

Multichannel Measurement: It's **NOT** All About **ROI**

Measuring the effectiveness of every channel now available — from traditional to non-traditional, online and off — is at best difficult, especially

as advances in technology and social media networks continually create new ways to reach the consumer, and, at worst, impossible when it comes to detangling the interwoven web of channels, some experts say. However, with declining marketing budgets, increased competition, and the fluctuating pharma business environment, measuring performance of the many new layers of consumer outlets is more crucial than ever. The answer may lie in finding a new metric for the metric of measurement. The marketing process of tomorrow does come back to basic ROI in the end, but the path there relies more heavily on alternative metrics.

Pharmaceutical companies are hesitant to risk investing in any media that does not have a proven track record, such as social media, even if they know their target audience is there waiting.

ROI is still the gold standard for determining the effectiveness of marketing efforts, especially for long-range campaign plans. However, in the complicated environment of social media and mobile channels, measuring impact in the short term can be accomplished using metrics better suited to the given channel, such as engagement, brand awareness, message recall, and behavior change. As long as the alternative metrics can show that the channels are contributing to the brand's end goal, the ROI will emerge later, our experts say.

In many cases, measuring precise ROI for every marketing initiative is impractical, and to do so may cost more than the ROI itself, says Mark Schaefer, consultant, author and marketing faculty member at Rutgers University.

"However, there are many quantitative and qualitative measures surrounding these efforts, which may be indicators of ROI when actual

More marketing channels require more ways to measure marketing performance, and the right metrics mix is not always easy to determine.



measurement is impossible or cost prohibitive,” Mr. Schaefer says.

For better or worse, ROI measurements will remain the metric of choice not just for marketing but for most activities in pharmaceutical companies, says Jeremy Spivey, senior research analyst, Cutting Edge Information. This is due to pressure from higher-level management, which wants to ensure that money being allocated to groups is being used in the best possible way.

“For groups that are allowed to measure the financial return on activities, they will probably be asked to do so in order to continue receiving a budget to perform these activities,” Mr. Spivey says.

According to a recent Cutting Edge Information study, 89% of surveyed U.S.-based companies measured return on investment on their marketing activities, and all of these companies measured the increase in new prescription rates. This was not the only metric captured by most companies; the majority of U.S.-based marketing teams also measure physician awareness and opinion of their products, and half measure the renewal rates of prescriptions as well.

“While not common, some companies even measure consumer opinions of the product, to determine the effectiveness of advertising,” Mr. Spivey says. “For high-volume products measuring each step of the process from first consumer contact to prescription renewal can help to determine which activities are delivering returns and which ones aren’t.”

“There are many quantitative and qualitative measures surrounding marketing efforts, which may be indicators of ROI when actual measurement is impossible or cost prohibitive.”

MARK SCHAEFER / Rutgers University



Understanding the impact of promotional vehicles, as each relates specifically to incremental prescriptions, is not impossible, but it is challenging, time-consuming, and expensive, says Jay Bolling, president and CEO of Roska Healthcare Advertising.

“This is why many companies use different metrics as surrogates for prescriptions, such as information requests from DTC efforts, website engagement, sample requests, ATU research, and a host of other measurements,” he says.

Experts say despite the difficulty in nailing down a true ROI, this traditional measurement effort will not be losing its place as the ultimate yardstick of a successful campaign any time soon.

“ROI is likely to remain the golden rule for the near future, because managers, shareholders, and board members want to be able to identify spend,” says Tom Jones, group VP of the health practice at Makovsky + Company. “At higher levels, ROI is always factored in, but at the granular, brand manager level, the good news is that there are other means of predicting results.”

For example, Mr. Jones says, an increased number of “likes” on Facebook, or in other words, engagement, is a good predictor of increased purchasing behavior.

“The measurement should be engagement, particularly at the beginning of some efforts, and not ROI,” he says.

“In the long term, ROI is the best ultimate measurement for accountability purposes and for learning what works so that future decisions can be improved on,” says Jim O’Dea, president and CEO of Rx EDGE, a business unit of LeveragePoint Media. “In the short term, however, depending on the tactic, how to measure ROI is not always clear. Brands must look for other metrics to track how a marketing element is doing if ROI can’t be measured.”

