Market Overview

Insightful communications has been at the heart of Creston's client offer since inception. Eight years later, in a media world that is changing faster than ever, there could not be a stronger tenet as a foundation of the Group to meet a client's need for effective and accountable work delivered in an efficient manner.

Our challenge today is to ensure that our divisions and companies continue to work closer together than ever before to share their specialist skills, knowledge and expertise to innovate in what they do and how they do it. Innovative communication plus keeping our client offer ahead of market changes is fundamental to our clients' success in growing their market share in these digitally dynamic times.

So how do our divisions view their market place and its future and how are they reacting to it?

Insight

So far, the research industry has weathered the economic downturn well. In 2008, revenues for the UK market research industry as a whole grew by 6 per cent, up from 2.3 per cent in 2007, according to the Market Research Society's annual survey. In its initial report, the MRS says that, as in previous downturns, the industry is showing itself to be 'relatively resilient'.

Nevertheless, UK market conditions are challenging. Online fieldwork continues to grab a larger share of the data collection market, although there are signs that the pace of change to online may be slowing as researchers recognise that some projects are best done by the more traditional data collection methods. Creston Insight companies have large well established face-to-face and telephone data collection functions and a market-leading position in quality online research and are therefore ideally placed to offer the most appropriate survey methods.

The downturn is likely to have its effect on the research industry; smaller companies will struggle to match the technical capabilities and economies of scale of the larger data collection specialists, of which Creston Insight is one. We expect to see an acceleration of the trend by some smaller agencies and research consultancies to abandon data collection altogether and buy those services from larger, well established data collection and computer analysis specialists. Creston's data collection companies are well placed to capitalise on this trend.

While research budgets have not been cut significantly in the downturn, it is apparent that clients are assiduous in ensuring that they get value for money out of their research spend and that the data collected is squeezed for all actionable insights. This in turn means that we have needed to invest in advanced analytics, in new research methods and in more engaging and illuminating presentations of key findings.

It is increasingly apparent to us that the industry as a whole has barely begun to exploit the full potential of online. So far, online research providers have concentrated almost exclusively on doing conventional research via the internet, claiming to be able to provide the same type of data at lower prices. They have largely ignored the potential of internet-based research to gather better quality information from respondents using innovative question methods (see www.newvistaresearch.co.uk). More fundamentally, online research offers the opportunity for researchers to participate in an ongoing dialogue with consumers. For the first time researchers can contemplate moving away from the requirement to frame conversations with consumers within the confines of a rigid questionnaire that also force respondents to choose between predetermined answers, and allow consumers much more freedom to choose what they want to tell producers and service providers. In short, we expect the emphasis to shift somewhat from 'asking' to 'listening'. Creston Insight is presently developing the necessary research techniques.

We expect growing demand from government and commercial clients for information on what existing and potential clients and customers want. Irrespective of short-term economic conditions Creston Insight intends to position its Insight brands ahead of the pack in terms of providing the best and most actionable insights.

newvista research™ grew

16%

Creston Insight continues to exploit the potential of internet-based research to gather better quality information using innovative question methods

Communications

Marketing communications has never been more varied and exciting for all involved. Even a few short years back, a marketing budget could be reasonably split across the main disciplines – the bulk to TV, radio and press; some to PR; an increasing amount to the new, accountable direct marketing; a little to sales promotion and an exhibition or two thrown in for the trade. Each discipline had its own practitioners who stayed, mainly, in their own boxes. Marketing directors knew roughly how to apportion the budget.

Digital channels fuel new rules of engagement

The phenomenal growth of digital has thrown the old order into a spin. Over the last 10 years, digital has changed the way we all engage with brands and, ultimately, the way we buy things. The power has shifted from the brand owner to the consumer who can now compare and contrast products and services online on the basis of instantly available and trusted advice, usually from sources other than the brand itself. As brand owners, we still have the power to engage and perhaps to influence, but only at the time and place of the consumers' choosing.

Making the most of the new marketing mix

This has driven a much more fragmented media landscape, and in today's communications mix there is healthy overlap between agency disciplines. Advertising agencies need to present the brand across the broad spectrum of channels, and that includes the digital ones. Digital and direct agencies need to produce engaging and creative work within the framework of a carefully thought-through strategic approach. Brand reputations are increasingly made online, and PR agencies need to work and engage in the new social media.

