

# Regional Marketing Strategies

Many new factors are driving the need for regional segmentation.

*Critical to*

**BRAND SUCCESS**

**T**he playing field has changed. Life-sciences companies are working with reduced budgets in more dynamic and diverse markets spanning the world. It's the proverbial do-more-with-less situation. As marketers are ever-more mindful of cost-savings and ROI, it must use more targeted methods to make every dollar count. Our thought leaders, key experts in the field, outline the many factors driving the need for regional segmentation, define what regional marketing means in today's environment, and discuss the challenges and how best to meet them.

## Regional Marketing in Today's Marketplace

Regional strategies can help companies be more targeted and more nimble in their marketing and sales efforts. In summary, companies need to:

1. Abandon the peanut-butter approach.

2. Address a fast-changing marketplace that requires specificity.  
3. Avoid pitfalls of cultural divides.

**SCOTT WEINTRAUB**, HRM. There are two key reasons why regional strategies are more critical to brand success today: reduced budgets and brand variation. Unlike in the past, when many brands and categories were experiencing double-digit growth and marketing/sales budgets were large, today the peanut-butter approach — spreading your resources evenly — is not affordable. Brand marketers need to figure out which resources will work best in each sales territory and only deploy resources according to brand needs, which we call local

drivers. In terms of brand variation, the typical brand has a share variation of +500% when comparing the strongest district to the weakest district. Such variation, combined with different customers having different needs, makes a one-size-fits-all marketing approach both inefficient and less effective than focused marketing.

**TOM RUGGIA**, ALCON. Agility in the marketplace is more important today than ever before. A regional marketing approach can address this better than a traditional global marketing or by-country organization approach. Changes in market dynamics are faster today than in previous decades. In medical devices and pharmaceuticals, country-specific regulations on approvals, submissions, marketing practices, and government controls on price are evolving rapidly. An effective regional marketing strategy can create an environment where a company can adapt to the changes that are happening and anticipate them. Gone are the days that a fast reaction is

acceptable for growth. To win in today's healthcare markets, a company must anticipate and plan for execution well in advance of the market. At Alcon, we have developed a regional marketing approach that is aligned and works closely with different functions, such as regulatory affairs, government relations, and market intelligence to advance our business. Our regional marketing teams have worked in complex country markets to shorten the time to approval and launch at an appropriate price. Even in markets such as Korea, China, and Thailand where regulations are complex, our teams have made significant progress working together, led by a regional marketing strategy.

**CHRIS DEANGELIS.** SSI. Localization is critical for two reasons. First, companies need to make sure their targets understand their messaging. Second, it's important to avoid what I call cultural cringe. For example, Australian respondents are alienated by the assumption that they are the same as U.S. audiences. While there are many common cultural elements between the two countries, the average Australian can quickly identify documents or videos that come from North America by the small differences in the way that people talk and dress. We see the same challenges between Australia and New Zealand, even though most outside observers would consider them very similar cultures. New Zealanders can recognize Australian wording and phrases and don't see the relevance of Australian issues to their lives. These kinds of cultural divides are exacerbated when looking across a wide variety of countries. People from different cultures can view themselves very differently and their role in a society. Therefore, people have varying degrees of willingness to talk about certain topics they may perceive as personal or sensitive. For example, in some countries

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**“Regions should be aligned based on similarities in factors that affect customer behavior.”**

**GREGORY FORD / IMS Health**

women's health issues may be off limits.

**GREGORY FORD.** IMS HEALTH. Today's brand teams have limited resources and need to be most efficient in their efforts. The days of mirrored salesforces and shotgun approaches to advertising are behind us. Instead, brand teams need to segment customers based upon behaviors and the characteristics and factors that drive the behaviors in order to align resources and programs strategically. By segmenting customers, whether they are IDNs (integrated delivery networks), group practices, physicians, or patients, brand teams can be most effective and reduce wasted efforts.

