

By Robin Robinson



PROGRAMMATIC ADVERTISING

Despite regulatory risks, pharmaceutical marketers are slowly adopting this cost-effective strategy.

Programmatic buying and selling of advertising, real-time bidding, automation, and the buying and selling of digital media are on the rise, even in the pharma space, where adoption is somewhat slower. Programmatic ad buying has changed the face of online advertising, but there's still confusion around what it actually is. Programmatic ad buying typically refers to the use of software to purchase digital advertising, as opposed to the traditional process that involves RFPs, human negotiations, and manual insertion orders. Basically, it's using machines to buy ads.

About 20% of all digital advertising is sold by programmatic buying. According to the Interactive Advertising Bureau (IAB), programmatic buying creates significant opportunities to create efficiencies and new markets and continues to drive advertising dollars to digital. *(Editor's note: For a more detailed explanation of programmatic buying, iab.com has several reports and white papers.)*

While programmatic buying is becoming standard in other industries, pharmaceutical marketers have been slow to adopt the process because of perceived regulatory risks and a lack of understanding as to how the process works. Experts say, however, programmatic is not something pharma marketers should avoid. Although the risk of violating HIPAA privacy rules is real, it can be logistically prevented. Programmatic buying is not designed for every brand, either. The smaller the target audience, the less likely programmatic buying will help.

What is Programmatic Advertising?

Programmatic advertising helps automate the decision-making process of media buying by targeting specific audiences and demographics. Programmatic ads are placed using artificial intelligence (AI) and real-time bidding (RTB) for online display, social media advertising, mobile and video campaigns, and are expanding to traditional TV advertising marketplaces.

Source: MarketingLand

FAST FACT

IN 2015, PROGRAMMATIC PURCHASES OF RETAIL ADS MADE UP 24.9% OF THE TOTAL, WITH ALMOST \$4 BILLION IN SPENDING, WHILE PHARMA AND HEALTHCARE SPENDING TRAILED BEHIND AT ONLY 1.3%, OR \$190 MILLION.

eMarketer

“The actual adoption rate in pharma still remains very low,” says Peter Niemi, partner, MDC Advertising. “By our estimation, depending on the vertical, adoption of programmatic buying for digital ad purchasing is on average between 50% and 75% of all digital advertising spent; however the pharma industry, according to our analysis, is only in single digits, maybe 4% or 5%. So yes, there’s some movement, but the pharma industry is still way behind other comparable verticals.”

According to those in the field, programmatic buying can create a cost-effective way to reach the right audience at the right time. Programmatic buying can analyze both page-level content and the associated human experience. These types of insights make programmatic buying more efficient to target the right audience with the right message.

According to Mr. Niemi, more pharma organizations are considering programmatic as awareness grows, and those that have tried pilots and implemented the process within their

campaigns will be the leaders in the pharma evolution.

“The real scalable moment will come as the internal champions try out real programmatic programs beyond the initial pilot and start to see some eye-popping results,” he says.

There are plenty of risks and benefits and a multitude of misperceptions, but when conducted within the regulatory confines of the industry, programmatic buying can accurately target prescribers with greater precision, as well as transparency.

“Knowing exactly who we are reaching provides transparency that we have never had in online display media,” says Becky Frederick, executive VP, managing director, CMI; formerly president, Ogilvy CommonHealth Medical Media. “Accuracy of targeting among prescribers has actually evolved into a positive attribute of programmatic buying among legal and medical regulatory departments, because we can control the message and report exactly which HCPs have been exposed. Further, it allows us to establish frequency per target, determine unduplicated reach and extend reach via non-endemic sites. Data from the platform provide a mechanism to measure ROI and allows us to achieve a more efficient and optimal investment in display.”

Ms. Frederick characterizes pharma’s involvement in programmatic buying as a “widespread interest and cautious adoption,” and CMI does have pharma clients who are using programmatic platforms, mostly to target prescribers as opposed to consumers.

The greatest programmatic adoption in the industry has focused on HCP targeting.

“Pharma clients are shifting their marketing dollars to tactics that allow them to precisely target and verify exposure, engagement, and prescription lift with a defined target

list of HCPs,” says Chris Bannan, director, programmatic media buying, Compas Inc. “The platform in real-time can identify HCPs on our client’s target list and decide the ideal conditions to serve ads to those verified HCPs based on the brand’s goals. The back-end data we receive from our platform provides the transparency into the behavior of the individual HCPs pharma clients are targeting.”

“Page-specific or contextual targeting is an important aspect of programmatic ads, because appropriateness of content must be ensured, especially in our highly regulated industry,” Ms. Frederick adds.

There are a number of potential roles programmatic contextual buying can play within a media campaign, not the least of which is a programmatic roll-up of relevant ad inventory that isn’t carried on the top handful of health sites, says Tom Hespos, founder and chief media officer of Underscore.

“Pharma marketers and their legal departments tend to like this method, as it doesn’t handle patient data at all, nor does it lend the appearance that it might be targeted behaviorally,” he says. “So it’s an easily approved, effective method that requires little explanation to legal teams.”

Another reason for pharma to explore programmatic buying is cost-savings, Mr. Bannan says. With most marketing budgets being tightened and under greater scrutiny, pharma companies are shifting their marketing budgets and focus to tactics that can be proven through metrics, such as an increase in prescriptions filled or medical devices sold.

“When executed properly, programmatic media buying is one of the most cost-effective, measurable, and efficient tactics to increase brand awareness of a drug or medical device for both HCPs and consumers, many of which are typically unreachable via other marketing channels,” Mr. Bannan says.

