

DISPATCHES™

Insights On Brand Development From The Marketing Front

ESTABLISH A BRAND PERFORMANCE DASHBOARD FOR MARKETING SUCCESS

Our target goal is to achieve sales of X, a market share of Y% (whether it be 15, 25, 35%, or more) in Z-time. Beyond receiving our weekly (or daily) sales results and a share report from a custom or syndicated data source, ***do we know what it takes and if we're on track to achieve those goals?*** If we don't, we either haven't planned properly and/or we're not measuring and keeping tabs on critical contributing factors to achieving those goals. If this is the case, unfortunately, we're not managing our business to guide and create success. The business is managing us!

The Cockpit Dashboard



Back when I served as a Naval Officer and Aviator, we were taught the importance of the aircraft instruments that lined our cockpit instrument panel (i.e., “dashboard,” so to speak). Each had a specific function either to inform us of our flight performance or the aircraft. Given the plethora and myriad of instruments, we learned how to scan them in concert with keeping our heads outside of the cockpit (i.e., keeping eyes on the airspace around us). The scan took-in the most critical indicators of successful flight and aircraft performance. These instruments served to provide valuable feedback. In turn, we used the feedback to guide us in achieving our mission and returning our aircraft (and ourselves) safely back to our base.

The Brand Performance Dashboard

Similarly, we need a performance dashboard to help us identify whether we're flying right. Namely, whether our business and brand are healthy and on course to achieve our targeted sales and market share objectives. Enter the Brand Performance Dashboard—our marketing instrument panel. It starts with knowing what it takes—those most critical indicators—to achieve our business objectives of sales and market share (and, for many, profit). ***It gets to the heart of our understanding of what drives the business, explains the performance of our brands, and, importantly, our ability to manage them effectively.***

Accordingly, we must identify the key data points that contribute to and, in some cases, serve as lead indicators to sales and market share performance. The key data points will constitute the Brand Performance Dashboard. Then we need to (find a way to) collect the data, display it on the dashboard, track it, analyze performance, and take action where appropriate. It commits us to define expectations for key performance indicators, inspect them for achievement, and guide us in adapting our plans to remain on course. Additionally, it will help serve to establish alignment with all the functional centers (e.g., the salesforce, manufacturing, market access, etc.) needed to deliver target sales and market share.

Creating A Brand Performance Dashboard

The Brand Performance Dashboard captures those SMART (Specific, Measurable, Achievable, Relevant, and Timebound) causal factors (i.e., indicators) that impact sales and market share. In an aircraft, we have indicators (instruments) that are common regardless of the aircraft type. For example, you'll find an altimeter, airspeed indicator, compass, and attitude indicator in all of them. Similarly, the fundamental causal factors for brand performance, which will serve as our indicators, are pretty similar from one sector (e.g., consumer, pharmaceutical, medical devices, services, financial, etc.) to another, although they may be labeled differently. 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, is not trained to use, or is not available in the operating theatre.

We also need to account for "quality of availability." For CPG (consumer package goods), this is about the number of skews at retail, the number of package facings, the quantity of merchandise, shelf location (easy or difficult for shoppers to see or reach) and merchandising (i.e., displays, type of displays). As per access, is the drug made readily available, or does the

patient need to fail on other medications before the patient can receive your drug? 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 trained adequately?

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 are also salesforce reports.

The more difficult task is determining what availability is needed, and when (as in a specific timeframe) to meet the target goals that follow, leading 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 of 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," also referred to as "top of mind" awareness. Obviously, "top of mind" awareness is the better quality as it reflects being in the prospective customer's consideration set, perhaps, the forefront. Again, 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, the position in salesforce 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). (On the subject of targeting potential customers, keep in mind the Pareto Principle—20% of the population will represent about 80% of the volume.) Certainly, availability will influence awareness too!

We can measure the level and quality of awareness using 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 the compelling nature of the messaging (both strategic and execution). This relationship needs to be determined to ascertain the level of awareness necessary to achieve specific behaviors that translate to sales (i.e., conversion rate).

