Using Data to Enhance the New Product Launch

By Dave Janca, CEO, ValueCentric

With critical new prescription drugs introduced annually, an effective new product launch strategy is essential to gain market acceptance and quickly build market share. Successful pre-launch planning should be all-encompassing, addressing a product's distribution channels, forecasting, product availability and allocation strategy, sales and marketing planning, sales force training, visibility into the launch effectiveness and more. This pre-launch phase typically relies on limited comparative or historical information to position a product. However, post launch, ValueCentric, the leading provider of data management and performance analytics to the pharmaceutical industry, has found that manufacturers can significantly improve the monitoring of their new product in near real-time and reshape the traditional product launch process through the use of available data.

With the increase in specialty drugs, including the use of specialty distribution channels to get these new drugs to the market, a broader spectrum of channels needs to be monitored in order to provide the visibility necessary to proactively manage the new product in the finished goods forward supply chain. To refine the placement of product to areas of quicker sales growth, data that is accurate and immediately available becomes a critical component of the process.

For most traditional product launches, pharmaceutical manufacturers often rely on past launch experience and use benchmarks from a reference product or product groups to determine such key elements as initial product allocation, promotional distribution allowances, and likely reorder timeframes. Often, there is very limited information available and many manufacturers will rely on a hired team of experienced consultants to help them determine different variables of the product's launch. Post launch, manufacturers historically waited to receive script-level data generated from the marketplace and often relied on surveys of wholesaler sales and inventory patterns. Information providers, such as IMS or NDC Health, typically incorporate a lag time following the sale of a given script and may not be as current as necessary considering the fragile nature of new product launch

management. There is also pressure on the extrapolation process around this information due to the encroaching limitations of script-level data. Moreover, this data seldom includes complete trade sales and inventory information which can lead to accuracy problems with projected data.

New Practices of Today

Given the challenges of traditional product launch methods and information availability, leading manufacturers have sought help to more effectively utilize other available data to maximize the information around a product launch. As a by product of the move to Fee For Service Agreements in the distribution channel, manufacturers have access to more data that can be very timely and quite effective in improving post-launch product management. While some companies continue to rely on traditional data providers to measure product launch success, the price for the data may no longer be cost justified. New products can now be tracked using standard EDI transaction sets such as the 852 Product Activity and the 867 Product Transfer (sales) sets on a daily basis. These standard transaction sets are shared widely by distributors and specialty entities today. Accessing these transactions via on-demand, next generation data management and performance analytics platforms can make the process quick and easy for manufacturers and allow them to have their fingers on the pulse of the industry as it reacts to the new product introduction.

Beginning immediately on the product's launch date, these data management tools can monitor, on a daily basis, a wide range of metrics associated with the launch such as; sales into and out of a distribution center, inventory on hand, service levels, forecasts, and end customer acceptance by channel category. Reporting this information in near real-time (as of close of business last night) executives can closely manage and adjust their existing product launch projections. These adjustments are often critical to achieve anticipated financial projections as well as manage any product inventory constraints and prepare appropriately for future production planning requirements.

Heightened Product Tracking and Response:
Streamlined Information Access

With data now assuming a more prominent role in the product launch process, several departments within a given manufacturer have come to rely on the information. When data is properly utilized, sales management, trade teams and market analytics, have the ability to streamline sales efforts, improve customer service and product placement, maximize advertising spend, and more.

With data as current as yesterday now being available, a manufacturer can monitor product movement and compare actual sales to projections over the next several months. This capability gives manufacturers the agility to adjust inventory levels where appropriate. In addition, with the data streaming through on-demand systems it allows the sales, trade, operations and other teams located anywhere in the field to access data via the web and adjust future demand for a given product throughout the launch process. Holding your breath until script data arrives, weeks into the future, is no longer the only option to track a new product's acceptance and performance in the market.

To take it to another level of granularity with access to more current data, the ability to see product movement from the wholesaler directly to the store/chain/hospital using product transfer data informs managers of how effective their sales and marketing is at a local level. The best on-demand tools can provide a marketwide or a class of trade view, and can pinpoint critical information down to the outlet level and relate that to zip-code territories if desired. Being able to quickly see product movement into specific dispensing locations puts more control into the manufacturers' hands. Customer service teams can also use the data to manage the delicate balance of new products to avoid lost sales or overstocks/returns. This capability has translated into millions of dollars of savings for manufacturers by better positioning their product and avoiding potential returns at a later date.

In addition, trade managers rely on product movement data to monitor Fee for Service agreement compliance with alerts that notify when a product is out-of-stock, or when there is a disproportionate amount of lost sales. Trade managers can immediately work with wholesalers to correct any potential new product launch related problems in a more timely fashion. As most manufacturers have found, the data allows them to establish a more collaborative and proactive approach to managing relationships with wholesalers, retailers and specialty companies. In the past, indirect customers (retail stores, hospitals, clinics) were often most effected by poor inventory management allocations, translating to a direct impact at the patient level.

Clearly, the accessibility to current, accurate, and available data enhances the product launch process. Data driven new product launch management will enhance customer service at all levels of the supply chain and will provide financial benefit to all participants. Manufacturers who have effectively used the data available to them have been able to more profitably manage their product launches and more proactively make adjustments to the benefit of the entire distribution channel and the patients.