

## Operationalize Your Marketing Measurement

**“Get accurate, actionable, and accessible results from your marketing.”**



**Stephen Smith**

**This Paper is For:**  
*Pharmaceutical product managers interested in improving their marketing and their market share and for those in strategic marketing groups who can use this article to develop a new best practice for measurement within their organizations.*

*Steve Smith writes these best practices as a service to our clients and to the pharmaceutical industry. They are intended to make marketing more successful and improve the understanding and health of our customers – both patients and physicians.*

*Most pharmaceutical marketing programs today are not measured in a useful way. When they are measured, they are often too complex to be understood and too late to be actionable. What is needed is a way to make measurement a part of day to day marketing operations, rather than a special event. If you can “operationalize” your measurement you will know how you are doing and how to improve at all points of you marketing programs.*

### Measuring Your Marketing Has Been a Challenge

In this best practice we’ll provide several ideas on how to speed up and make actionable the measurement that you are doing on both your consumer and physician marketing programs. When implemented, they should enable you to improve your programs in real time, based on real knowledge from the measurement of your programs. To start off consider these two stories:

**Story #1:** Last week John launched a \$124,000 print and email campaign for his new drug. That investment was less than a third of his annual budget. Now, he’d like to know how to spend the other two thirds. He has some ideas but he’d like to understand how this current initiative is working before he pulls the trigger on the next wave. Unfortunately he has to wait two months before he gets final measurement on the results; and when he does he gets reports that:

- he doesn’t fully understand because they are so complex.
- create many simple follow up questions that no one in research has the time to answer because they are working on complex analysis projects.
- come in too late for him to change any marketing plans.

Because of this John doesn’t bother too much with measuring his marketing programs except at the end of the year when he needs to defend his budget. John makes a gut decision on how to spend the rest of his annual budget for the next wave.

John’s problem is not that he can’t measure his marketing, but rather that he can’t get the answers that he needs quickly enough and in a form that makes sense to him. Consider the case, however, of Jen who works in a marketing department that has made measurement a required part of the daily operations – i.e. they have “operationalized” marketing measurement.

**Story #2:** Jen executed her program last Tuesday and one week later she can see the results on her desktop. From past programs she can translate response rate into anticipated incremental fills. She finds out that her branded TV with direct response is not drawing the way she had anticipated. She redirects further TV buys and also allocates some of the remaining \$240,000 of budget to the online programs that appear to be working better. At the end of the program she is able to increase overall program ROI by 34%.

### Successful Marketing Comes When it is Easy to Measure

The difference between story #1 and #2 is that, while good measurement is performed in both, measurement in story #1 focuses on getting the perfect answer but sacrifices simplicity and timeliness. In the words of my old boss, John gets his answer on his marketing spend “in the nick of too late...”. John gets his answers but not in time to be actionable. What is needed is provided in story #2 where Jen has measurement

embedded into the normal operations of her marketing deployment. For Jen, getting ROI on a marketing program is not a novel or unique event – it is an every day event. Measurement has become “operationalized”.

**Operationalized Measurement** – Measurement that has become part of the operational cycle of marketing. It is routinely calculated and used in a repeatable, scalable, and systematic way.

Forrester Research reports that there are some 17,000 magazine titles, 4.4 billion internet pages and 84 television channels that marketers could use to reach consumers.<sup>1</sup> How can you as a marketer measure the impact of all of these diverse marketing channels? The reality is that if you want just to measure your marketing channels alone you will need to have some consistent systematic way of doing so. If you don't, then like Bill Murray in the movie “Groundhog Day,” you will wake up every morning to do the same thing over again until you begin to learn from your past.

The payoff from operationalized measurement is that you always know how you are doing and you can make decisions. Your costs can also be dramatically reduced as you can build and reuse a measurement infrastructure over and over again. You will also have the flexibility to trade off between sophistication and timeliness. Sometimes decisions can be made based on perfect information (e.g. it is 9 months later and you've seen a market share shift that you can directly attribute to your relationship marketing program because you've waited long enough to see the full impact and been able to pull out other effects from the sales force and other DTC programs). At other times you may have only directional information but you get it right away (e.g. it is 9 days after program launch and you know that program 1 is out performing program 2 but you don't know by how much).

### **Operationalized Measurement**

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### **If You Can Measure It, You Can Manage It**

Peter Drucker, the famous management consultant, once noted that “if you can't measure it, you can't manage it.” He was noting the fact that you shouldn't even bother trying to do something if you can't tell how you are doing. This is especially true in marketing where we often don't know which half of our marketing spend is working and which half isn't. The positive side of Drucker's statement is also true: when you can measure something it is much easier, sometimes even trivial to manage. And if you can manage it, you can improve it.