For example, when a drug is new to the market, measuring increased awareness by targeted audience reach can be effective. As the brand becomes more mature, it will become more obvious where to invest, as ROI will be able to be tracked deeper into the given tactic.

“Behavior bends to measurement and money is going to flow to where the best ROI is over time,” Mr. O’Dea says.

Mr. Jones also distinguishes between long- and short-term goals and measurement techniques, but for different reasons.

“In the short term, if the objective of the marketing tactic is to get a quick bump in



“Behavior bends to measurement and money is going to flow to where the best ROI is over time.”

JIM O’DEA / Rx EDGE



“Every component of an audience-centric marketing plan should be tested and measured on its own merits and in combination with others.”

JAY BOLLING / Roska Healthcare Advertising

DTC BY THE NUMBERS...

SURVEYED COMPANIES USING DTC ADVERTISING MAKE 14% MORE MONEY THAN THEY WOULD IF THEY WERE TO DISCONTINUE DTC ADVERTISING. THE RETURN ON MASS-MARKET ADVERTISING, HOWEVER, IS LOWER THAN THAT OF MANY OTHER ACTIVITIES. IF GIVEN A 10% BUDGET INCREASE, NO SURVEYED U.S.-BASED MARKETING GROUPS WOULD DEDICATE ANY RESOURCES TO DTC ADVERTISING, AS THERE ARE MORE COST-EFFECTIVE PLACES TO PUT THE MONEY.

Source: Cutting Edge Information

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SOUND BITES FROM THE FIELD

With so many variables involved in today's marketing mix, ROI is not the only effective measurement marketers should rely on to gauge results. Thought leaders discuss the importance and the pitfalls of measuring ROI in a multichannel campaign.



JEFF BURKEL is Chief Operating Officer of MicroMass Communications, which offers capabilities in the application of

behavioral science to marketing challenges. For more information, visit micromass.com.

“ROI can't be measured for every component, so we need to stop wasting our time, breath, and money trying. Unless a brand has a virtually limitless budget and a big enough patient population to test every permutation of each variable, achieving ROI for individual components is unrealistic. It would be better to set the business goals and use predictive models based on proven patient behaviors to build, monitor, and adapt an integrated program.”



BILL COONEY is President and CEO of MedPoint Communications Digital Inc., which provides specialized digital services to the

global biopharma industry. For more information, visit medpt.com.

“Just because target clinicians are exposed to multiple types of promotional tactics does not mean that the incremental ROI of any one tactic cannot be measured. However, accurate ROI measures can be expensive and must be assessed over a relevant period, which is certainly longer than three months. When ROI measures become too expensive or impractical,

marketers must rely on intermediate measures of activity, and they also need to get out into the field and gain a good sense of what's working on the front lines of promotion.”



SCOTT EVANGELISTA is Principal, National Commercial Practice Leader, of Deloitte, which offers a menu of professional services that cut across all

segments of the health plan, health provider, and life-sciences industries. For more information, visit deloitte.com.

“It is a red herring to say measuring ROI is complicated, which doesn't mean it's easy because it does involve people, their capabilities, investment, and a commitment to measurement. It has been achieved in other industries with much lower margins and equally imperfect data.”



DAVID ORMESHER is CEO of closerlook inc., a strategic marketing agency that brings healthcare clients closer to their customers. For more

information, visit closerlook.com or email dormesher@closerlook.com.

“It's true the ROI becomes more difficult to measure at the tactical level as the marketing plan becomes more sophisticated and comprehensive. This is why it's important that marketing teams are able to tie outreach metrics to script data. Brand managers will find that the question of simple com-

ponent-level ROI is the wrong question to ask. It's seldom an issue of a single tactic or channel. On the contrary, ROI should be measured at the individual physician level. Marketers need to evaluate the right bundle of communications needed to build a long-term customer relationship, and then determine the discounted lifetime return on the investment. With this ROI calculation, marketers can decide how and when to engage.”



MIKE RUTSTEIN is President of StrikeForce Communications, which specializes in healthcare marketing in the nutraceutical, OTC, pharma,

biotech, and medical-device spaces. For more information, visit strikeforcenyc.com.

