The Absolute, Relative, and Incremental ROI of DTC e-Marketing

by Mark Bard and Joe Farris

The debate surrounding the strategic and economic value of having an online DTC strategy rings loud and clear at most global pharmaceutical companies today. Typical questions include … "Should we invest more in the product Web site?" "Do we need an unbranded disease portal?" "Do we even need an online marketing strategy?" Although key criteria such as the product life cycle stage, competitive landscape, and therapeutic category must always be taken into account when answering these questions, there is generally a real need for an online marketing strategy that supports and optimizes the overall product strategy. In general, the key questions are where and how the online strategy creates disproportionate and sustainable value for the brand.

We have firsthand experience with our clients, and years of data documenting the evolution of the online consumer, proving how the Web is a powerful component to an overall DTC marketing strategy and how it can enable a brand team to achieve new heights with respect to customer reach, ROI and total Rx sales. If properly leveraged and integrated into the overall strategy, the value is clear -- it has the potential to be a facilitator and a motivator for patients who are already seeking additional information. Although the role of using the Web for primary awareness of the product and therapeutic category is very important, we will focus on the power of the product Web site as a conversion tool in this article and illustrate how the Web strategy fits into the overall marketing continuum – from initial engagement all the way to loyalty marketing.

Though a challenge, it is necessary to evaluate an online marketing strategy on many levels. For starters, the absolute impact, which is defined as the power of the strategy to drive traditional "success" metrics such as consumers requesting branded products offline after exposure to the Web, is a key starting point for any brand trying to answer key questions such as "What is the conversion power of the Web site?" After assessing the absolute impact, the power of the site in isolation, it is critical to evaluate the relative impact and gain insight into how this channel compares to other traditional DTC conversion channels – such as the 800 number inbound call center. For example, what is the power of the product Web site in driving a call to action within the

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target consumer audience relative to the call center? We have seen several cases, across several therapeutic categories, where the “product.com” site was up to five times more powerful relative to other traditional channels with respect to conversion rates; this is information a product manager needs to know, especially when allocating budget and setting the overall brand strategy.

The last question a product team needs answered, albeit a very important one, is related to the topic of the incremental impact of the online strategy. We raise this topic, because we have often encountered the following scenario when evaluating the strategic impact of the online strategy. The product team claims the offline advertising created most, if not all, of the value and the e-marketing strategy was simply there to “collect” the most motivated consumers. Although the e-marketing team finds this difficult to accept, and knows the online strategy created value, trying to isolate the impact of the Web site free from any other channel impact is a significant challenge. Although understanding relative impact is critical, defining the incremental impact of one channel with 100% certainty is next to impossible. Why? Because consumers typically have multiple exposures to the brand before they ultimately take action. Can you realistically allocate 80% of the value to a television advertisement and 20% to the product Web site or another channel? Not with a methodology that satisfies most accepted marketing research standards, much less the product team and the e-marketing team at the same time.

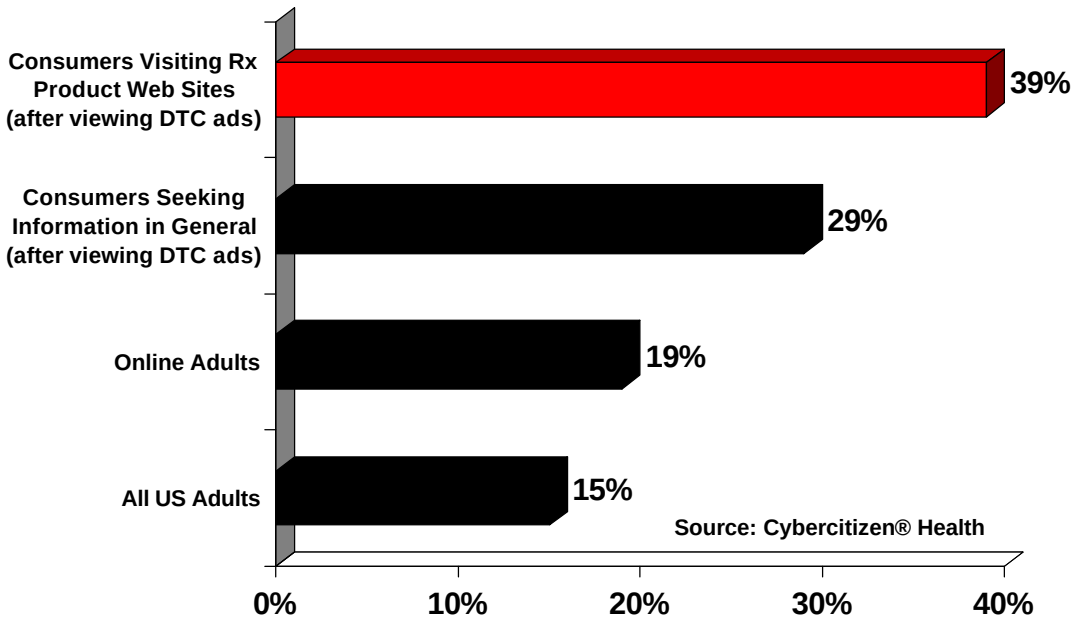
Although the Web may never be isolated as a unique driver – though many have tried – it can be explained in the context of the holistic impact of multiple exposures to the brand and the incremental impact of each experience or channel. Intuitively, most marketers agree the Web has some very attractive properties. While a product may get 30 seconds on TV and 1 or 2 minutes with a print ad, consumers are spending 5 or 7 minutes engaged in an experience online, whether its your product site or a lightly branded disease portal Web site. Valuing the level of engagement alone is an attractive, but highly esoteric, proposition. And, the Web has the unique ability to extend the patient education, motivation and empowerment, ultimately increasing the patient’s probability of having a successful brand request offline.

