

DISPATCHES™

Insights On Brand Development From The Marketing Front

BRAND PERFORMANCE DASHBOARD FOR MARKETING SUCCESS

Your target goal is to achieve a market share of X (whether it be 15, 25, 35% or more) by Y-time. Beyond receiving your weekly (or daily) sales results, and a share report from a custom or syndicated data source, ***do you know what it takes and if you'll achieve the target sales and market share goals?***

This is a difficult question that ***gets to the heart of your understanding of what drives the business and explains the performance of your brand and, importantly, your ability to manage it effectively.*** Once you've identified the key data points that correlate with and, in some cases, serve as lead indicators to sales and market share you need to find a way to collect the data, display it on a brand performance dashboard, track it, analyze performance and take action where appropriate.



Causal & Lead Indicators – A Case History

Back in the early days at the start of our marketing careers at Procter & Gamble (P&G), circa the early 1970's, we junior marketers were expected (no, it was demanded of us) that we analyze the Nielsen reported market share and provide a thoughtful explanation of our brand's performance. Nothing got written in 24-hours at P&G that was sent up the line to senior management (i.e., beyond the Division President to Company Executive V.P.) given the numerous rewrites we were forced to endure in training us "how" to think and assure our analysis was "technically correct and consistent with the findings." We started with the findings then drew our conclusion(s), which had to be consistent with those unassailable facts, and only then moved onto to recommend specific indicated actions to achieve our target goals for market share and sales.

How were we ever going to ensure our report was received by senior management within the 24-hour window? Simple. We wrote our report and had it reviewed and rewritten time and again under the direction of our Brand Manager before we received Nielsen reported data. How's that possible? We tracked "causal factors" that impacted market share and were available to us prior to Nielsen reporting category and brand sales and market share results. In addition to our weekly sales numbers we focused on the most significant influencer of market share for our brand, retail merchandising.

More specifically, we tracked feature activity. (This is the ads in the retailers' circulars that promote the brand.) We carefully tracked and analyzed the "quality" of the feature ads. This included what chains promoted us (as each represented varying share of all consumer grocery volume), where in the circular the ad was placed, the size (or prominence) of the feature and, importantly, the feature price. The deeper the feature price, the larger and better placement of the ad. This resulted in the added retailer support of massive end-aisle displays. If you generated more than your fair share of quality merchandising support, then sales and market share would rise. The correlation was solid.

So, based on "lead indicator" merchandising support we were able to draft and rewrite our report to senior management before the Nielsen data was received. While we couldn't state the exact level of increase or decrease in market share we could report the direction it would follow – up, down or stable. The precise numbers were then imported following the release of the Nielsen data. This along with any consumer promotion activity, and analysis of competitive activity, provided us with what we needed to know about the achievement of the target goal for any given Nielsen bi-monthly reporting period before that data was tabulated and released.

More on Causal Factors – Another Case History

Back in 1977, now at Johnson & Johnson, I launched the REACH Toothbrush. The emerging brand had been in a controlled store-test (20-stores) in both Chicago and Milwaukee, initiated by the DuPont Corporation, the developer of the REACH Toothbrush. We acquired REACH Toothbrush from DuPont and then took it nationally, from the two controlled store-test markets, in less than 20-weeks.

The Director of Marketing Research suggested we purchase and use a forecasting model developed by MIT whizzes (a forerunner to models such as the once broadly used BASES) to assist us in developing a realistic forecast. As I had already developed a forecast for the Brand I passed on the suggestion. Why would I need to purchase a forecasting model? However, the Director felt so passionately about this that he agreed to pay for 50% of the cost. Okay, game on! If he so believed in this model it would have been poor leadership not to support him in his effort to help support me in successfully introducing the brand.

The use of the model produced the same results as my forecast. Why should that not be surprising? Well, I was able to provide them with the accurate inputs (gleaned from marketing research) that are relevant to developing a Year I sales forecast (and the model makers requested). Specifically, this included: a realistic distribution level; anticipated consumer

awareness; % conversion of awareness to purchasing; transaction size (per purchase); repeat purchase levels following initial usage; and purchasing frequency (in months). Each of these coupled with pipeline-fill tallied to our Year I forecast.

Creating A Brand Performance Dashboard

The Brand Performance Dashboard captures those SMART (Specific, Measurable, Achievable, Relevant and Timebound) causal factors that impact sales and market share. They're pretty similar from one sector (e.g., consumer, pharmaceutical and medical devices) to another, although they may be labeled differently, and have been touched upon in the preceding case histories. Here they are:

- **Availability** – In consumer product land this is “retail distribution.” In pharmaceutical categories this is “access” and “retail distribution” in pharmacies. In medical devices it is availability in either HCP offices (e.g., ophthalmologists), hospitals or clinics. The fact of the matter is you can't sell from empty shelves or get a prescription filled if the brand doesn't have access through Payors or is not available in pharmacies. Nor can the surgeon implant or use a product that s/he has not purchased, been trained to use or is not available in the operating theatre.

