

Patient Loyalty Programs: Not your typical Points Program

How to adapt consumer marketing tactics to improve medical outcomes and your bottom line

The Client: A top 10 pharmaceutical company competing in a chronic disease market where monitoring devices are critical for the continual management of patients' health. The client averaged about 25% market share in this "razor and blade" business across the Latin America region. In addition to monitoring devices, the client had other products on the market and in the pipeline that served the same patient population.

The Problem: The *short-term* business challenge was to gain market share in a competitive environment that had become commoditized. Price wars were the norm: heavy discounting or other promotions had eroded customer loyalty and deal chasing caused frequent switching. In addition, the markets were rather under-developed in terms of patient adherence to recommended treatment guidelines. With significantly lower sales than the market leader, our client could not expect to win the share-of-voice (SOV) game with top prescribers and pharmacists. The client's *longer-term* goal was to strengthen its presence in this market to pave the way for future products. The client knew that they would be competing in this therapeutic area for a long time and wanted to take the game to a different, level playing field where the market leader did not have an established advantage.

The Solution: Strategically, the Cogent solution aimed to increase patient brand preference and shift the brand selection from physician recommendations towards patient choice based on physicians accepting and endorsing multiple brands equally. Our client had previously experimented with mass marketing to consumers, but found it difficult and expensive to take to the next level.

To implement the strategy, Cogent recommended designing a patient loyalty program that incorporated several key elements to achieve core business objectives:

- Create educational activities to raise awareness of long-term benefits of managing this chronic disease more consistently (medical outcomes and market expansion)
- Provide incentives and rewards for patients to stay on treatment longer and more consistently (increased value per patient)
- Implement a referral program to drive new patient acquisition (market share gains)

The key was to establish a personalized approach that would benefit only our client and not spill over to benefit competitors (which arguably any mass marketing /education programs would do in a 3:1 ratio in favor of the competitors).

The Results: Our client designed and piloted a PRM (patient relationship management) program that achieved an increase in consumption per participant of over 200%, a market share gain of 6%, and an overall ROI of 133%. In addition, the program won the company's Marketing Excellence Award and was subsequently rolled out across the entire Latin America region.



The Situation

Consumers across Latin America generally did not follow the recommended testing routine – in fact, the average testing frequency was about 1/3 of the minimum recommended amount – thus seriously jeopardizing their long-term health (medical complications, disease progression) due to poor control of their disease.

For our client, these testing frequencies equated to an average profit margin per patient of less than \$50 annually, which limited resources to pay for a “one-to-one” patient relationship management program. Yet, the most adherent and loyal patients could generate profit contributions of more than \$250 per year – the only problem, our client did not have the data at the patient level to tell who those most valuable patients were. In fact, out of 100 diagnosed patients, maybe 35-45 had used our client’s product at some point, but only 8 were registered within our client’s database (having opted in when signing up for warranties and other benefits). And for none of these registered patients did the client have any information other than a name or an address. Nowhere did the client capture any patient data about time since diagnosis, disease state, total purchases, frequency of purchase, or anything else to segment the patient pool further.

The Vision: Go Beyond Micromarketing

If “micromarketing” is defined as finer and finer segmentation in order to allocate resources and customize offers or messages to each micro segment, then “one-to-one marketing” or “patient relationship management (PRM)” distinguishes itself by focusing on the relationship aspect between *each individual* patient and the business. A relationship based on mutual trust, commitment, shared objectives, and a continual learning process about each other is the foundation to create true win-win situations.

The vision developed over the course of this work was about more than market share gains and profit growth. It was to become the patient’s trusted partner and help them live better with their medical condition. Ultimately the goal was to improve medical outcomes by providing education, products or services, and support that went well beyond the client’s current offering. Knowing their customers better than anyone else would allow our client to partner with other suppliers and help ensure that only relevant and beneficial services were provided (offered) at the right time based on the patient’s true needs. This might include medical treatments, counseling support, exercise and diet information, etc. Of course, all these services will achieve nothing if the patient is not motivated to take advantage of them.

The Vision
“My trusted partner to help me better manage my health”

The Customer Experience

Customer testimonial (hypothetical):

- *I have always received personalized attention - Co. X seems to anticipate my needs before I express them*
- *They (Co. X) have been able to help me with all aspects of managing my medical condition - from information, to peer support, to nurse hotlines, to financial assistance, to physician referrals, to product support, ...*
- *I've stayed with Co. X because they truly provide valuable services beyond the basic product - without their help, I would not have kept my disease as controlled as I have*
- *With their valued customer program, I know that I am getting the best deal long term - and special incentives can't tempt me to switch*

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Intimacy, Mutuality, Commitment, Trust

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Designing the Right PRM Program

The key challenge for the program design was to achieve both long-term strategic objectives and shorter-term financial goals at a cost that could be funded out of the already low profit contribution per patient. How to design a program to improve health outcomes, strengthen customer relationships, and increase market share and value per patient for much less than \$50 per patient?