“New technologies are emerging, giving marketers the ability to track customer response and link behavior across multiple platforms. Although these measures provide some degree of comfort and confidence, they often don't tie directly to sales or don't accurately assess the intangibles. Social media, for instance, can deliver an unparalleled level of credibility and community for marketers, but it is one of the most difficult components to link to ROI. The true measure of success is not what the ROI is for each component, but whether or not each component is playing its appropriate role in the brand plan and, when they are working together, whether the components are driving a favorable ROI for the total business.”

At higher levels, ROI is always factored in, but at the granular, brand manager level, the good news is that there are other means of predicting results.”

TOM JONES
Makovksy + Company



sales, analyzing the archives of ROI data is the only way to make an informed media decision,” Mr. Jones says. “But if it's a longer-term campaign or the company is trying to establish credibility for the brand, then the strategy should include social media channels in the mix, even if tangible data are not there.”

“There are definitely new measures and metrics that brand leaders are talking about, ranging from sustained behavioral change to return on reputation,” says Leigh Householder, VP, managing director of iQ, the innovation lab of GSW Worldwide. “These are metrics that are responsive to greater organization shifts inspired by changes in both the healthcare marketplace and our greater culture.”

Social media channels are especially troubling for the industry, but as social media evolves, so do the ways to evaluate it. Marketers have started to move beyond counting Face-

book “likes” to monitoring the conversations about treatments, brands, and disease states, and this is a move in the right direction, Mr. Bolling says.

“The industry needs to leverage some of the most popular components of social media, such as online communities and YouTube channels to ‘guide’ the conversations in directions that are consistent with brand strategies,” he says.

These metrics, subject to interpretation, can guide decisions at all levels, but are no less effective for it. For example, in the C-suite, sustained behavioral change means outcomes. On the front lines, it means making better choices, one by one, every day.

“In the C-suite, return on reputation means protecting the equity of the brand,” Ms. Householder says. “On the front lines, it means earning attention — using an action to do what advertising can't.”

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Non-ROI Metrics: Worth the Trouble?

“Not everything that can be measured matters and not everything that matters can be measured,” Mr. Jones says, cribbing a modern translation of an Albert Einstein quote. “But that shouldn’t stop us from trying to understand what the ROI is against each of the investments per channel.”

Even if not everything that matters can be measured, knowing how the individual components stack up against each other is crucial and marketers will need to follow other metrics to determine that.

“Instead of marketers throwing up their hands and declaring, ‘If I can’t measure it, why would I do it?’ and eliminating up to 30% to 40% of all the great channels and great ideas along with them, companies need to become comfortable with using nontraditional metrics for nontraditional media,” he says. “For example, many companies use brand awareness as a metric, and track it before and after a public relations building campaign. Increasing awareness by certain levels — 14% to 25% typically — will lead ultimately to a better ROI because market functions that are measured in traditional ROI, such as advertising, will be far more effective.”

Many benefits of social media marketing are qualitative, not quantitative, but no less important. Mr. Schaefer runs workshops at Rutgers University and as part of a learning exercise he asks his classes to name all of the results of a real-world, successful social media marketing program. He says once they reach a list of a dozen or so items, he asks them how many of the benefits named could be placed on an Excel spreadsheet or a balance sheet; the answer is almost none of them.

“This is a powerful point that is apparent to small businesses, but escapes most highly bureaucratic organizations,” Mr. Schaefer says. “Yes, ROI needs to be tied to shareholder value in some way, but it’s important to note that all important accomplishments can’t be easily quantified in a pie chart.”

Every component of an audience-centric marketing plan should be tested and measured on its own merits and in combination with others, Mr. Bolling says.

“Test matrices, response components, and audience surveys can all be established to provide the desired measurement but, until the industry exhibits the patience and perseverance to test, analyze, optimize, and roll out, it will never truly measure the ROI for each promotional vehicle,” he says.

“Measuring the ROI of individual components can be more challenging since many broad-based tactics, such as journal advertising, can’t be isolated from other parts of the mar-

keting mix,” Mr. Bolling adds. “The best approach to take is to measure ROI based on different combinations of components, and include broad-based tactics as a baseline.”

Using direct-response testing methodologies is at the core of this process.

“Properly constructed, the test matrices can measure the effects of each component individually and in different combinations,” he says. “Some tactics will drive a greater level of action than others, and savvy marketers will use this information to optimize the combination of components to get the best results.”