Why then are so many marketing folks satisfied with executing programs that they don't know how to measure? Why bother trying to improve something if you can't currently manage it? And if you can't measure it how can you hope to manage it or improve it?

I've been doing marketing in the pharmaceutical industry for more than a decade now and it seems that no one has come up with a way to really use measurement to consistently affect marketing performance. Think about it. That is an extraordinary statement: “No one within pharma has figured out how to consistently utilize measurement to reliably and consistently improve marketing performance.” In fairness, marketing within the pharmaceutical industry is extraordinarily difficult compared to other industries like financial services, consumer packaged goods and telecom. We have made considerable progress, however, and there is the real opportunity that world class measurement can be done within pharma within the next 12 months. It's not rocket science, it's just measuring marketing!

### Best Practices

If your goal is to operationalize your marketing measurement then there are several things you can do right now that will get you moving in the right direction. If you are successful the payoff will be enormous.

#### ***Best Practice #1:***

#### ***Define Your Metrics and Reports With Your Users In Mind***

I spent a good chunk of my graduate school education learning about statistics, data analysis and machine learning. I've since spent most of my career trying to figure out how to describe that science to business people so that they can make use of it. The problem is that it is paradoxically very powerful stuff (i.e. could really help your business) but at the same time is so complex that subtle assumptions about how something was calculated could make big differences in the end results. Marketers want to make use of the power of statistical analysis but at the same time need to be wary of just taking an ROI number on faith. As you design your metrics, make sure that they make sense to the marketers and are driven by the questions that the business users have. Don't just answer the questions that you can from the available data.

I also strongly recommend that marketing measurement operate on the 80/20 principle. 80% of the answer can be provided in 20% of the time and with 20% of the complexity. For marketing measurement this means not always being absolutely sure about the answer (but you never are anyway), but getting that information back to the marketer quickly enough so that they can take action in order to improve. If the information comes in too late then no matter how accurate it is it will have no business impact.

#### ***Best Practice #2:***

#### ***Define The Methodology With Your Analytics Group***

If your company is like most pharmaceutical companies, you have a market research or analytics team somewhere on your premises. They need to be engaged with the measurement process. They can provide tremendous insights into how to correctly calculate and analyze measurement results. They can suggest follow-on research into deeply understanding why things are happening the way that they are. But they also must understand your goals as a marketer. Consider defining methodologies for test and control set creation and for ways to keep the control group clean. Also define how you will extrapolate these measurements to larger marketing populations.

#### ***Best Practice #3:***

#### ***Use A Campaign Management System***

Most of the problems I've seen with people getting the wrong answer in marketing measurement come from the fact that they only start to think about measurement once the campaign has launched. Unfortunately, once you have launched a marketing program without measurement in mind it is too late to really get a good answer. Not even the PhD statisticians can save you. What you need to do is to set up what is called "experimental design" as you plan your marketing. Experimental design is nothing more than stating what you would like to measure up front and how. For instance you might say that market share is the key metric, or response rate is the key metric. In either case you need to define this up front and set up a test and control group.

It is for instance, easy to explain the stock market behavior if you are allowed to do it after the close of the day. Anyone can tell you why the market went up or down and have good explanations for it, so long as they can do it after the fact. Likewise it is easy to explain marketing success or failure after the program has launched. Good measurement comes from putting a stake in the ground and stating what you will be measuring and

how before you begin execution. A big part of measurement success comes from carefully controlling marketing segments and differentially applying unique messaging to them. To manage this complexity you really need to install and use a campaign management system. Spreadsheets and Word documents do not provide the systematic and centralized control that is required for good measurement. Typically, if a campaign management system is not used, the control groups become contaminated over time and it becomes very difficult to achieve a good clean measurement result.

### ***Best Practice #4:***

#### **Unbiased Data Is More Important Than Analytics**

I have seen measurement being done by the same folks that execute the program. No matter how well intentioned people may be, you can't get great measurement if there is any chance of bias. If you remember back to ninth grade science class a good experimental design is one in which you define the experiment and execute it in a "blinded" way so that you can't bias the results. You keep it blinded even if you have no personal gain in any of the outcomes – either positive or negative. The reason is because otherwise, the person doing the measuring can make a large number of small, seemingly inconsequential decisions along the way to collecting the results. If the methodology of the experiment isn't defined ahead of time these small choices could get made to favor one outcome over another. And these small choices could have profound impact on achieving great measurement.