- **Conversion Rate** – This refers to the percentage of the customer target 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. (Some organizations label it "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. 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 executive coach, 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 target customer-segments in the marketplace.

The number of sales calls to achieve the SMART customer behavior objective is another way to look at conversion rates with salesforce-driven organizations. If the salesforce 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 period, and providing additional revenues for reinvestment or capturing on the bottom line.

One might measure the conversion rate by measuring penetration against awareness via an Awareness, Usage, and Attitude study (A,A&U). However, this is after the fact - results from our initiatives. Instead, we should measure the impact of our messaging before we employ it. We accomplish this 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 period ("depth of repeat"). Repeat and depth of repeat measures get 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 sales and market share performance.

Poor repeat purchase rates could very well suggest a product problem or overpromise by the marketer. It may be a function of a 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	Indicators 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 a procedure with product 	<ul style="list-style-type: none"> • Syndicated & Custom Research Reports • Retail Store-Checks • Salesforce 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 (i.e., "Unaided") - % 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) • Salesforce Call Reports
Conversion Rates	Gets at the productivity of messaging and appeal of Brand	<ul style="list-style-type: none"> • % Conversion among Aware T-Cs 	<ul style="list-style-type: none"> • Syndicated & Custom Survey • Concept Testing • Message Testing

		<ul style="list-style-type: none"> • % Utilization (for legitimate occasions/patients) 	
Repeat Rates	Determine the 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, dosing levels, etc.) 	<ul style="list-style-type: none"> • Home-Use Tests • Custom Surveys (e.g., Attitude, Awareness and Usage Study) • Salesforce 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 • Salesforce Reports

Other Important Measures

In addition to the aforementioned causal factors that impact sales and market share results, there are other critical diagnostic measures you might want to include.

These are a few for your consideration:

- **Growth Rates** – Specifically, what is happening to the growth rate 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 or trade-ups or compliance (or whatever behaviors we seek) that we expected for the selected segments?
- **Geographical Performance** – How are we performing by geographic area – country, state/county, promotion area, sales district?
- **Salesforce Feedback** – The salesforce operates on the front line—in the marketplace. As such, its personnel are 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. Namely, it aids in understanding the “why” behind the “what.” 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 life stage of your brand. If it is a launch brand, you may very want to measure weekly progress on retail distribution and access, salesforce 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 monthly. For existing brands, monthly measures may suffice for some of the causal factors. At the same time, others may extend to 6-months to a year or beyond (e.g., Awareness, Attitude, and Usage study, which can be quite expensive, particularly in low penetration categories). When and how often you measure depends on how you are going to use the information, costs, etc.

Finally, the measurements must be made available consistent with critically important reporting periods. If you have quarterly reviews with senior management, you must have completed an analysis of your dashboard before reporting on sales and market share performance.

Now it's up to YOU!

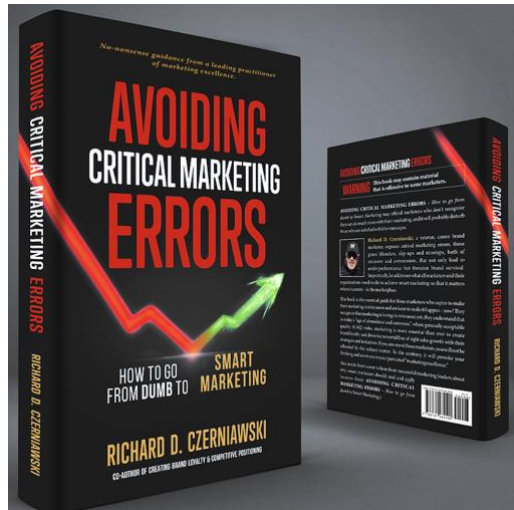
It's not enough to report sales and market share results! We need to understand what led to those results, which requires us to identify and measure causal factors. It's the only real way to understand the business, what makes it tick, and manage it effectively. Importantly, if we want to achieve sales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

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

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Thanks for your interest.

Peace and best wishes,
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