Mr. Bolling gives an example of this methodology in action. In a recent DTC effort for J&J Acclarent’s Balloon Sinuplasty, different combinations of tactics were deployed over eight test markets, including direct-response TV, radio, transit, outdoor, and paid search. The goal of the campaign was to reach chronic sinusitis sufferers and connect them with physicians trained in Balloon Sinuplasty. Each tactic was evaluated alone, and in combination with others according to the cost to acquire an inquiry (a phone call to a physician’s office measured by assigning surrogate numbers to physicians’ offices). Throughout the campaign, the tactics that could be adjusted in-flight (TV, radio, paid search) were adjusted to minimize the cost per inquiry and thus, maximize ROI.

“As a result, the budget was allocated only to the best-performing components in the roll-out and the poorer performers were eliminated from the marketing mix,” Mr. Bolling says.

ROI and Brand Strategy

ROI is certainly a crucial measurement, but it can’t stand alone when evaluating campaign effectiveness. Brand strategy and ROI measurement should go hand in hand, our experts say.

“It’s important to both maximize ROI of individual components and ensure they relate specifically to brand strategy,” Mr. Bolling says. “These two are not mutually exclusive.”

Brands can and should invest in both, but at times that might not be feasible at all points along the product life cycle. The key is having a measurement in place up front so that each of the tactics within a strategy can be linked with a measurement device; ROI is clearly a good one, Mr. O’Dea says.

“Take dry eye medica-

“While not common, some companies measure consumer opinions of the product to determine the effectiveness of advertising.”

JEREMY SPIVEY / Cutting Edge Information



“There are definitely new measures and metrics that brand leaders are talking about, ranging from sustained behavioral change to return on reputation.”

LEIGH HOUSEHOLDER / IQ

tion for example,” he says. “Early on, placing educational information about the prescription product near corresponding OTC remedies in the pharmacy aisles seems intuitively right.

“Self-medicators purchasing a product like Visine are a natural target audience,” he adds. “It might be hard to measure in a brand’s infancy but as the brand matures, assessing ROI is simpler because statistically valid baselines have been established.”

According to Ms. Householder, every measurement should be able to determine if the individual tactics are moving the brand toward its goal.

“Each individual tactic should have measurement and metrics, but the ROI — the real return to the brand — comes from the interaction between the different campaign components,” she says. “The big opportunity is integrating individual dashboards to see how the combined effect of multiple tactics move key measures, such as sales or access.”

Ms. Householder adds the difficult part is creating the right combination of tactics and perhaps identifying what can fall off without impacting the ultimate ROI.

While audiences may be similar in terms of geography and demographics, the distribution channels for reaching them can vary widely. Consumers have so many choices for receiving messages that brand strategy and ROI need to both be considered when choosing marketing channels, Mr. Jones says.

“Today’s audiences differ dramatically in

their preferences in how they want to receive the information,” he says. “There are so many media choices now that a marketer can’t focus on one marketing piece anymore. The same information can be used across multiple channels, but marketers have to analyze all of these tactics by the different components and closely analyze the role that each channel is playing. The layers of measurement go beyond traditional and digital channels these days.

“They go way beyond newspaper, broadcast, social media,” Mr. Jones continues. “For instance, what is the word-of-mouth spend and other forms of proximity marketing, such as trade show events, or prescription pad services.”

Brand teams can place the same ads they would promote in a journal channel on a prescription pad, and that pad service channel might prove to be more important than other channels because the physician sees that messaging when he or she is prescribing and the patient is in the office.

“This is one of those times when measurement insights need to focus on how the brand is experienced,” he says.

According to Mr. Schaefer, marketers need to be as granular with the measurement as the budget and resources allow. He tells a story: “Somebody once asked a famous CMO how many marketing strategies should a company have? He replied, ‘How many customers do you have?’ Segment the market as much as is feasible and measurement should be regarded the same way.

“It may be more or less risky to measure or not measure, so this decision needs to be made in the context of the total business,” he says.

Mr. Spivey from Cutting Edge Information says companies are likely to see the best results from a coordinated marketing campaign rather than a series of disconnected strategies. Creating this level of campaign requires focusing on how each activity ultimately increases prescription rates, and the questions asked in this process can help companies avoid pursuing strategies that are unlikely to produce results. For instance, Mr. Spivey says, disease awareness ads are effective at spurring action on the part of people who recognize the symptoms being described. If a product has a relatively low market share, however, the competition may experience much of the benefit.

