Close-Up INTERNATIONAL

CASE STUDY

How Close-Up Helped a Major Pharmaceutical Company Improve its Prescription Conversion

A significant challenge faced by pharmaceutical companies is navigating the Sales Funnel. Despite a molecule's potential, only a fraction of its potential customers are aware of a specific prescription drug. Even fewer actively engage with it, such as by receiving a medical prescription that includes the therapy. Ultimately, only a small percentage of the Total Addressable Market may make a purchase. Hence, enhancing the conversion rate across funnel stages, particularly from prescription to sale, is crucial for revenue growth.

> **“After implementing the recommended changes, which included Sales Funnel optimizations, the company’s annulized revenue increased by almonst 50%.”**

This challenge is exacerbated in fragmented markets, where numerous products, including generics, vie for market share. In this article, we'll delve into how Close-Up aided a major pharmaceutical company in revitalizing its sales of a Rivaroxaban branded generic in Brazil. The management sought to comprehend why, despite their success with other molecules, they lagged behind most competitors in this fiercely competitive arena.

For this purpose, our team of consultants conducted a thorough analysis to find the best course of action. Upon implementing the recommended changes, which included Sales Funnel optimizations, the company’s annualized revenue increased by almost 50%.

Mapping Product Switches at Points of Sale

After Bayer's patent on Rivaroxaban expired in Brazil, dozens of companies rushed to enter the space. As of now, 25 players are competing for market share and total revenue exceeds $100 million a year. While Bayer's Xarelto and

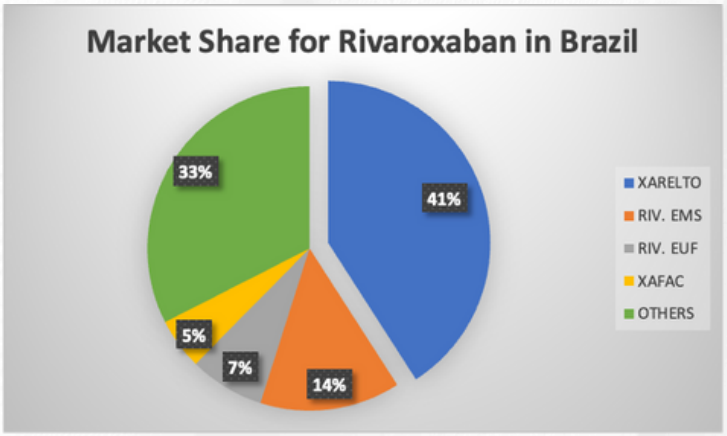

Figure 1. Revenue Market Share for the sale of Rivaroxaban in Brazil. Source: Close-Up (September 2023).

Rivaroxaban EMS lead with 40% and 14%, respectively, the remainder of the market is highly fragmented, with an average market share of 2%. Figure 1 displays the revenue distribution.

We initially theorized that prescriptions were experiencing a subpar conversion rate, possibly due to customers being prescribed a specific product but then opting for a competitor. Additionally, it was plausible that the product's market penetration was lacking, resulting in missed revenue opportunities.

To validate these hypotheses, our team of consultants utilized two Close-Up Big Data methodologies. Firstly, the Prescription Conversion method tracked product switches at point-of-sale (POS) locations where the company's Rivaroxaban was available. This involved cross-referencing sales and prescription market share data to determine the conversion index of each POS. Subsequently, we identified three potential scenarios for each:

Positive Switch: This scenario occurred when the conversion index exceeded 100%, indicating that patients opted to purchase the company's Rivaroxaban despite being prescribed a competitor's drug.

Negative Switch: Conversely, this scenario arose when the conversion index fell below 100%. Depending on the magnitude of the loss, our model categorized it into low, medium, or high severity levels.

No Switch: In cases where the conversion index hovered around 100%, it signified no significant deviation from the expected conversion rate.