For instance consider a grand experiment to see who the US voters wanted to have as their president. If it wasn't decided before hand that the Electoral College votes would be used rather than the popular vote then the outcome of the election could be dramatically altered. Same data, same results but just a different way of interpreting them makes a big difference. Getting the best data possible and using it in a pre-defined, unbiased way is critical to good measurement.

### ***Best Practice #5:***

#### **Get Everyone in the Same Room**

After you have spent your valuable time getting marketing requirements from your business users and marketers, and you've sat down with your analytics team to make sure that whatever production process you've put in place is the right one, kick the whole thing off by sitting everyone down in the same room. This meeting should happen at least once each year (once per quarter would be ideal). The reason is that you really need for all the parties to hear what each other has to say. The marketers need to hear and understand the importance of control group selection as stated by their own analytics team. The analytics team needs to understand the importance of streamlining analysis to give marketing timely updates and to confirm that the analysis is being performed in a high quality way. The data and technology providers need to understand how the data will be processed and used to support the analytics and marketing teams.

#### **The Payoff**

Life gets easy if you can operationalize your marketing measurement. You'll know that you have done it when you:

- Can talk to your boss in the hallway and tell him or her how much revenue your latest campaign has generated.
- Can present your results to senior management and they believe you.
- Get called by your agency to confirm the size of last month's TV purchase.

- Get asked by finance for your measurement model as they plan next year's budget.
- Get your budget increased for next year while everyone else's is being cut.

The good news is that if you make this investment in operationalizing measurement it will pay off quickly with improved marketing, improved market share, and an overall sense that you really know what is working in your marketing spend. You will also have built a corporate asset that can be used over and over again, across brands, programs and channels.

### My Background

This best practice was compiled and written by Stephen Smith. I'm a technology / science guy at heart. I like to take the stuff that looks hard and turn it into things that can be made easy and used over and over again. I started my career in computers figuring out how to make them useful for marketing. I did my undergrad work at MIT and my graduate work at Harvard. What I learned there was how much could be done with data. When I got out of school I worked at a supercomputer company that processed huge amounts of marketing information for Dow Jones and for American Express. I later worked at Dun & Bradstreet where I learned about the pharmaceutical industry working with pharma sales force data from IMS. During this time I wrote two books for McGraw-Hill: "Data Warehousing, Data Mining, and OLAP" and "Building Data Mining Applications for CRM" (the first one is a technology book and I've been told that it is a great read for marketers with insomnia...). The second one showed how customer data is being used in a wide variety of industries to improve and strengthen customer relationships and improve their profitability. Data Mining is a technology that can be used to really understand what is going on within a database and pull out the key drivers of customer behavior. It is rocket science and I have since learned that many marketers are not yet ready for it. I now believe that before you can get the rocket to the moon you need to make sure that the launching pad is securely built. For relationship marketing that launching pad is the database and flawlessly building and executing programs on that database is far more important and pays much higher dividends than hastily trying to build a rocket and launch it just because you know how. My hope is that this series of best practices provides a solid foundation from which you can launch highly successful marketing programs with ease, speed and quality.

### My Promise

The views expressed here are mine and are particularly chosen to be somewhat controversial. These articles are also meant to be fun (let me know if they are not). Any anecdotal stories or best practices within the industry are shared only when they are discovered as generalized trends within the industry rather than novel approaches that represent confidential / protected processes of any one company. Wherever possible I'll try to note any bias I might bring to these writings – but my promise is that my intent is that they are written solely in the best interest of the reader. My hope is that they are truly helpful to you in improving your marketing and forwarding your career. You may reproduce any and all of the content of this document without charge so long as you give appropriate credits and reference back to the original document.

### My Vision

I firmly believe that a revolution can happen within pharmaceutical marketing. That some of the \$3 billion spent in consumer marketing and the \$13 billion spent in physician marketing can be allocated more wisely. The people in pharma who can do this will create more market share faster by delivering better timed, more compelling information to physicians and consumers. I've see it happen in other industries and there is no reason why it can't happen within the pharmaceutical industry (hey I'm from Boston and if the Red Sox can win the World Series we can certainly accomplish this...). It just takes some time and some champions to make it happen. I hope that you'll be one of them.

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<sup>i</sup> *Influencing Health Behavior Online – Why the Net is Back in Vogue*, Elizabeth Boehm, Forrester Research, September 23, 2004.