“Before disease awareness can be cost-effective, companies must first work to convince physicians of the value of their product and gain a significant share of the market,” he says. “Measuring the return on investment of each strategy will help to confirm that ad viewers are becoming patients, patients are becoming customers, and customers are returning for prescription renewals. If any part of the strategy is failing, this customer pipeline will be affected and product sales will suffer.” ^{PV}

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ROI For Provider Support Activities Holds Strong

Provider support activities, which help providers gain access to a company’s medication for their patients, increase the total number of prescriptions fulfilled and improve a physician’s likelihood of prescribing the medication. Companies surveyed already dedicate 19% of their marketing budgets to these activities on average, but receive 26% more money than they would if they discontinued these activities. As a result, provider support is by far the largest recipient of increased funding for U.S.-based groups. Analysis shows that 35% of a 10% budget increase would go toward provider support activities, on average; in comparison, no other activity receives even 20% of the budget increase.

Source: Cutting Edge Information

EXPERTS



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Quantitative Metrics Necessary in Calculating ROI

Prescription sales and renewals, physician and consumer awareness and opinion all need to be factored in when determining ROI.

A

According to a recent survey conducted by Cutting Edge Information, pharmaceutical company marketers tend to

rely heavily on highly quantifiable statistics in calculating ROI on their activities. Worldwide, 93% of surveyed companies factor new prescription rates into their marketing ROI. Com-

panies that consider the increase in prescription renewals in addition to new prescription rates tend to lean more heavily on patient education in their marketing mixes, and they see renewals

BEST PRACTICES FOR MULTICHANNEL METRICS

Our thought leaders provided us with their most valuable best practices for measuring ROI in the multichannel world.



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For more information, visit whatsyourdigitaliq.com.

1. Give your brand managers and agency ownership of the business. Help them to understand the ultimate goal and let them build the programs and measurements that will make it happen.
2. Add measurements that recognize how the marketplace is changing. For blockbuster drugs nearing the end of their patents, that might mean adding an adherence metric to traditional sales.
3. Use measurement as an opportunity to learn and improve. The goal may be annual, but the opportunities to improve are every month, every week. To do that, you need to understand the ultimate return on investment you're trying to reach, but also set interim goals, the key performance indicators that help track progress and identify opportunities to test and roll out small shifts or big changes.



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through retail pharmacies. For more information, visit rx-edge.com.

1. It is important to get the analytics team involved up front, instead of bringing them in after the program is over, to evaluate it.
2. Don't confuse quantitative and qualitative measures.
3. By thinking about success criteria early on, marketers can map out a measurement plan for the individual elements. Proper design of research is important, and before calculating return, you first have to assess whether or not the marketing component actually moved the needle in terms of incremental sales. One of the most accurate ways to do this is through matched panels in which a test scenario and a controlled scenario are matched on pre-set criteria allowing for control of variables.



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and medical-devices industries. For more information, visit cuttingedgeinfo.com.

1. Run small-market trials of new activities to determine whether the tactic is having an effect. While one region is not necessarily representative of every part of the United States, running a trial does help to determine whether the messaging is working as intended. Also, when challenged to justify the budget allocated to that activity, it is useful to show how a product has performed with an activity and without.
2. Adjust to changes in the market. When new branded competitors enter the market, or branded competitors lose their market exclusivity, it changes the dynamic of the product. Make sure you're measuring the effect these changes are having on your own product's sales so you can adjust your marketing strategy as quickly as possible.

more closely aligned with disease education than typical marketing activities.

