

Why pharmaceutical marketers must measure return on investment (ROI) to ensure profitable eDetailing campaigns

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Abstract: All types of pharmaceutical marketing should be subject to careful analysis of costs and financial return. eDetailing, although a relatively new marketing method, must not be treated differently from any other off- or online marketing activity and the return on investment (ROI) of an eDetailing programme is essential to ensure success. Pharmaceuticals marketers must avoid the temptation of using past marketing plans and adapting them slightly without taking into account the wider picture. So far the limited number of studies into the impact of eDetailing have produced positive results. This paper discusses the issues around ROI in relation to eDetailing in particular what should be considered, which metrics to use and expect results. This is supported by an example of an ROI calculation and a number of detailed case studies which illustrate the successful nature of eDetailing.

Why ROI is important

Although there are potentially a myriad of benefits from an eDetailing¹ programme any implementation of a system needs judged by bottom-line improvement. In the case of eDetailing this probably means increasing the numbers of prescriptions written or substantially reducing costs of a sales and marketing operation. It is usual business practice to calculate the return-on-investment on software investment and an eDetailing system should be no different.

What to consider in an ROI calculation

A company wishing to measure ROI must understand key factors that will determine the success of an eDetailing programme. These include; which type of eDetail to use (ie. virtual live/ scripted), which country, which products to use? which physicians to test the programme on? and which metrics to measure ROI by?

What products and physicians should be chosen for eDetailing to yield a high ROI?

Determining whether or not eDetailing is appropriate or not for a specific country or product is a key issue that must be considered prior to developing or buying eDetailing capabilities. Factors affecting whether to initiate eDetailing as well as which form of eDetailing to use will include;

- drug stage in drug lifecycle, and,
- segmentation of physician prescribing patterns.

Some different stages in the drug lifecycle are far more amenable to eDetailing than others. In addition, it is crucial that the physicians targeted are also chosen carefully. It is still a cost-consuming resource and some physician groups are clearly better targets for a savvy marketer than others and the eDetailing activities should be focused on these. For example, the quickest ROI win group of physicians to target seems to be high volume category, but low brand, prescribers.

Other physician types that could be suitable for eDetailing could include those in geographically remote areas that are difficult for sales reps to reach, particular medical specialities that are not normally detailed, or hard-to-see physicians in hospitals.

Which metrics to use in an ROI calculation?

The metrics used in calculating ROI are directly related to the objectives initially set (as with any business planning process). The metrics most commonly used are:

- length of detail,
- number of details per day,
- effectiveness of each detail,
- cost per detail,
- number of increased prescriptions,
- new prescription market share increase.

¹ For the purposes of this article eDetailing is defined as simply the use of digital technology, in the detailing process. Therefore many formats are possible including use of technologies such as the internet, video-conferencing and Interactive Voice Response (IVR) for enabling the interaction with the physician. It is important to remember that the “e” does not simply equal use of the internet. Any technology that can allow interaction with the physician is eligible. Appropriate technologies can be used to achieve the content and effect of traditional details, including educating the physician about products and interacting with the physician to answer questions regarding their individual information needs. eDetailing technology can also be used to offer samples, encourage product use and increase prescriptions written.

How are these metrics are being used to calculate the ROI?!

It is important to remember that ROI implies the concept of time, because 'return' happens over time. So what an ROI calculation really asks is 'What is my return on investment over time?' Without understanding time the ROI cannot be calculated. With regard to eDetailing, there are two main 'types' of time;

- Short period (probably 2/3 months) for a defined product marketing campaign.
- Long-term, taking into account all investment in technology and infrastructure. Software investments could be costed over a 12-24 month period. (i.e. a positive return must be achieved by the end of this period).