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Motivating Action Offline and Empowering Your Best Customers

Given that we are focusing on the strategic and economic value of the online strategy, we will look to metrics such as consumers' likelihood to request an Rx of choice to put some numbers behind different channels and strategies. Although requesting an Rx is not the only success metric, it's a good proxy for understanding relative value. Looking to data from Manhattan Research's Cybercitizen® Health database, we see significant differences between the various consumer segments (**FIGURE 1**). As a baseline, we find that 15% of all U.S. adults, and 19% of online adults, have requested a branded prescription drug from their physician. From here, we turn our attention to the segment of consumers (online and offline) who seek information after viewing a DTC ad (through any marketing channel). While 29% of those consumers seeking information through channels other than the product site have requested a product of choice, 39% of those visiting a product Web site report the same action.

Figure 1. Have Requested a Branded Rx From Their Physician



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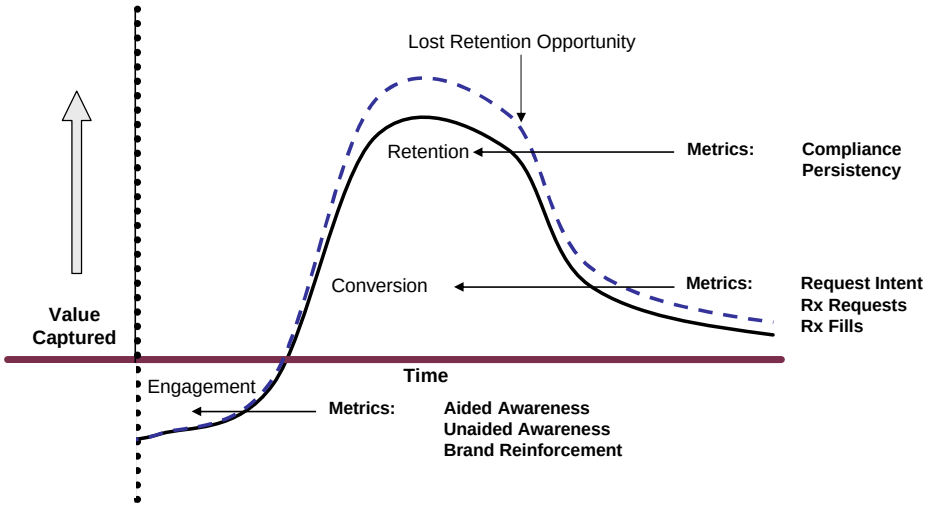
Although these data are not definitive evidence that the product site was solely responsible for the request, they do show the relative increased tendency within this segment – consumers who visit a product site after viewing a DTC ad – to request branded products of choice. This makes sense given that they were motivated enough to visit the product site in the first place. One could discount the value of the product site and argue that this segment was innately biased because they were motivated to take action and, hence, the ultimate outcome would have been the same with or without the product site. In other words, had there been no product site, they would have searched elsewhere for information and then requested the brand. However, this conclusion would be flawed – just because this segment was motivated to visit the product site does not necessarily mean you can discount the value of the site – the fact is that Web sites exist and there are other online options and sources for this segment. The learning here is that the product Web site is the channel of choice for seeking additional information among your best customers – best customers because they are more likely to request a brand. At a minimum, you should seek opportunities to exploit that behavior.

The Engagement, Conversion, and Retention Continuum

So, what is the optimal online strategy in context to the overall brand? And where and how is it creating disproportionate value? As we stated earlier, the Web tends to be a channel where consumers learn more about a product (**FIGURE 2**). Although initial engagement and primary awareness are important, we know that consumers get their primary awareness from numerous channels and the Internet is not typically the first place they learn about a drug – it is, though, where they learn much more about the product. Likewise, the Web also plays an important role in customer care, compliance and retention. That having been said, in this article we are exploring the disproportionate value it creates with respect to converting demand into action.

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Figure 2. The Role of "e" Across the Life Cycle Continuum



Experience has shown that the product site and branded online marketing destinations are proving their value as powerful conversion tools to many product teams. If you are creating primary awareness through print, TV, and other Web channels, you can continue that dialogue by motivating and empowering them through the branded online sites - with the goals of driving offline action and facilitating a positive outcome in the physician office.

Conclusion

As stated earlier, the Web is a known destination for a group of consumers who are already motivated to take action. The key question is how, and to what extent, that destination impacts product choice. For example, "Does it impact awareness, purchase intent, or compliance with therapy – or all three in different ways?" Understanding the absolute, relative and incremental impact is critical to the long term brand strategy.

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And while this group of online product site visitors is already in that category that is more likely to take action offline anyway, downplaying the role of the Web site is a likely mistake for many product managers and e-marketing teams seeking to rationalize costs. With the appropriate data, most product teams actually learn they are not investing enough in the Web as a strategic marketing channel relative to the value it is driving. It's important to understand how the online destination motivates this valueable customer segment – and ultimately results in the incremental Rx volume that may not have happened otherwise.

This gets back to the premise of this article; it's all about understanding the strategic role of your online destination and leveraging that knowledge to make intelligent marketing decisions down the road. Data enables knowledge and knowledge facilitates intelligent marketing strategy.

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