The new media fragmentation has also spawned specialist disciplines in community marketing, experiential and search. As ever, the brands that can co-ordinate a cohesive strategy that draws on all relevant specialisms will gain the most traction with its audience, and this is the real challenge for today's marketing director or, indeed, agency group.

The Creston advantage

As a collection of Creston agencies, we work as practitioners across all these fields and we celebrate the merging of disciplines that could lead to turf wars and disharmony in the larger, less integrated groups and indeed between non-aligned practitioners working for the same client.

Our agencies are learning from each other through a number of Centres of Excellence that have been created across the Communications Division, and actively collaborating in Forums at an operational level. Digital is just one thread that impacts each of our businesses, and SEO, mobile, social media and eCRM are all distinctive subject areas that are nurtured across the Division for the benefit of all.

Above all, the ability to blend skills and disciplines from different agencies working together makes a compelling proposition in today's communications mix.

As the media landscape continues to change, a blend of marketing skills is increasingly required

Market Overview continued

Health

The business environment continues to be a challenge for the UK pharmaceutical industry with widespread reports of diminishing pipelines, comprehensive job cuts and cost containment.

The Pharmaceutical Price Regulation Scheme (PPRS) brought a 3.9 per cent cut in the cost of drugs sold to the NHS from February 2009, and a further cut of 1.9 per cent from January 2010, paving the way for the introduction of generic (or non-branded) products.

While this may all sound rather bleak, for well-established, soundly structured and thought-leading agencies the outlook is positive. The upside of the PPRS agreement is that patients will have faster access to new medicines and flexible pricing arrangements will enable drug companies to change the price to the NHS based on effectiveness.

Some recent U-turns by the National Institute for Clinical Excellence (NICE) on patient access to certain (predominantly end-of-life) treatments, and new rulings on top-up payments will increase patient access to life-saving and quality-of-life-enhancing medication.

The environment has also changed in terms of how patients access information on their health, with wide use of the internet and social networking sites as a source of information review. This means the pharmaceutical industry is rapidly having to get to grips with social and digital evolution in an ever more stringently regulated environment.

International outlook

The global healthcare market continues to be a dynamic environment, filled with both challenge and opportunity. While the US has traditionally dominated the global market (60 per cent of the market in 2004) and is still number one, in 2008 it accounted for only a 34 per cent share. Estimates for 2009 put the seven largest markets (US, Germany, France, UK, Spain, Italy and Canada) at 50 per cent of the total healthcare market. Seven emerging markets (Brazil, China, India, Mexico, Russia, South Korea and Turkey) will account for 25 per cent of the total healthcare market.

An ageing population in the US, Europe and the Asia Pacific region will increase demand on government-funded healthcare programmes which seek to reduce healthcare costs further.

With the various challenges and changes to the prescription drug landscape, many companies are focusing on the lucrative orphan and niche drug categories. These highly specialised product areas have become a new focus in the last few years, a trend that is predicted to continue both domestically and globally.

The future agency landscape

Pharmaceutical marketing has to evolve and adapt to the dramatically changing commercial environment in order to maximise the return on investment from their more limited pipelines in an increasingly tough regulatory and economic environment. Increasingly, clients are looking to engage with agencies that can offer a cost-effective yet strategically consistent solution through integration across all disciplines within the mix. In addition, the move towards core global communications that are adapted for use throughout the world offers great opportunities within the global offices of European Pharma companies for English-speaking agencies.

Integrated expertise

Creston Health is a family of healthcare communications experts that brings together two of the best known and most established agencies in healthcare, PAN Advertising and Red Door Communications, along with specialists in medical education, in the form of newly created ROCK Medical Communications, and digital marketing through tmwdigitalhealth. Creston Health companies also draw upon the knowledge, expertise and best-in-class services from its other sister agencies in the Group's Insight and Communications Divisions.

Creston Health offers clients the 'best of both worlds'. Each company is a highly successful brand in its own right, with its own identity and commitment to providing their clients with quality and specialist expertise. These companies join together where appropriate to meet a client's needs and, under the guidance of one central strategic point of contact, are able to supply a first-class bespoke integrated solution designed to add value at every point of the relationship.

Importantly, through their growing International networks Indigenus and The Health Collective, the Creston Health companies are increasingly bringing innovation and leading-edge thinking to clients' brands and organisations on the global stage as well as in the UK.