To achieve these objectives, the program needed to:

1. Motivate patients to participate actively in the program
2. Capture important patient level information that could drive a personalized approach to each individual
3. Educate patients on the disease, treatment & monitoring requirements, and long-term benefits of adhering to a recommended disease management process
4. Generate behavior changes that would benefit patients as well as the client
 - a. Increase frequency of testing
 - b. Generate referrals of new patients to our client's products/services
 - c. Achieve patient loyalty/retention by reducing switching to competitor products

At the end of the day, a program was designed that combined a traditional points & reward approach with educational and entertainment elements. Each element was piloted separately to determine which ones had the biggest impact and could be executed most efficiently.

Reward points could be earned in several ways: (a) purchases of the disposables for the testing procedure, (b) referral of new patients to the program, and (c) participating in “edutainment” activities. Initially, points earned could be redeemed for free product. Ultimately, the rewards would be expanded to include not only free product, but also other benefits such as participating in activities related to healthy life-style, getting discounts on *other* products used in managing this disease, or being invited to courses, speeches, and events tailored to the individual's unique areas of interest. All rewards had a dual purpose: to incent the patient to continue to participate in the program as well as to provide a tangible benefit that was related to the patient's health and well being.

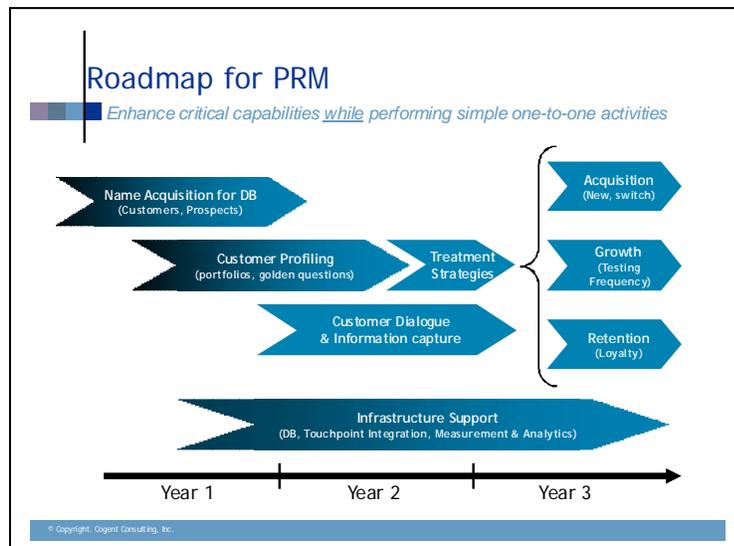
The “edutainment” consisted of quiz questions that would simultaneously educate the patient about various topics related to their disease, while also providing the thrill of being able to earn bonus questions and more reward points if the quiz question was answered correctly. In combination with other information provided to program participants, the goal was to educate and encourage healthier living.

The ultimate objective was to not only incent simple, short-term behaviors (testing), but also reward successful long-term achievements of medical objectives (e.g., maintaining weight, blood levels, etc.). This required a higher level of patient interaction, including medical check-ups, and was piloted with a subset of the total participant pool only.

Extensive modeling and what-if scenarios were conducted to ensure that the program remained financially viable.

Implementation and Required Capabilities

The challenge with this as with most other customer relationship management programs is to bring together a number of cross-functional capabilities – all tightly aligned around the shared vision of the desired customer experience. Instead of building huge infrastructures up front (IT, analytics, logistics, advertising, etc.), the key to success is to build the minimum required and expand capabilities when they are needed. Cogent laid out a three year roadmap that detailed the critical requirements to support the program and provided time for early experiences to inform future needs.



Next to the detailed implementation plan, the most critical success factor is to define tangible metrics to track the program’s impact. Some examples of CRM metrics are:

1. # of customers in program or % penetration of total customers
2. % of desired customer info captured in database
3. Change in testing frequency
4. # of referrals vs. new customers
5. % of quiz questions answered correctly (= knowledge level)
6. Customer “quality” (vs. non-participants)
7. Customer retention

A measurement plan was developed that defines how each metric is calculated, where the source data comes from, how often data will be refreshed, and what the short-, medium-, and long-term goals are for each metric. From day one of the program pilot, results were tracked using a dashboard that senior management reviewed on a monthly basis. Based on early results, the program was rolled-out to the rest of Latin America ahead of schedule

Results

The program has been a resounding success for our client: Not only did it generate excellent participant feedback, it also achieved very positive financial results (133% ROI, 6% market share gain, and a 200% increase in testing frequency among participants). In its second year, it won the corporation’s annual Marketing Excellence Award in recognition of a novel and well-executed marketing initiative that paved the way for the future. Looking forward, the client is now able to leverage its strong patient relationships to find new ways to achieve better medical outcomes in this important therapeutic area, not only through offering a valuable treatment, but also through supporting individual patients’ needs along multiple dimensions (education, counseling, motivation, peer support, life-style changes, etc.).