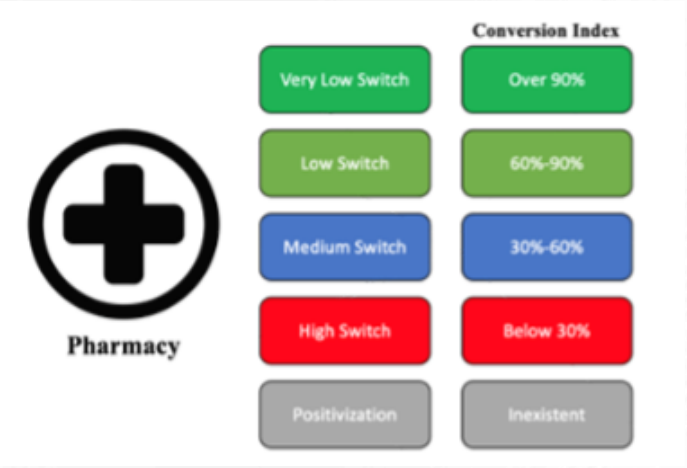

Figure 2. POS clusters are based on conversion index and market share existence.

Secondly, the Order Recommendation methodology mapped the market share distribution for Rivaroxaban at every POS where it was available. Any POS with zero market share for the company's product was identified as a distribution opportunity. Finally, POS were clustered based on the insights garnered from both methodologies, as illustrated in Figure 2.

We discovered that their Rivaroxaban held prescription and sales market shares of 14.1% and 3.0%, respectively. This indicated one of the lowest conversion indexes in the market, hovering around 21.1%, aligning with our initial hypothesis. We narrowed down POS by those vending the Rivaroxaban in question, although similar filters (e.g., POS filtered by another SKU) yielded comparable outcomes.

Moreover, 27% of the POS retailing the company's Rivaroxaban were categorized as High Switch, with a conversion index as low as 11.7%. Concurrently, the distribution opportunity stood notably high at 82.5%.

Lastly, POS segmentation by sub-channel revealed that, proportionally, switches were more prevalent in independent and associativity pharmacies, while chains exhibited a greater absolute volume.

Prescriber Segmentation

By cross-referencing sales and prescription data, we segmented prescribers by conversion index, as shown in Figure 3. This information is key, as it sheds light on the effectiveness of Sales Force strategies. **We found that 32.3% of the physicians who prescribed the company's Rivaroxaban had a low conversion index.**

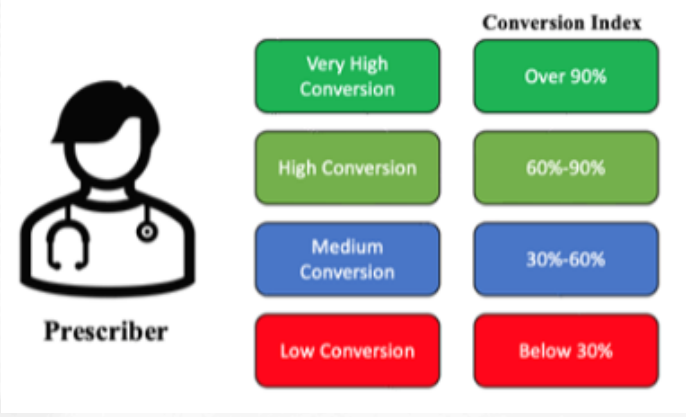

Figure 3. Prescriber segmentation based on conversion index.

Reaching New Heights

After analyzing the previous results, we recommended the following actions:

For Prescribers:

The company should provide additional product samples to prescribers with low conversion rates. Additionally, the Sales Force team should communicate the physician's conversion index to them.

At the Point of Sale:

The company should implement promotions or discounts to counteract switches, focusing on POS with low conversion rates and high sales volume. Furthermore, field representatives should investigate whether pharmacy clerks tend to recommend competitor products to customers and monitor instances of product stockouts.

These changes took effect in February 2023, resulting in Rivaroxaban revenue reaching approximately $500,000 for the month. Five months later, results improved by nearly 50%, exceeding $720,000 in July. Market share also increased by 17.2% during the same period.

Close-Up remains dedicated to delivering business value through data. We encourage you to explore our website to discover more about our latest technologies, including our CRM and Data Analytics services.

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Interested in seeing what Close-Up can do for your organization? Reach out to us.

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