**CHRIS DEANGELIS.** SSI. People, cultures, and markets are different and require localized knowledge and approaches. The Asia-Pacific region, for example, spans a third of the globe and is home to many cultures and countries,



**“For brands to succeed, marketers need to understand what makes each target market unique.”**

**CHRIS DEANGELIS / SSI**

as well as about half of the world's population. While there are some common themes across countries, each country is unique. Culture, legislation, and lifestyle factors can be enormously diverse among different regions — and even among countries in the same region — so marketing messages and the market research surveys on which they are based can't be literal translations. Culturally appropriate messaging and survey content are vital, as is the overall tone of communications. In Japan, for example, it is essential to speak to audiences with the utmost politeness and respect to a point that may even sound exaggerated in the United States or European Union. Respectful words and expressions are a must. Marketers need more than a regional strategy; they need strategies that drill down to countries and individual markets within those countries. For brands to succeed, marketers need to understand what makes each target market unique. For example, Japan represents a mature economy with an emphasis on quality as a differentiator, but it is a market with low growth. China is growing rapidly, but not necessarily evenly. The consumer class in China is equivalent to the entire population of the United States, but China is diverse and there are some real differences between first- and third- or fourth-tier cities. Demographics also vary greatly among countries. In some nations, people under 35 make up as much as two-thirds of the population. In contrast, Japan has an aging population. To succeed,



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“ At Alcon, regional marketing has been a strong influence in all business development projects.”

**TOM RUGGIA** / Alcon

marketers must work closely with market researchers to understand the profiles of local patients, caregivers, and healthcare professionals. All marketing and sales strategies must be appropriately localized.

### Regional Segmentation is More than Geography

Regional marketing should not be confused with geographic segmentation. There are many other elements to be examined in a regional marketing analysis, such as population variables — income, language, demographics, logistics, regulatory environment, lifestyles, and healthcare practices — as well as payers, providers, products, and prescribers. In summary, companies need to:

1. Explore all population variables, such as income, religion, etc.
2. Develop regional analysis to support alliances, partnerships, and portfolio decisions.
3. Establish metrics to help create better-aligned virtual districts.

**CHRIS DEANGELIS.** SSI. When considering marketing and market research among patients in different countries, it is important to take into account a full range of variables and population segments, in terms of income, language, demographics, logistics, regulatory environment, lifestyles, and healthcare practices. In addition, in some countries, it is important

to take into account social values and even religion to an extent. In terms of legal restrictions in countries such as Singapore, Hong Kong, and Japan, there can be very strict privacy regulations. When doing marketing research for healthcare, it's critical to understand what can be achieved. Healthcare surveys in China, for example, are subject to self-censorship. No market research can be conducted unless a company has been officially accredited by the Chinese Bureau of Statistics, which is a high-level agency that oversees the data streams going in and out of the country. There are guidelines about what types of subjects can and cannot be researched and the boundaries can be unclear. It's up to each company to know how far to go and to work with partners that have the local expertise to provide guidance.

**TOM RUGGIA.** ALCON. Portfolio adaptation is an area where companies can leverage regional marketing. I read an article recently about the auto industry developing different lines of cars for India, Russia, and Brazil. This is an example of how regional marketing can have a drastic impact on the top line for a company. Companies with strong regional to global feedback loops can evolve their portfolios to meet the needs of a market and compete more voraciously, without compromising their focus on premium segments. The introduction of country-specific autos in India will not impact marketing of premium brands in the United States or the big five European countries. Companies can take this approach to re-evaluate the offerings they can provide to markets without offering them globally. At Alcon, we have worked on this local approach to portfolio segmentation. In markets such as China and India with tiered segments, we have successfully marketed offerings at various price points satisfying patient needs. Many of the offerings to lower tiers are brands that are no longer top-selling brands in the United States, Europe, Japan, or Canada. Newer brands have evolved in the premium markets, but standard brands can still perform if proper strategic segmentation is applied. The artificial tears category is one where this approach is particularly effective. Alcon offers the premium Systane brands in all markets globally, but focuses on classic standard brands like Tears Naturale in segments where price challenges exist. This strategy was possible due to solid regional marketing business planning in conjunction with global marketing and country-based professionals. In developing mar-

kets, multinational companies are looking to strategic partnerships with local players as an engine for growth in the future. Regional marketing can be a supporter or driver of decisions in regional manufacturing alliances, third-party logistics provider relationships, advertising commitments, and many other decisions that impact brands. They can also get involved in alliances, acquisitions, and licensing. Excellent regional marketing can be a force in these areas and mitigate the risk of having one set of eyes on a decision. At Alcon, regional marketing has been a strong influence in all business development projects. Again, the strong alignment between country/regional/global marketing groups at Alcon makes this possible.

