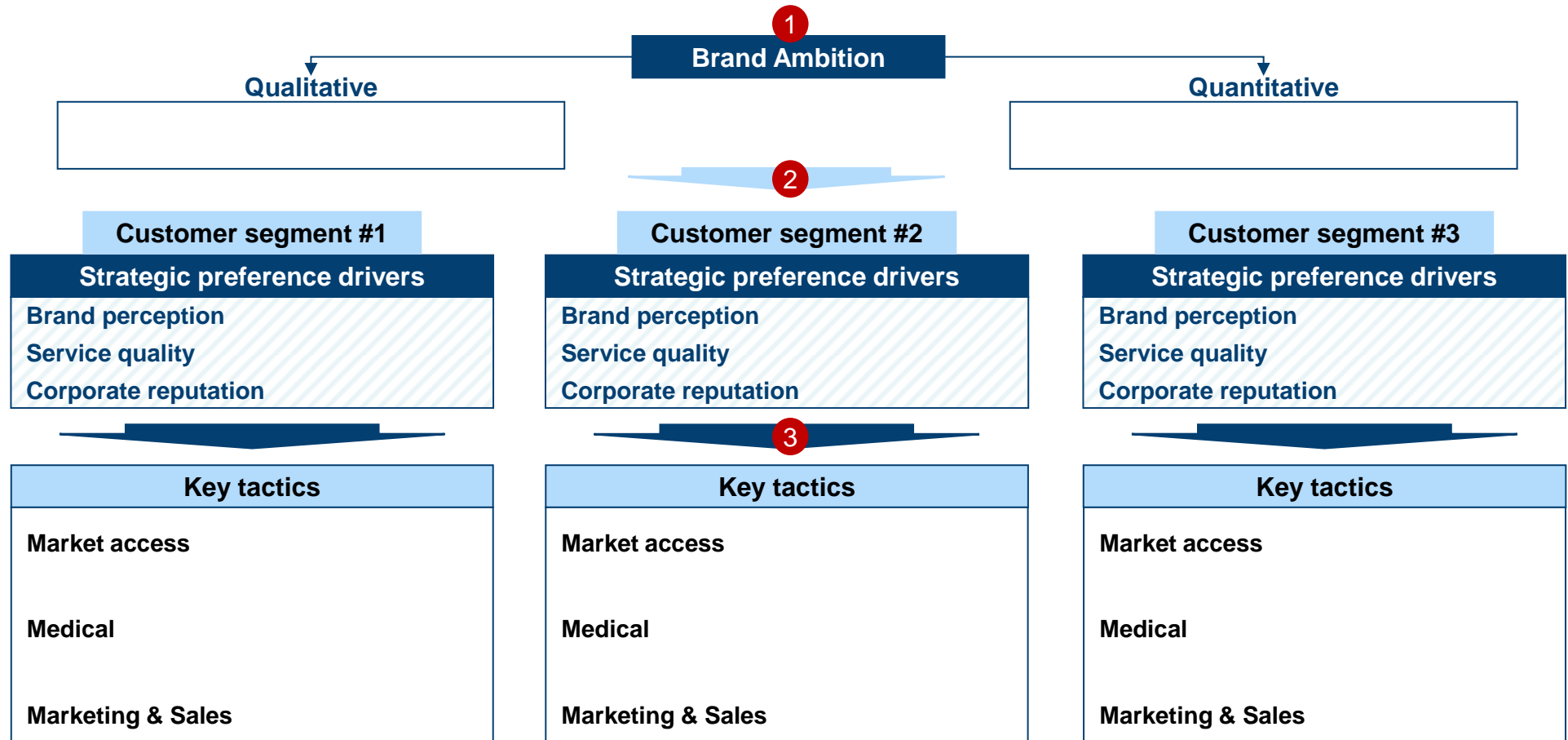


2. Brand Sales Ambition



The Customer Brand Preference Card is a useful tool to align the brand ambition, the strategic preference drivers by customer segment and the corresponding tactics¹