There is also “quality of availability” to account for in assessing availability. For CPG (consumer package goods) this is about number of shelves at retail, along with number of package facings, quantity of merchandise and shelf location (easy or difficult for shopper to see or reach). As per access is the drug made readily available or does the patient need to fail on other drugs before the patient can receive your drug? And, for medical devices (MD&D for Medical Devices and Diagnostics) is the product exclusive or are there multiple competitive options available on-site? Does it require training and if so has the surgeon been adequately trained?

Availability is rather easy to ascertain. It includes purchasing syndicated or custom data, field checks (such as store checks at the retail environment, HCP offices, hospitals and clinics). It also includes whether the drug is available on a formulary. And, there is also sales force reports.

The more difficult task is determining what availability is needed, and when, in order to meet the target goals that follow, which lead to sales and market share targets.

- **Awareness** – If target-customers aren't aware of your brand then you are not in their consideration set (also referred to as “evoked set”). Like availability there is a quality aspect to awareness. There is “aided awareness” where your brand name is presented, and target-customers acknowledge whether they are aware of it. Then there is “unaided awareness,” which is also referred to as “top of mind” awareness. Obviously, “top of mind” awareness is the better quality of awareness as it reflects being in the prospective customer's consideration set, perhaps, the forefront. This is the case regardless of whether we are referring to CPG, pharma or MD&D.

The level of awareness is a function of media levels, media vehicles used (traditional, social media, digital, congresses, etc.), reach & frequency of messaging, feet on the street, position of sales force messaging (e.g., first position makes a huge difference in quality as second and third positions get short shrift if any attention at all), memorability of messaging (including factors such as relevant, meaningful differentiated messaging and brand linkage) and targeting (to prospective customers who believe what we believe – our Brand Idea, and employing the Pareto Principle where we acknowledge and target the 20% of the population who will represent about 80% of the volume). Certainly, availability will influence awareness too!

We measure the level and quality of awareness through surveys. There is a relationship between awareness and purchase, use and prescribing behavior. This relationship depends upon the quality of awareness, the “Whole Product” offering and compelling nature of the messaging (both strategic and execution). This relationship needs to be determined in order to ascertain the level of awareness needed to achieve specific behaviors that translate to sales (i.e., conversion rate).

- **Conversion Rate** – This refers to the percentage of the customer target who are aware of your brand that will actually purchase, prescribe or use it. For example, if you have a 70% level of awareness and a 20% conversion rate then 14% have purchased, prescribed or used it. (This may, in some organizations, be considered “penetration.”) As distribution and awareness levels rise so will the number of target-customers who will engage with the brand; however, the actual conversion rate typically declines per point of awareness and distribution growth beyond a certain point.

The conversion rate gets at the productivity of your positioning strategy and messaging. It will vary based upon the distinctiveness of your positioning and persuasiveness of your messaging. That’s why we push for a highly emotive Brand Idea and compelling Campaign Idea that delivers relevant, meaningful differentiation to drive conversion rates. It’s also why we need to be precise with our targeting as the same Brand Idea and messaging will not appeal equally to everyone who, in the words of Simon Sinek, “needs what we have.” In other words, we can expect a significantly higher conversion rate among a select customer segment who believe what we believe and appreciate our value-proposition than from other segments in the marketplace.

Another way to look at conversion rates with sales force driven organizations is the number of sales calls to achieve the SMART customer behavior objective. If the sales force typically needs 9-calls on the customer to achieve the behavior objective the goal should be to reduce this to fewer calls. This will have an impact on the Growth Acceleration Rate (GAR), yielding more sales in a shorter span of time, providing additional revenues for reinvestment or to capture on the bottom line.

One might measure the conversion rate by measuring penetration against awareness via an awareness, usage and attitude study. However, this is after the fact - results of our efforts. Instead, we should measure the impact of our messaging before we employ it. This can be accomplished through marketing research such as concept and message testing services.

- **Repeat and Depth of Repeat** – Despite the nomenclature one purchase, prescription or usage does not make for a conversion. It takes repeat actions from the target-customer. We need to know what percentage of customers who engage with the brand stay engaged (“repeat”). We also need to know how frequently they repeat in a given time period (“depth of repeat”). This gets at loyalty and, for consumer-patients, compliance (do they take the drug as directed by labeling) and persistency (stick with the regimen for the duration as directed by labeling and the HCP). It aids in our ability to forecast and sales and market share performance.

Poor repeat purchase rates could very well suggest a product problem or overpromise. It may be a function of poor price-value relationship versus competitive offerings. Or it may reflect a reduction in support for the brand (i.e., out of sight out of mind). It is a prime indicator of the health of the brand.

We can get at repeat and depth of repeat levels through home use tests for CPG brands, surveys for HCP and consumer-patients, and sales force reporting (where appropriate).