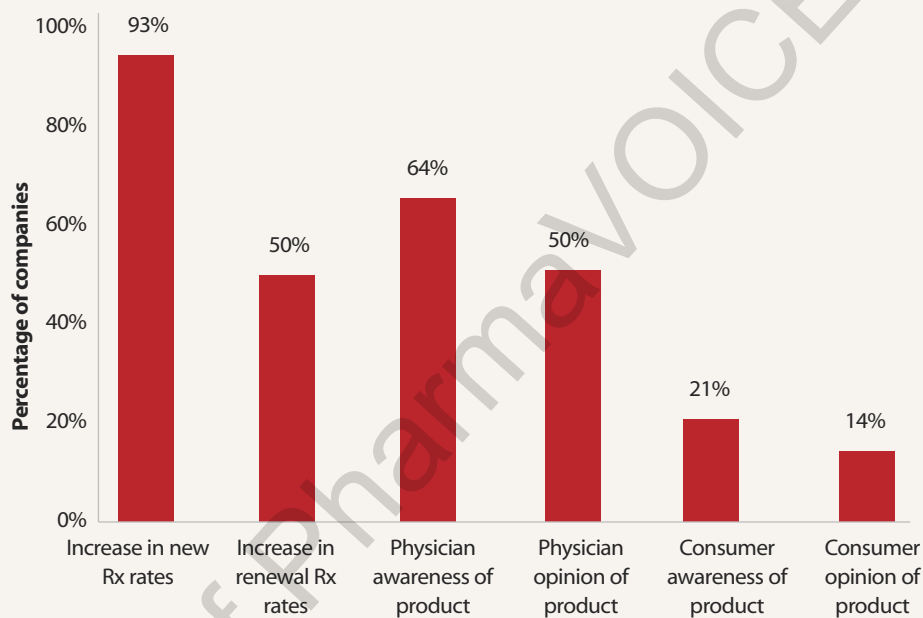
When metric use is considered geographically, there is a division of the physician- and consumer-focused metrics.

Marketing teams weight physician awareness and opinion fairly evenly, with just under two-thirds of surveyed companies measuring these categories.

Within emerging markets, however, twice as many companies measure physician awareness over physician opinion. In coming years, the report says, teams in emerging markets should place greater emphasis on physician opinion.

Two factors that contribute to this difference are less advanced marketing schemes in emerging markets and less noise contributes to a greater need to measure awareness over opinion. Awareness matters strongly in two cases: many competitors and almost no competitors. Both, however, rely on the same principle: awareness yields revenue. Forward-looking teams should get a head start on incorporating patient perspectives because patients can impact more than just renewal rates. **PV**

Metrics Used to Measure ROI



Source: Cutting Edge Information

Measuring Social Media ROI

Is social media worth it? That is the central question coloring conversations between marketers and budget holders across the industry. Demonstrating ROI has long been a shortcoming of digital marketing in general and social media in particular, so this is not a finding specific to pharma. Survey respondents rated “demonstrating ROI” at an average of 7.2 on a scale of 1 to 10 in terms of a social media challenge.

Compared with traditional channels such as print and television, ROI in social media is notoriously difficult, and very different. The usual measure of ROI allows companies to see a direct return on their marketing investment, using metrics that prove increased sales as a result of dollars spent on marketing campaigns. Digital marketers use a range of ROI measures such as time on site, bounce rates

and traffic for websites, and clickthroughs for online advertising. These metrics are a less-direct measure of success and do not necessarily translate into increased revenue, but they are at least a way of tracking what kind of actions a target audience takes in response to digital marketing campaigns.

Social media typically does not lend itself to even those metrics. A social media campaign on Facebook, for example, is seen as unlikely to yield a measurable return in the form of more prescriptions filled, and instead, metrics such as “likes” are used to demonstrate the reach and penetration of the Facebook campaign.

Marketing agencies and digital campaign managers are faced with alternative, softer methods of measuring ROI such as registrations, impressions, shares, retweets, and the like. These measures are particularly unpalatable for pharma executives accustomed to demonstrable returns on their marketing investments.

Cutting Edge Information analysts recommend that pharma marketers using social media in a campaign start out by defining for themselves what success will look like. From there, the marketer must choose the best available metric to gauge if success has occurred. At times, the metric will be ROI in the traditional sense: script lift, increased market share, etc. At others, the metric will have to be softer. But the bottom line is that even if the goal of a campaign is to increase brand awareness, disease awareness, or simple engagement, there are ways to track whether the campaign accomplishes this. The key is to define those tracking metrics before the campaign and apply them before, during, and after the campaign, just as one would with a television spot or print ad buy.

Source: Cutting Edge Information, Pharmaceutical Digital Marketing and Social Media: Managing Growth, Mitigating Risk and Mastering Strategy. For more information, visit cuttingedgeinfo.com.