The Customer Brand Preference Card



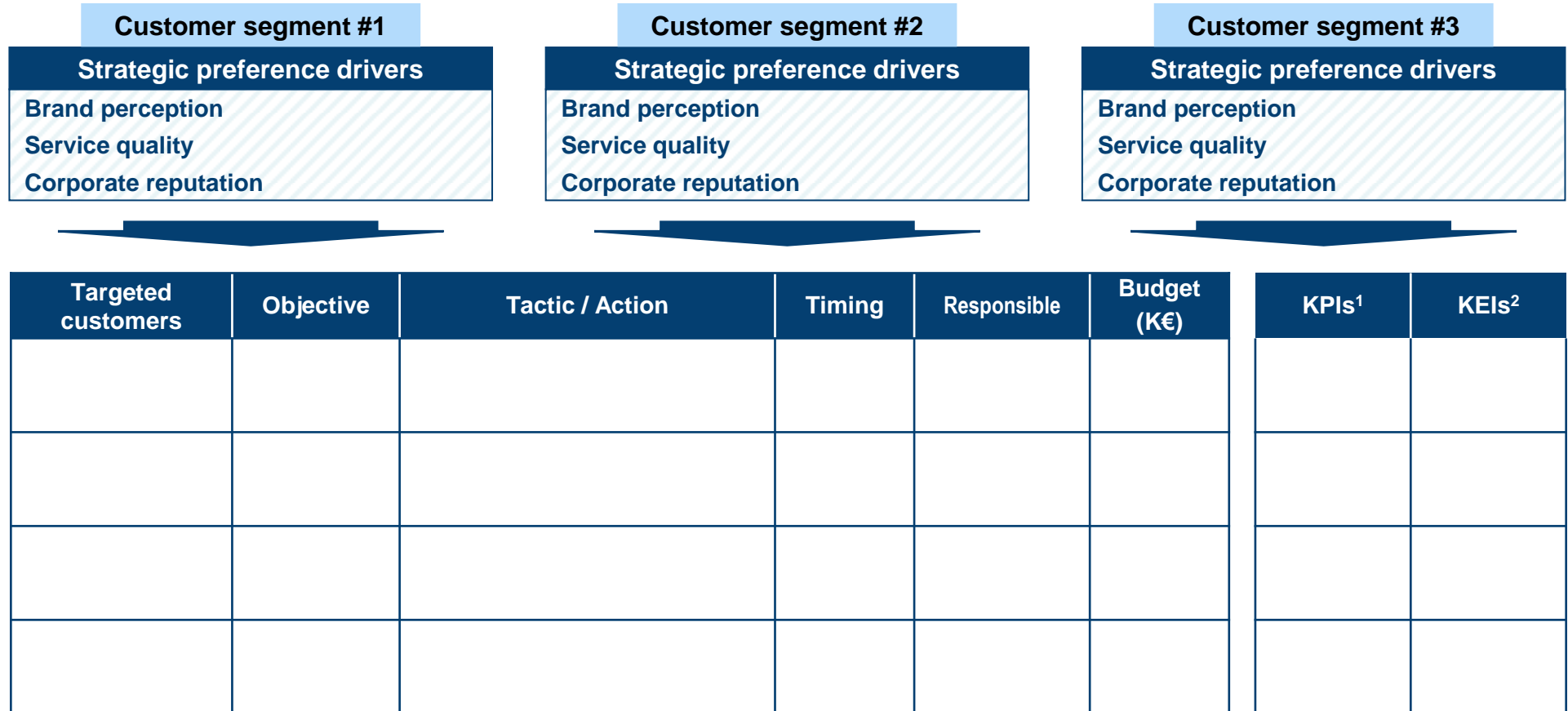
Before deciding to implement any action; objectives, target customers and expected impact should be clearly defined, as well as execution and performance indicators

Monitoring Tools: KPIs¹ & KEIs²

Brand -----		Action -----	
1 What is the objective of the action?	2 Who are the targeted customers?	3 What are the KPIs?	4 What are the KEIs?
<ul style="list-style-type: none"> ▪ Create / reinforce awareness ▪ Generate interest ▪ Develop brand preference ▪ Increase share of prescription ▪ Increase compliance ▪ Limit substitution rate ▪ Get the brand listed ▪ Fine-tune the profile of the customer 	<ul style="list-style-type: none"> ▪ Physicians (e.g. KOLs, specialists, GPs) ▪ Pharmacists (e.g. retail or hospital) ▪ Patients ▪ Nurses ▪ Influencers (e.g. health authorities, “politics”, patient advocacy groups, public health insurance, private health insurance, professional associations...) 	<ul style="list-style-type: none"> ▪ Brand Preference Mix index ▪ Preference Ladder step ▪ Key message memorization rate ▪ Share of prescription ▪ Sales evolution ▪ Change in the number of treatment initiations ▪ Profit evolution in € ▪ % of hospitals having listed the brand ▪ Return on investment 	<ul style="list-style-type: none"> ▪ % of the target covered by the action ▪ % of the target exposed to the action ▪ % of the target impacted by the action ▪ % of the target having a positive opinion of the action (interest, utility, practicality, quality of execution) ▪ Implementation time required vs. planned ▪ Actual vs. budgeted cost

All tactics (actions) should contribute directly or indirectly to enhance the brand perception, the perceived benefits of the services and the corporate reputation

The Customer Brand Preference Tactics



It is key to make sure – with the help of specific tools – that existing or planned activities will significantly contribute to reinforce the Brand Preference Mix

