NOVARTIS

Question 1

Stark Corp. is a company operating in the nation of Edonia. They have multiple products in the market and different teams promoting these products. In order to improve their bottom-line, Stark Corp. is exploring different options to rework their promotional strategy.

One of the major products that Stark Corp. produces is Prozium which contributes a significant amount to their total revenue. There are 2 different teams that promote Prozium. They are called PRO1 and PRO2. Prozium also has a competitor in the market called Amortent which is made by Strange Corp. Amortent has been present in the market for 10 years as compared to Prozium which was launched 5 years back. Based on better efficacy the sales of Prozium have picked up, though Amortent is still doing well.

As a part of their promotional strategy, the PRO1 and PRO2 teams visit dealers in multiple cities across the nation of Edonia, Edonia has been divided into 11 different cities from EDON1 to EDON11. Each of these cities have a different number of dealers present.
In order to check the effectiveness of their teams and optimise their promotional efforts, Stark Corp. has decided to build a response model. The response model will help them to make decisions regarding

- Need to reduce or increase effort
- Channels they need to spend more or less
- Segments they need to target more or less

Response Curve:

QIA) Please answer the following questions based on the data given in the adjacent table

The PRO1 and PRO2 team together make 8 promotional visits.

1. Should Stark Corp. do more or less promotional visits? Why?
2. What is the marginal cost for an additional visit?
3. What are the optimal number of visits? What is the marginal return for this?

Visits	Promotional Return
1	5
2	10
3	15
4	20
5	25
6	30
7	35
8	40
9	45
10	50

Commercial Consulting Case Study

Multi-Channel Promotions:
No single channel is completely responsible for all the sales. Along with the PRO1 and PRO2 field forces, there are multiple other channels being used to promote Prozium. Stark Corp. uses all of the following channels for promoting their products.
For each channels we have a Return on Investment (Rol)
Rol-Revenue /Spend
Along with the Rol, the marginal Rol (mRot) tells us the additional revenue earned when the spend increases by a small amount
mRol- ΔRevenue/ΔSpend
The Rol and mRol of various promotional channels are given in the table below

Q18) Please answer the following questions based on above description and the ROI details table below 1. Which is the most important channel for the company? What additional data is required to Channel answer this?
2. If Stark Corp. wants to make additional investment in a channel what parameters should they look at? Which of the channels above should they look at?
3. What is the total spend on visits?

Channel Activity	Rol	mRol
Field Calls	3x	1.2x
Website	20x	6x
Lunch and Learns	6x	0.9x
Paid Search	12x	20x
Mobile App	26x	30x

1. Should stark Corp. do more or less promotional visits? Why?
    a. To determine whether Stark Corp. should do more or less promotional visits, we need to consider the marginal return on investment. As the number of promotional visits increases, we need to see how much additional return is generated for each extra visit. Let's calculate the marginal return for each visit.
2. what is the marginal cost for an additional visit?
    a. Marginal cost is the additional cost incurred for each additional promotional visit. It can be calculated by taking the difference in total cost between two consecutive promotional visit levels. We'll then use this to calculate the marginal cost for the last visit.
3. What are the optimal number of visits? What is the marginal return for this?
    a. The optimal number of visits is where the marginal return equals the marginal cost. This is the point where the additional cost of making another visit equals the additional return it generates.