

## Pharmaceutical Marketing Efforts Create ROI Interactions

In recent years, direct-to-consumer (DTC) advertising from pharmaceutical companies has evolved from novelty status to a must-have in the marketing mix. But drug marketers recognize that no matter how many patients walk into their physicians' offices asking for the most recently advertised remedy for asthma or dry eyes, when doctors turn down patient requests, the ROI on that investment is less than zero — which is why they spend billions of dollars annually on "detailing," the practice of visiting with physicians one-on-one to promote the benefits of their product(s) over competitors.

The challenge so far has been to measure the interdependency between DTC and detailing and find the ideal mix.

In a recent study, researchers looked at antihistamines Claritin, Zyrtec, Allegra, and a fourth contender that represented all of the other antihistamines available. They found four important interactions: between detailing and DTC, between detailing and price, between detailing and other marketing efforts such as conferences or Web seminars, and between DTC and other marketing efforts. The interactions between detailing and price, between detailing and other marketing efforts, and between DTC and other marketing efforts were all negative — when the drug's price went up, the ROI on detailing went down; when detailing increased, the pharma manufacturer couldn't charge as much for its product; and so on.

Claritin emerged as the most preferred brand, followed by Zyrtec and Allegra, in that order. Detailing and price, independent of each other, attributed slightly more to Claritin's dominance than DTC advertising. However, DTC was found to clearly drive category volume by leading patients to talk to their doctors, and detailing then assures brand share by inducing doctors to prescribe the discussed drug. In other words, more DTC activity may make detailing more effective.

DTC and detailing both had a positive effect on each other's ROI. In simpler terms, a sales rep's call to a physician's office has a greater impact when combined with a television or print campaign that inspires patients to inquire about the drug being marketed, and vice versa.

Overall, detailing has a much greater impact on brand share than does DTC. Detailing also showed a greater ROI, especially over the long term. (Both DTC and detailing had lingering effects past the run of the ad campaign or sales force effort.) Increase the level of detailing, and get generous ROI but greater pressure on pricing — hey, nothing's easy. And because the ROIs for DTC are lower than the ROIs for detailing (and generally negative), the study's authors suggest that pharmaceutical firms reduce their expenditure on DTC after an initial push to drive category volume.



Inspired to test the interaction between elements of your marketing mix? Visit [www.marketingpower.com](http://www.marketingpower.com) and check out the October 2004 issue of *Journal of Marketing* for "Return on Investment Implications for Pharmaceutical Promotional Expenditures: The Role of Marketing-mix Interactions" by Sridhar Narayanan, a doctoral student at the Graduate School of Business at the University of Chicago; Ramarao Desiraju, associate professor and Ph.D. program coordinator in the department of marketing at University of Central Florida; and Pradeep K. Chintagunta, Robert Law Professor of Marketing in the Graduate School of Business at the University of Chicago.