Examples of pre- or post- assessment tools for tactics

A posteriori assessment tool

Description		Objective		Target (HCPs, patients)	
Perceived value by the target		Exclusivity		Link to the product	
Evaluation*		Rationale		Evaluation**	Rationale
Interest	1 2 3 4 5		Total		Magnitude f – M - F
Usefulness	1 2 3 4 5		Partial	✓	
Convenience	1 2 3 4 5		None		Sustainability f – M - F
Execution	1 2 3 4 5				
Total	1 2 3 4 5				

A priori assessment tool

Impact on brand preference		Rationale		Solutions to reinforce toe preferential po Initiatives	Evaluation
High			1		
Moderate	✓		2		
Low			3		
None			4		

Description		Objective		Target (HCPs, patients)	
Expected value by the target		Exclusivity		Expected link to the product	
Evaluation*		Rationale		Evaluation**	Rationale
Interest	1 2 3 4 5		Total		Magnitude f – M - F
Usefulness	1 2 3 4 5		Partial	✓	
Convenience	1 2 3 4 5		None		Sustainability f – M - F
Execution	1 2 3 4 5				
Total	1 2 3 4 5				

Barriers		Rationale		KPIs on brand preference		GO / No GO
Technical	●				Yes	
Regulatory / Legal	●				No	
Economic	●				?	

6 Recommendations to develop a “Must-Have” Customer Brand Preference Plan

1. Design brand plans to help affiliates optimize brands market shares and not only as a formality to be reported at corporate level
2. Seek customer preference rather than customer loyalty by improving customers perception of the brand attributes, the quality of the proposed services and the corporate reputation
3. Adopt a 4Ws (What? – Why? – so What? – What to do?) approach to improve the relevance, the consistency and the robustness of the brand plans
4. Use the “Advanced SWOT” to facilitate the analysis of the market situation and of the brand competitive position, identifying market opportunities and threats and prioritizing brand strengths and weaknesses
5. Make the best use of the “Customer Brand Preference Card” to formalize clearly and precisely the brand ambition, the strategic preference drivers by customer segment and the corresponding key tactics
6. Define Key Execution Indicators and Key Performance Indicators to monitor respectively the quality of execution and the impact of the actions

Smart Pharma Consulting Expertise in Strategic Planning Process

- Over the past 15 years, we have contributed to the development of ~70 brand plans for 32 pharma companies in 16 therapeutic areas:

- | | |
|----------------------------|-------------------|
| 1. Allergy | 9. Nephrology |
| 2. Cardiology | 10. Neurology |
| 3. Dermatology | 11. Ophthalmology |
| 4. Gastroenterology | 12. Oncology |
| 5. Gynecology | 13. Pulmonology |
| 6. Hematology | 14. Psychiatry |
| 7. Infectiology / Virology | 15. Rheumatology |
| 8. Metabolism / Diabetes | 16. Urology |

- Providing robust methodologies and tools
- Positively challenging brand teams analyses and recommendations
- Facilitating strategic thinking seminars, with multi-disciplinary brand teams...
- ... in multi-national environments: Europe, North and Latin America, Middle-East and Asia

- Smart Pharma Consulting will help your brand teams address the following key issues:
 - Which market analyses should be carried out?
 - How to define market key success factors and the corresponding brand challenges with the help of the “Advanced SWOT”?
 - How to develop market and brand scenarios?
 - How to define the brand performance ambition?
 - How to craft a Customer Brand Preference strategy per customer segment to achieve this ambition?
 - How to support the strategy by tactical initiatives likely to reinforce the Brand Preference Mix?
 - How to anticipate the impact of future investment options on the brand performance?
 - How to monitor the quality of execution and the impact of investment decisions?

Core capabilities

1 Strategy

- Assessing the attractiveness of markets (Hospital / retail innovative products - Vaccines - OTC - Generics)
- Growth strategy
 - Optimization of marketing / sales investments
 - Development of a company in the hospital market Business
 - Valuation for acquisition
 - Portfolio / franchise assessment
- Extension of product life cycle performance
 - Improvement mature products performance
 - Adaptation of price strategy
- Defense strategies vs. new entrants
- Competitive strategies in the hospital market
- Strategic partnerships companies / pharmacies

2 Management

- Facilitation and structuring of strategic thinking for multidisciplinary product teams
 - Key challenges identification
 - Strategic options formalization
 - Resource allocation optimization program
- Training of marketing and market research teams to sales forecast techniques (modeling and scenarios development)
- Development and implementation of a "coaching program" for area managers
 - Sales reps coaching
 - Regional action plans roll-out
- Development and implementation of a "sales techniques program" for sales forces (STAR¹)

¹ Sales Techniques Application for Results (training courser



3 Organization

- Rethink of operational units organization
- Improvement of sales force effectiveness
- Improvement of the distribution channels covering the hospital and retail markets
- Development of a strategic planning process