What is needed before an ROI analysis can be attempted is a time frame and a base line. In this example it would be figure for revenue/profit from a conventional detailing campaign. The metrics can then be plugged into the formula to determine ROI. One example used by Mednet Media follows;

pRx = profit from prescriptions written as the result of eDetailing (could use revenue)

Rx = base line profit

i = initial investment in eDetailing technologies

n = number of eDetails completed

c = cost per eDetail excluding initial investment

$(pRx - Rx) = a$ (profit attributed to eDetailing)

$(i / n) + c = b$ (actual cost per eDetail)

$b \times n = c$ (cost of campaign)

$(a / c) \times 100 = \%ROI$

This formula may contain certain assumptions but it is probably a good place to start. By measuring the incremental profits from increases in prescriptions written as a result of eDetailing (this will come from IMS or Synavant data), and then dividing these by the cost of the eDetails added to the development of the programme (start-up costs) a figure can be reached.

Naturally assumptions are made within this formula. The cost per eDetailing session is not necessarily completely straightforward since;

- the pharmaceutical company may negotiate price breaks after a specified number of eDetails have been performed,
- contracts with eDetailing vendors may state that the pharmaceutical company will only be charged for fully completed details.

However, it is best to try and find the average cost per eDetail for the purposes of ROI calculation.

Results to except

To date there is very limited data available and few detailed public case studies (see case study). Some headline figures from Physicians Interactive indicate a good level of acceptance from physicians and positive results for the pharmaceutical company. One study showed 39% of physicians after partaking in a 10 minute eDetail session requested to see a rep and 70% asked for samples. Another showed that after the implementation of an eDetailing programme the product's market share increased by 10% (against a control group of 3%) which was meaningful as each percentage point equalled \$40 million in sales.

One of the most quoted ROI studies comes from Novartis' US eDetailing pilot². Virtual reps using the iPhysicianNet³ videoconferencing-style system were able to complete 13 calls per day (compared with 8 for field reps), spend 9 minutes per call (compared with 3 for field reps) and deliver 2.7 details per call (compared with 1.6 for field reps). The cost per virtual rep was \$18,000 per year less than field reps and their cost per minute was \$14 compared with \$58 for field reps. The ROI was reported to be 20% higher for virtual detailing compared with the field reps. 58% of the doctors reportedly preferred their details divided equally between field and virtual.

² Details given by Bruce Kent, executive director of e-sales, Novartis at eHealthWorld conference, San Diego, USA in May 2001.

³ iPhysicianNet, 9977 N. 90th Street #300, Scottsdale, Arizona 85258, USA Tel: +1 (480)368 2768 103 email: info@ipni.com

At present the main emphasis of a eDetailing programmes is to directly and quickly increase prescription rates, rather than cut costs or build branding relationships online. However, in the future Mednet Media expects that ROI calculations will be used to measure brand loyalty. Branding can effect emotional prescribing by physicians and an eDetailing programme can reinforce the brand, thus this metric could become part of an ROI calculation.

One of the few detailed case studies is from US-based Physicians Interactive⁴ which shows how an eDetailing programme can increase prescriptions written.

Background

A large pharmaceutical company with a number two brand in it's therapeutic class which was near the end of its patented life had been supported throughout its lifecycle with aggressive traditional detailing and sales and marketing direct mail, journal advertising, physician education programmes etc. Despite this, market research had discovered that the doctors had very low awareness about the product's key selling point (USP). Since the product was nearing the end of its lifecycle, the expense of additional sales force time could not be implemented. The company turned to Physicians Interactive to develop an eDetailing programme to position the product as well as to educate the doctors about the products USPs. The company selected high category, low prescribers as their target doctors.

Implementation and results

Since the pharmaceutical company had little prior experience with the Physicians Interactive tool, it developed a comprehensive market research programme to measure the effect on prescribing habits, physician understanding of brand USP and attitudes towards eDetailing. They tracked a control group of doctors, the study group exposed to a single eDetailing programme and a third study group exposed to two sequential eDetailing programmes.

