

# HERE IS YOUR MONTHLY MARKET RESEARCH **eTip!**

## Forecasting Market Research:

**Make better, more strategic decisions with accurate performance predictions**

*This is the first issue of a two-part series on forecasting market research. It provides an overview of product sales forecasting concepts. The July edition will highlight considerations for appropriately discounting assumptions for forecasting models.*

With millions—sometimes billions—of dollars invested in a new product's success, healthcare and pharmaceutical companies can't afford a missed forecast. Product sales forecasts are the backbone of marketing strategy in the healthcare industry, particularly for pharmaceuticals, where less than half of all products that make it to market ever recoup the high costs of required research and development.

### **Companies rely on product forecasts.**

A myriad of people rely on a new product forecast, including corporate planners, investors, brand leaders, and others. They rely on forecasts to drive resource-allocation decisions. Therefore, a missed forecast can create big problems.

Brand teams use forecasts to make vital, strategic decisions about phasing the product launch, establishing performance metrics, budgeting for promotional campaigns, and more. Forecasts are also used to evaluate licensing opportunities and establish pricing and reimbursement policies.

However, with shorter product lifecycles, complex incentive structures, regulatory adjustments, and other industry dynamics, achieving accurate healthcare product forecasts is more challenging than ever. Accurate inputs into the forecast model are everything.

### **Forecasts are built on key model inputs.**

Based on specifics of your business, product, and market, your forecasting model will make product performance predictions using the following three inputs, or assumptions:

- **Peak Share**  
This input represents how much market share the new product can expect to achieve. It considers the total market size as well as the market's anticipated growth. It also accounts for the number and activity of existing and potential competitors in the marketplace.
- **Time to Peak**  
How long will it take your product to achieve its peak share? Indicators such as the maturity of the market and information from physician surveys can help narrow the estimate of time to peak.
- **Peak Curve**  
This assumption represents the slope and shape of the curve to peak share. If your brand is first to market, and patients are waiting to begin therapy, the curve is likely to be sharp. Conversely, if you're launching a new cough medicine or other product in an

already-crowded market, it may increase only slightly for years. Yet, many factors aside from competition can impact the slope of your curve to peak. These include the product's marketing budget, overall awareness of the disease state, reimbursement issues, etc.

### **Market research generates reliable forecasts.**

Unfortunately, there's no crystal ball or magic formula that's going to flawlessly forecast a brand's performance. However, a variety of tools are available to help marketers achieve reliable inputs for the forecasting model.

As with any type of market research, your forecasting study will yield the most accurate and relevant information if you use appropriate resources—that is, the right tools. It's also important to develop a strong set of objectives and remain focused on them. Make sure your study is designed to address the current characteristics of your business, your product, and the market you hope to win.

Below is a list of common research objectives for a primary market research study dedicated to building a forecasting model:

- Understand physician intent to prescribe the brand based on exposure to product profiles
- Evaluate the impact of various attributes that make up a product profile
- Determine the brand's likely market share versus competitor(s) for a period of two years
- Estimate time-to-peak penetration

With so much invested in its success, your brand warrants a thorough evaluation before it hits the market. When secondary prescription data is considered along with primary data to capture current market conditions, predictions about a new product's performance can be a more accurate reflection of marketplace realities.

How to appropriately adjust—or discount—forecast data is a leading question for many pharmaceutical marketers. The next eTip! in this series will address this topic.

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