Brand Performance Dashboard Summary

Here’s a summary of key causal factors impacting sales and market share performance that you should consider incorporating into your Brand Performance Dashboard:

Performance Area	Purpose	Dials to Read	Instruments
Availability	Check availability and quality of availability	<ul style="list-style-type: none"> • Retail Distribution - % ACV (All Commodity Volume) for appropriate segments (e.g., grocery, pharmacy, mass merchandisers, etc.) • Quantity (e.g., % Shelf Facings, # of SKUs, etc.) • Payor Access - % Patient Coverage, and formulary placement • Warehouse/Wholesaler Distribution - % ACV • Retail/Wholesaler inventories • Training of Surgeons - # and % to perform procedure with product 	<ul style="list-style-type: none"> • Syndicated & Custom Research Reports • Retail Store-Checks • Sales Force Reports

Awareness	Determine message coverage, particularly to prime prospects, and if in target-customer's (T-C's) "evoked set"	<ul style="list-style-type: none"> • Top of Mind Awareness - % T-C segment • Aided Awareness • Reach (%) & Frequency (#) of messaging by segment • Share of Voice (SOV) by segment 	<ul style="list-style-type: none"> • Syndicated & Custom Surveys e.g., A, A & U) • Sales Force Call Reports
Conversion Rates	Gets at productivity of messaging and appeal of Brand	<ul style="list-style-type: none"> • % Conversion among Aware T-Cs • % Utilization (for legitimate occasions/ patients) 	<ul style="list-style-type: none"> • Syndicated & Custom Survey • Concept Testing • Message Testing
Repeat Rates	Determine level of satisfaction with the Brand	<ul style="list-style-type: none"> • % who purchase, prescribe or use who repeat • Transaction size (e.g., 30-day versus 90-day supply) 	<ul style="list-style-type: none"> • Home-Use Tests • Custom Surveys • Sales Force Reports • Clinical Studies (i.e., for dropouts)
Depth of Repeat	Identify loyalty to the Brand	<ul style="list-style-type: none"> • # of times repurchase • Compliance • Persistency 	<ul style="list-style-type: none"> • Custom Surveys • Sales Force Reports

Other Important Measures

In addition to the aforementioned causal factors that impact sales and market share results there are other important diagnostic measures you might want to include. These are a few for your consideration:

- **Growth Rates** – Specifically, what is happening to the rate of growth of penetration, sales and market share development, etc.? Is the growth rate consistent with sales and market share target goals?
- **Absolute and Relative Performance** – How is the brand doing versus other company and competitive brands? What about performance versus expectations for a given period? Current versus previous period?
- **Source of Volume** – This is particularly important for Target-Customer behavior segments. Are we generating the switching and/or trade-ups or compliance (or whatever behaviors we seek) that we expected for the segments we selected?
- **Geographical Performance** – How are we performing by geographical area – country, state/county, promotion area, sales district?
- **Sales Force Feedback** – The sales force operates in the marketplace and, as such, is closer to the Target-Customer. We've found it helpful to talk with key sales personnel, whose experience and insights you value to help address what is behind many of the numbers in the Brand Performance Dashboard, and beyond. We find it helpful to gain insights into those customers who are: Aware – Non-Triers; Trier – Acceptors (i.e.,

repeat) and Trier – Rejecters (i.e., did not repeat) to understand what drives their attitudes and behaviors.

When to Measure

When you measure is going to depend upon the lifestage of your brand. If it is a launch brand you may very want to measure weekly progress on retail distribution and access, sales force call reach and frequency, reach and frequency of media messages, and conversion rates. You may want to measure other factors on a bi-weekly and yet others on a monthly basis. For existing brands, monthly measures may suffice for some of the causal factors while other may extend to 6-months to a year or beyond (e.g., awareness, attitude and usage study). This depends how you are going to use the information, costs, etc.

During our time at P&G we conducted an awareness, attitude and usage study every two weeks for an introductory brand – albeit in a market where household (HH) category penetration was 95% and consumers purchased the category weekly. In other words, one must measure consistent with when reliable data becomes available. (For a category with a longer purchase cycle 2-weeks may be insufficient time. And, if penetration is low for the category, as in many therapeutic areas, it may be prohibitively expensive to do an A, A & U Study more frequently than annually. In this latter case other tools – such as syndicated studies, need to be found.)

Finally, the measurements must be made available consistent with critically important reporting periods. In our first case, the measurements for the critical bi-monthly period needed to be available prior to the release of the Nielsen report. If you have quarterly reviews with senior management then you must have completed analysis of your dashboard prior to reporting on sales and market share performance.

Now it's up to YOU!

It's not enough to report sales and market share results! We need to be able to understand what led to those results, which requires us to identify and measure causal factors. It's the only true way to understand the business and what makes it tick. Importantly, if we want to achieve sales and market share targets we will need to establish expectations for specific causal factors and manage to their achievement.

So, identify your brand's causal factors and customize your Brand Performance Dashboard to drive to marketing success.

Best wishes for marketing success,
Richard Czerniawski and Mike Maloney