**SCOTT WEINTRAUB.** HRM. Let's start with the definition of regional marketing: identifying and leveraging the variation in brand performance and creating scalable, yet relevant solutions that deliver overall brand growth, market by market. From a quantitative perspective, we need to evaluate all six “Ps” of brand performance: payer, provider, population, product, prescriber, and place, or distribution. Within each P, there can be 10 to 50 metrics — which means marketers need to evaluate 100 to 250 different metrics overall — so it involves much more than simple geography. Once the metrics are analyzed, sales districts then need to be grouped with like districts, also known as virtual regions. The most advanced companies are combining this rigorous quantitative analysis with qualitative analysis to further uncover local insights.

**GREGORY FORD.** IMS HEALTH. Geography is used in regional marketing to segment because it is an easy proxy for drivers that matter. Geography is the interaction of individuals within a local healthcare system that drives the use of products and services. A more precise segmentation would incorporate the specific drivers of physician and patient behavior, such as the disease, severity, and demographics of the patient, managed care restrictions, and provider access for those patients. Regions should be aligned based on where there are similarities in these factors that affect customer behavior. Market players, such as physicians, in the same environment are likely to act more similarly compared with those operating under different circumstances.

### The Challenges of Regional Marketing

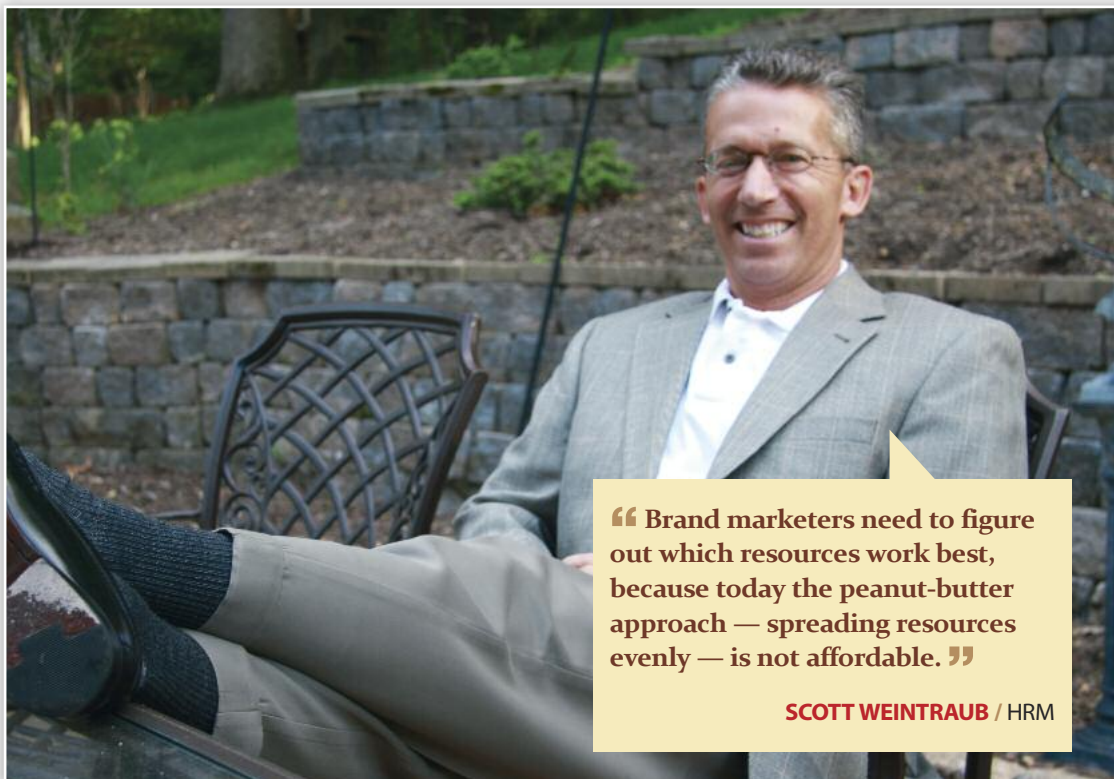
Managing and training knowledgeable per-

