

## Finding Growth in a Stagnant Market – Crisis or Opportunity?

*A stagnating market, flattening sales growth, dominant market share, and a new competitive market entrant all point to the need for a new strategy*

**The Client:** A mid-size pharmaceutical company with revenues exceeding \$2 billion faced a critical decision for its largest product and primary driver of growth. With slowing sales increases and other products still several years away from reaching critical scale, a solution was needed to maintain the company's top line trajectory while managing profitability at the bottom line.

**The Problem:** With overall market growth slowing to a crawl, and having attained more than 50% market share, there seemed little room left for product growth. Was the only viable strategic choice to milk the product's excellent market position and focus on a few more years of managing profitability? Or were there opportunities to invest aggressively and maximize the product's potential for the remaining years of its patent-protected life?

**The Solution:** Cogent Consulting was retained to assess the market situation and determine how best to align marketing resources in order to realize the full potential of the product. We created a foundation for fact-based, objective decision-making, which enabled the company to end an internal impasse and reach consensus about the nature of the opportunity and the strategic direction to pursue.

Cogent Consulting followed a three-step approach that included extensive market data analysis as well as frequent, interactive discussions to build understanding and ownership for the final recommendations. We

- identified and quantified the size of the opportunity across a number of individual levers;
- mapped the influence of different customer groups on the levers that determine product sales and usage; and
- prioritized areas for resource re-alignment based on the size of the opportunity and key influencers.

**The Result:** The management team agreed to follow an aggressive market expansion strategy, shifting its investment focus from the more traditional market share goals toward the "hidden" growth opportunities of patient identification, treatment initiation, optimal treatment algorithms, and patient compliance and persistence.

### **A common issue**

In an age when blockbuster drugs are marketed to their fullest potential to all influencers and decision-makers, managers of small- to mid-size products often struggle to prioritize where to invest their limited marketing budgets – forcing trade-off decisions based on expected impact of each investment that larger marketing budgets don't require.



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Faced with slowed growth and a gaining competitor, our client posed some common questions:

- Is there still a growth opportunity and where can we find it?
- What is the realistic potential for growth?
- Who are the critical customers driving the business?
- Are resources appropriately allocated?
- What is the overall level of investment required and what is the expected level of return?

### Choosing a path

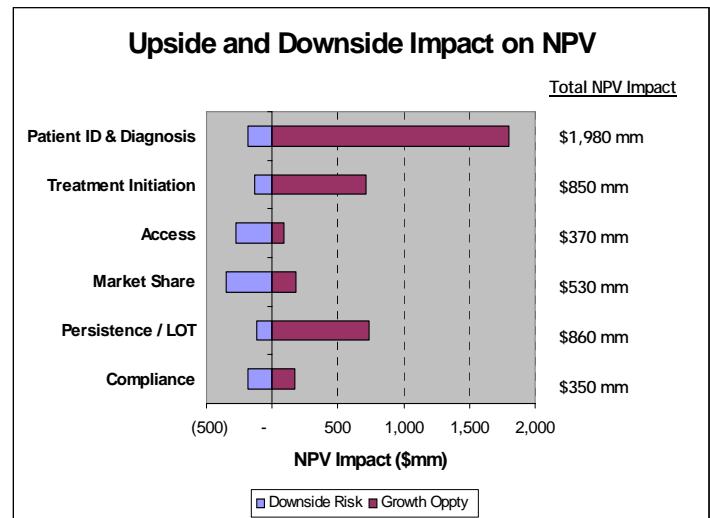
We reviewed the market dynamics and the product's current performance along a number of critical levers, including rates of diagnosis, testing patterns, prescriptions, payer coverage and reimbursement, unfilled prescriptions, and patient compliance and persistence to determine both the current and expected future value of the product. Along with this analysis we determined the factors that contributed to lagging performance in some areas, which enabled us to agree on the realizable potential to grow the market and product performance in each of these categories.

For example, we found that the condition was a largely under-diagnosed and under-treated disease and that increasing the number of patients identified and treated represented a much larger and more readily achievable goal than growing sales through market share gains or reimbursement and pricing strategies.

These analyses led us to the conclusion that there was indeed significant room to grow the category and we proceeded to develop a market expansion strategy. As long as the product maintained the dominant market share position, our client would reap the majority benefits of broader market expansion investments.

Leading and expanding the market meant:

- Making the disease a high priority health condition for all health care professionals (e.g., physicians, nurses, payers, etc.)
- Broadly educating consumers (and professionals) to overcome misperceptions regarding the nature of the disease and treatments available
- Establishing clear and simple diagnosis and treatment standards
- Promoting the long-term benefits of treatment to achieve higher patient persistence and fewer early drop-outs





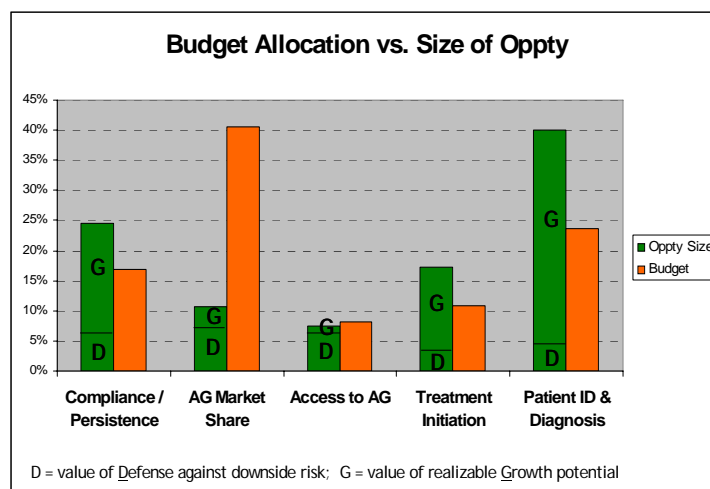
## *cogent case study*

### **Identifying key decision makers and influencers**

Shifting the strategic focus from one of market share dominance to market expansion had obvious implications for our customer target groups. While health care professionals (HCPs) still played a critical role, the importance of patients, their families and peers to drive market growth was now nearly equal to that of HCPs. Influencer mapping showed that consumers controlled almost as many decisions or behaviors that would generate growth in total market value as did HCPs.

### **Realigning resources**

As in many mid-size companies, the marketing budget was directed heavily toward traditional marketing and promotional activities. For example, more than 40% of the budget was directed at market share protection and nearly 60% was focused on physicians. Limited resources were allocated to complementary marketing objectives and to less traditional customer groups including patients, disease associations, patient advocacy groups, pharmacists, and even physician associations. These untapped influencers became much more critical in light of the strategic shift from market share focus to market leadership and expansion. A comparison of the budget allocation with the relative importance of each of the levers for growth revealed an obvious opportunity to shift investments to align more directly with the strategic objectives of market leadership and expansion.



The solution became clear and the company is now in the process of implementing a new strategy to ensure many more years of measurable growth and profit through appropriate marketing investments.

*Cogent Consulting can help you apply measurable, data-driven strategies to your commercial planning and portfolio management. To learn more, contact Cogent Consulting.*