The market share of new prescription doctors who participated in the two sequential eDetailing programmes increased significantly from a 3.2% peak to a 9.8% peak within 4 months. Market share was more than 3 share points ahead of the control group at the end of the evaluation period of 7 months. The study group exposed to only a single eDetailing programme had results similar to the control group suggesting that multiple sequential programme exposures seems to be the key to changing prescribing behaviours. By calculating the ROI based on measuring the incremental profits from increases in prescriptions written as a result of eDetailing (from IMS data), and then dividing these by the cost of the eDetails added to the development of the programme, it was found that the eDetailing programmes profit contribution from high prescribing doctors created a ROI of 480%.

Follow-up interviews were conducted using the telephone with 100 participating doctors and these doctors were asked to choose key brand attributes. The study groups of doctors who had received eDetails ranked the top attributes higher than the control group showing a higher recall amongst those doctors who had received eDetailing. 60% of the doctors who had received eDetailing also reported learning something new from the programme. Considering that this particular brand had been detailed in the traditional manner for 6 years prior to this and had also had its usual blend of traditional advertising and marketing applied to this, the results are impressive.

Physician reaction

79% percent of doctors detailed with 'e' rated the programme favourably and believed that the company kept them well informed. They said that the eDetailing programme was a convenient source of information. The doctors in this study spent an average of 12 minutes being eDetailed. 68% of the doctors rated the eDetail better than a traditional detail due to it being easier and more convenient. The flexibility of the eDetail programme was rated highly showing that the doctors preferred to be in control of when and where they were detailed. Using the eDetailing programme, 60% of the doctors requested samples and 40% requested a traditional sales call suggesting that the programme seemed to support the traditional sales call effectively.

Summary

The study concluded that financial return was shown, and the eDetail had the ability to be used effectively for:

- New product introductions

⁴ Physicians Interactive, 2401 Commerce Drive, Libertyville, IL 60048, USA, Tel: +1 800 794 6757, Fax: +1 847 918 8977, Email: info@pi-edetail.com, www.e-detail.com

- New indications
- Latest clinical study results
- Label changes
- Medical education targeting high potential doctors
- Smaller brands needing greater visibility
- New competitive threat responses
- Sales force capacity limitations
- Persistency and compliance programme
- Reaching 'no-see' doctors (rural and sparsely populated areas)
- Products nearing patent expiration.

Who should measure ROI?

Currently the options available for calculating the ROI are:

- the pharmaceutical company themselves (often with the assistance of an independent third party firm in conjunction with IMS pharmaceutical data capture group), or an,
- an eDetailing vendor company.

Typically, this scenario involves some input from both parties outlined above, depending on the type of eDetailing system employed.

Currently, partially due to a lack of internal resources, and perhaps partially due to a lack of Internet expertise, pharmaceutical companies tend to outsource their ROI role to independent groups. This also adds integrity and impartiality to the data collection and analysis process. Vendors tend to be charged with tracking the length of the interactions and time of day and who they are with – which is also verified by the independent market research firms employed who also track these (just to be sure) and then make an ROI calculation for the pharmaceutical company.

Conclusions

eDetailing, when planned and implemented effectively, engages the physician, encourages repeat visits and allows the sales representative to be more productive. Productivity increases are in terms of more effective sales calls each day (virtually and face-to-face), decreased costs, and potentially increased sales. It should be noted that eDetailing is not appropriate for all doctors, all products or all of the time. Pharmaceutical companies need to review its products, the lifecycle of each product, segment its doctors and use a suitable approach with measurable return on investment. Moreover, it is expected to complement rather than replace traditional detailing.

All companies using eDetailing must initiate programme to measure return on investment. When calculating ROI it is important to ascertain which products are most suitable (this could depend on the product spot in its' lifecycle), which physicians should be chosen to participate, format of eDetailing and which markets to pilot in first. Other areas to consider are which metrics to use to measure the ROI, how are these metrics are used and who will calculate the ROI.

For further help and assistance with eDetailing, please contact Mednet Media <http://www.mednetmedia.com> in any of our offices:

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