sonnel, having an awareness of the many differences not only between countries, but regions, and realizing what brands can be localized successfully and which cannot are just a few of the challenges facing the industry in terms of regional marketing. In summary, companies need to:

1. Recognize diversities of each region and country.
2. Train their people and keep them knowledgeable.
3. Keep market research approaches flexible.

**CHRIS DEANGELIS**, SSI. It's important to understand which aspects of a marketing plan can be globally consistent and which must be adapted by country. One of the biggest challenges marketers face is achieving the right balance between keeping the brand identity and being appropriate and relevant in local markets. To achieve that balance, it's critical to know the market and the different segments within each market. Marketing and market research approaches must be flexible to meet regional needs. In China for example, most research among patients and healthcare professionals is conducted in tier one or the largest cities. Americans tend to think of markets as more homogeneous and approach market research in terms of nationally representative samples of patients, caregivers, and physicians. The type of geographically dispersed, representative samples and market research techniques that we take for granted in the U.S. market just wouldn't make sense in many other regions. Research for healthcare has to be built by identifying segments within countries and then localizing, country by country.

**TOM RUGGIA**, ALCON. Finding the right people with the right mix of strategic thinking and execution orientation is not an easy task for most companies and is one of the biggest challenges. To do regional marketing properly, a company must find people who are willing to relocate, sometimes several times, and those who are willing to travel and spend time in markets where the biggest opportunities exist. Allocating resources is a distant second to finding the right people for the post. Another challenge is aligning with the local operations teams. One way to close this gap is training and developing strong marketers in the country organizations. Regional marketers can provide a performance development approach for local teams and develop a bench of qualified candidates for their own succession plans. We have developed a sequential training program for marketers



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**SCOTT WEINTRAUB / HRM**

based on the core competencies important to their success. We have developed and implemented programs for marketers in brand development, financial metrics, and advocacy development to name a few. Regional marketing serving as a training organization creates alignment from the beginning. This approach has also led us to develop standard marketing plan templates, launch plan templates, and portfolio plan templates. Adherence to one set of presentation and planning templates has helped decision-makers in operations make proper and swift decisions important to business growth.

**SCOTT WEINTRAUB**, HRM. When it comes to regional marketing, we have identified four common challenges. The first challenge is team knowledge. Unfortunately, there is more misunderstanding than clarity when it comes to regional marketing. The two biggest problems are that marketing folks think regional marketing means simply focusing on the payer and integrated delivery systems, whereas sales teams believe that they can create their own strategies and messaging. Second is the challenge of fully understanding local scalable versus local non-scalable drivers. While a big driver of performance in Brooklyn, N.Y., might be to focus on healthcare professionals who treat a disproportionately high number of Russian patients, unfortunately, this might only be a driver in Brooklyn and not anywhere else in the United States. While we can't continue doing one-

size-fits-all marketing, we need to develop virtual regions that have similar drivers and cover at least 10% to 15% of the United States — a single sales territory is too small and not scalable enough. The third challenge centers around national brand strategy. Another misunderstanding is that some executives think they can stray from the national brand strategy/message to meet a local need. This is incorrect, because the national brand message is sacred; execution can vary, but the strategy needs to remain focused. And the fourth hurdle is that regional marketing execution is ongoing. Often the question is how long will a regional marketing plan take? The answer is as long as it takes to market a brand. The fact is, a brand is marketed from launch to patent expiration. Ongoing execution is critical; it is not a check-the-box exercise. The most advanced companies are using an ongoing quantitative and qualitative listening post to continually and systematically stay on top of regional differences and shifts. **PV**

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# The More You Know, the Smarter YOU SPEND

Regional marketing brings information pertinent to ROI to the table.

