

Business Strategy

Digital key to Sanofi's growth plans

“Digital is transforming how consumers manage their own health and, importantly, how they interact with our business,” according to Sanofi Consumer Healthcare head Alan Main.

Speaking at the Viva Technology conference in Paris, France, Main said digital technology – particularly the internet – offered a great opportunity for Sanofi to transform how it marketed and sold its products to consumers.

Key to Sanofi's burgeoning digital strategy was utilising the data trail consumers left behind when searching online, Main explained. “Data is at the heart of all the things we are doing. It's all about data,” he insisted. “If the consumer is our king, then data is our queen.”

“By using data to understand our consumer better, we can deliver the personalised content that they expect,” Main claimed.

Sanofi had begun to work with external partners to analyse how best to use the mounds of data produced by consumers, he explained, most recently with Accenture (see page 3).

“First, we have to find the data, then we have to analyse it and then most importantly, we have to act on it in a way that is going to enhance our connection with consumers,” Main said.

Expanding on Sanofi's digital partnerships, Main noted that the company was already working with the technology giants, such as Google, Facebook and Amazon. “But it's not just the big firms,” he explained, “we're also working with a lot of smaller companies which are doing some really breakthrough work, in terms of how to better communicate with our target audience.”

“We want to make sure that we're learning from technology companies,” he said, “in particular, ones that are helping to shape the market and change the way consumers interact with our business.”

“We're continuing to look externally for partnerships,” Main revealed. “This is a new world for us, not the traditional consumer healthcare environment that we've known in the past.”

By working with partners to analyse data, Sanofi hoped to identify consumers that were potentially interested in the firm's products and “interact with them at the point that is most relevant to our categories”.

The “primary focus” of these efforts, Main explained, was centred on three online areas: precision marketing, content, and e-commerce.

First, Sanofi would use precision marketing to find and attract consumers to its products, Main said. Next, the firm had to have the right content in place “to make sure our messaging is absolutely relevant to the target audience”. Finally, Sanofi had to effectively utilise e-commerce “to give consumers an opportunity to buy our products”, he noted.

“For Sanofi, it's very important that we understand all of these elements,” Main explained, “and we have our brands represented in the right way, to the right people.”

Precision marketing was at the heart of Sanofi's digital strategy, he said, as it presented the firm with an “opportunity to raise the bar in consumer engagement”.

“We're starting to see a shift from traditional media communication – such as television – to much more precise, targeted media,” Main pointed out.

“In the past, mass marketing on television was often very intuition driven, as you only had 30 seconds to get your message across, and then another company's message would come in straight after that,” he noted. “So there was not a lot of opportunity to have a dialogue with your target audience.”

“What we're moving towards today,” Main said, “is precision marketing, which is creating micro-segments of consumers who have a specific interest in what we're offering.”

By advertising online, Sanofi was able to “bid in real-time for audiences based on data”, Main explained, and utilise “differentiated advertising creatives” for specific consumer segments, such as those interested in allergy products or vitamins, minerals and supplements (VMS).

Once Sanofi had attracted a consumer, the firm had to utilise e-commerce to make sure its brands were “available to be purchased at the right place, at the right time”, Main noted.

While Sanofi made a large number of its products available online, the firm was currently focusing its e-commerce strategy on certain categories which better lent themselves to online purchase, he revealed.

“E-commerce is growing very rapidly in certain segments, but not in every part of the consumer healthcare industry,” he pointed out. “Of course that could change over time and we continue to monitor this very carefully.”

“The biggest penetration currently is in the area of VMS and nutritional products,” Main said. “This is understandable

as it's a more planned purchase. These are products that consumers probably replace every month and [through sites like Amazon] you can even buy them through a subscribe service.”

Consumers' willingness to buy VMS and nutritionals online was in contrast to categories such as allergy and pain relief, he noted. “If you have an allergy, pain or a sore throat that's something that is very immediate, so it doesn't really lend itself to an online purchase.”

“As e-commerce becomes more and more sophisticated and retailers can deliver products within an hour we might see a change in dynamic [with consumers willing to purchase a wider range of OTC products online].”

Despite online OTC purchases being currently focused on a small number of categories, e-commerce growth rates were “very attractive”, Main insisted.

“The annual growth rate for the global consumer healthcare industry is around 4%, but many categories are growing much faster online, for example, at around 12% for nutritionals.”

“In a very developed online market such as China – where e-commerce platforms are very common – we're seeing penetration levels of 18% for OTC products,” he noted.

For individual markets, Sanofi had to adopt different approaches to its e-commerce business, Main said.

In China and the US, the online market was “dominated” by “very large” e-commerce players, such as Alibaba and Amazon, he pointed out, whereas in European markets, like Germany, there were “multiple online pharmacies supplying from outside the country”, such as Doc Morris and Shop Apotheke.

“Globally, there are numerous e-commerce models which we are having to track,” Main said. “We have to ensure we have the right capabilities in-house to manage this new distribution channel for our products.”

However, while e-commerce was of growing importance, Sanofi could not “neglect” its traditional, bricks-and-mortar retail partners, Main insisted.

“Although online penetration is good and the growth is very nice, for the next 10 years we will still have the majority of business going through bricks-and-mortar retailers,” he claimed.

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