



THINK LIKE A CONTRARIAN

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Definition: A contrarian is a person who takes an opposing view, especially one who rejects the majority opinion.¹ Sometimes market research reveals something that is contrary to conventional thinking. To capitalize on that revelation is to be a contrarian.

Conventional thinking says to spend heavily in the first year and subsequently cut back as sales accelerate, so as to generate some positive cash flow.

ACNielsen HCI has been able to help numerous American clients to analyze their Campaign Tracking System survey results against changes in unaggregated doctor-level prescription data. Only the 72% of campaigns successfully leveraged used support promotion to leverage their sales force's activity with support promotion. Looking at these successful campaigns more closely reveals insights that go against conventional thinking.

Most marketers realize new brands do not make money in the first year after a launch into a competitive market (Table 1). ACNielsen HCI showed that \$1.00 spent on detailing returned only \$0.80. Support promotion leveraged the sales force's impact by 35% to \$1.08. Breaking even, allowing for cost-of-goods, is likely \$1.25 or slightly higher. However, in subsequent years, detailing's return is strongly positive and with leveraging increased by 40% or more. Many

would interpret this finding as an opportunity to curtail spending. The contrarians amongst you realize the opposite is true; spend more now to penetrate the market faster and bring forward in time future sales. Only unique products can expect to make money on their promotional investments in the first year. Even these brands can benefit from leveraging. Are you a contrarian?

Only 72% of campaigns successfully leveraged their sales force's activity.

To date, our Canadian research has revealed only two of 20 brands (*i.e.*, 10%) can claim they successfully leverage their sales force successfully. Most could make some adjustment to remedy this. Some need to start over. Do you know how or if your promotional campaign needs to be modified? Can you be sure?

For more information about how to plan, optimize and monitor your promotional mix, contact Graham Davies at (416) 467-7005 or g@davies-strategic.com. **CPM**

Reference

1. Dictionary.com Unabridged (v 1.1); Based on the Random House Unabridged Dictionary, © Random House, Inc. 2006

Market situation/ years in market	# of campaigns tested	Detailing (D) \$	Print + D \$	% (P+D)/D
Competitive market				
0 to 1	16	0.80	1.08	+ 35%
1 to 4	30	2.50	3.57	+ 43%
> 4	12	3.31	4.64	+ 40%
Unique products				
0 to 1	5	2.28	3.6	+ 58%
Total	63	2.2	3.14	+ 43%