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hen it comes to meeting the challenges of ROI in today's market, the answer lies in the details — details that lead to a bet-

ter understanding of regions and their populations, which in turn leads to improved budget appropriation. Understanding the variations in market, region, or district can lead to better performance by identifying strategies for sales growth and market share that a broader, nationally focused marketing plan could not hone in on. Understanding market variations and the key drivers behind these variations give brand marketers the opportunity to develop an on-point regional strategy that results in increased sales and improved ROI.

“The best way regional marketing can help improve ROI is by better allocating resources based on local market drivers to the sales districts where each resource will matter most,” says Scott Weintraub, chief marketing officer and principal, Healthcare Regional Marketing. “We worked with a brand that was losing share in each and every sales district in the country. By performing a district-level regional driver analysis, we determined that the 100+ sales districts should be regrouped into four virtual regions. The current brand resources were re-allocated based on the virtual region drivers, and we developed additional resources based on local market needs of each virtual regions. After just six months, share erosion stopped, and the brand has grown as much as 15% in some territories.”

This is the same type of comprehension that is necessary at the patient level, says Gregory Ford, senior principal, IMS Health.

“The best way to improve ROI is to begin with a deep understanding of each region and the factors that have the biggest impact on physician and patient behavior,” he says. “Based upon these insights, brand teams can imple-



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**TOM RUGGIA** / Alcon

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“The best way regional marketing can help improve ROI is by directing better allocation of resources based on local market drivers.”

**SCOTT WEINTRAUB** / HRM

ment different strategies for each area. We've found that anonymous patient-level data provides the most complete understanding of the environment and how customers react.”

For example, the ROI of a co-pay program is dependent on the subsidy amount and its real impact on patients' out-of-pocket costs, which differ based upon the localized formulary tiering for the brand. Co-pay programs that target areas where the brand has a non-preferred formulary placement, and higher co-pays, are more effective at swaying patient behavior.

“Programs that take into account the local managed care environment will be more successful than those that don't employ this precision,” Mr. Ford says.

Regional marketing not only has the ability to improve ROI, it can also create a nimble organization by reducing costs.

“When regional marketing and global marketing are in close communication, the strategic approach a company takes to local markets is much more effective,” says Tom Ruggia, head of marketing and performance development, Alcon Asia. In India for example, almost every company in the industry is working with local manufacturers and strategic partners to better serve the various tiers of the Indian population.

“Reducing the costs of doing business in these circumstances can keep a portfolio profitable,” Mr. Ruggia says. “Regional market-

ing can guide an organization to make the proper decisions to meet the needs of the market.”

Developing the skills of local marketing groups is also important to increasing the return a company sees on its investments. Efficiency and effectiveness in the local teams can help companies develop stronger marketing plans, adapt to local changes faster, invest for growth, and cut waste. Regional marketing can be a driver of this development.

“Effective regional marketing can be a leading force in global marketing plans process as well,” Mr. Ruggia says. “When a company approaches planning in a holistic and cyclical fashion, planning can be more effective than traditional point-in-time marketing plans.”

Developing brand guidance from a global strategy team, pushing this to the markets

through a regional team, and then starting the cycle in reverse with an amalgamation of country plans are the steps to developing a regional marketing plan that focuses on key markets for sustained performance and growth. This approach should also be the backbone for the global guidance developed for the following cycle, thus completing the feedback loop and beginning it again, Mr. Ruggia says.

“We have been evolving this approach over the past five to 10 years,” he says. “We now have a very effective planning cycle model that uses the strengths of regional marketing, global marketing, and local marketing teams. Top-down approaches are less a way of doing business, with collaboration being the driving force in planning. This has helped us maximize returns on investments and set proper stretch targets for all brands.” **PV**

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