Some pharma companies have even ventured down the consumer path in programmatic buying, which is thought to be more fraught with regulatory concerns.



The real scalable moment for programmatic advertising will come beyond the initial pilots when pharma marketers start to experience some eye-popping results.

PETER NIEMI
MDC Advertising

U.S. Programmatic Advertising Spending

A January 2016 survey by AdRoll reports that last year:

- ▶ 62% of U.S. marketers automated 10% to 50% of their digital ad budgets.
- ▶ Almost one-third invested 50% or more of digital ad budgets programmatically, up from just 7% in 2013.

Source: eMarketer.com

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Given negative press concerning programmatic advertising, many pharmaceutical marketers believe this approach is off the table for them, and that is not true.

TOM HESPOS
Underscore

According to Mr. Bannan, Compas has experienced an increase in consumer-targeted programmatic buying across pharma clients.

"In some cases the advantages of programmatic supersede the ability to target pages: we can set up a programmatic campaign to zero in on a group of patients who have the highest propensity to have a positive impact on client goals," he says. "To comply with HIPAA, we define a narrow group of anonymized consumers by using the right mix of behavioral and third-party data. We then measure the collective behavior of the group of patients in real-time based on their activity that aligns with a pharma company's KPIs and goals."

Busting the Programmatic Myths

As programmatic buying has gained traction over multiple verticals in the past five years, several misperceptions or myths have also taken hold. Our experts describe the most common within the pharma industry, and provide information to resolve those concerns.

According to Ms. Frederick, the biggest misperception is that programmatic buying will lead to negative reactions to advertising among the targeted HCPs.

"On the contrary, the goal is to deliver more relevant messaging to the most receptive

audiences and do so in the most appropriate content environment," she says. "When publishers and advertisers apply strict due diligence around the privacy policy on their websites, customers are fully informed, and given the opportunity to opt out of cookie-based targeting."

If an advertiser is re-targeting HCPs on non-endemic sites, a bit more caution should be exercised to ensure application of white/black lists, and also consideration given to the brand's therapeutic category. While there are always physicians who opt out of promotion, those who don't expect to be targeted, and have generally not been vocal with negative feedback to pharma companies, she adds.

In its early days, programmatic buying had the reputation as a method for publishers to unload left over inventory, but that has changed greatly over the years as the process has evolved.

"I think for many marketers when they first heard about programmatic buying there was an association between remnant and programmatic, and many still have this association today," Mr. Bannan says. "I try to counter this misperception every day by continuing to educate anyone I run into who may need some additional information such as clients new to programmatic buying, publishers, and partners."

Any marketer can find and buy hundreds of thousands of health-related impressions at a CPM that is less than a dollar, but with programmatic buying marketers also have the ability to buy the most premium inventory at a reasonable CPM such as impressions from a verified HCP.

"Using programmatic buying to only buy inexpensive remnant inventory is analogous to using your smartphone to only to make calls,"

Mr. Bannan says. "At first that's all mobile phones did but now they have evolved to do so much more and improved our lives with the additional ways they can help us organize, conduct research, entertain ourselves, and stay connected with others."

Another misconception is that negotiating down the CPM to buy more impressions for the same fixed budget is a valuable strategy. Unfortunately, with programmatic buying lowering the CPM, there is the risk of not reaching the ideal audience and instead purchasing remnant inventory.

"The key is first determining what reaching the target audience is worth, then determining the right inventory to buy at the right price point that helps deliver the right message at the right time to change the behavior of the audience being targeted," Mr. Bannan says.

The risk of violating privacy rules, offending the audience through inappropriate targeting, and the chance they might be paying for fraudulent ads where bots have created virtual browsers can be unnerving for pharma marketers, but there are ways to target consumers without alienating them.

Pharma marketers often read negative industry news articles about programmatic buying and conclude that it's too risky for them, Mr. Hespos says.

"They might read about their branded ads showing up in an unapproved context, or about vendors egregiously marking up the cost of their media behind the scenes," he says. "These risks can be eliminated with the right partner and approach. Strict whitelists for exchange-based buys can solve the context issue, while auditable trails back to the ad exchanges can solve any issue with undisclosed markups. Marketers just need to know what questions to ask and what controls to insist upon."

Pharma companies are shifting marketing dollars to tactics that allow them to precisely target and verify exposure, engagement, and prescription lift with a defined target list of HCPs.

CHRIS BANNAN
Compas



Another misconception is that programmatic buying is all about real-time buying of digital display ads on exchanges. This is just one application of programmatic buying technology, and Mr. Hespos says companies can look forward to purchasing more paid advertising through programmatic means in the future — from TV to digital out of home, to native advertising.

Challenges and Benefits

The challenges and risks in programmatic buying have kept the risk-averse pharma industry on the sidelines, but as the process matures and provides more transparency, companies can start to feel a bit more comfortable with the approach and finally realize some of the benefits.

However, gaining total stakeholder alignment within a company is not always easy, Ms. Frederick says. Medical/legal/regulatory, senior marketing leadership, multichannel marketing, and brand management all need to be onboard.

“As programmatic buying has been executed by a number of companies, it’s becoming easier to navigate because we have developed a roadmap for approval and demonstrated success in the marketplace,” she says. “It will be a standard media approach for targeting HCPs within the next couple of years.”

On the benefit side, programmatic buying for HCPs generally brings greater efficiency to the previously labor-intensive — if not impossible — task of physician-level targeting of online display media. The industry has yet to realize its full potential in terms of using the data for such things as mapping out the HCP journey to adoption or determining what frequency is necessary to generate a conversion.

“The top benefits of using programmatic buying are not only our ability to do some really advanced targeting and set conditions beforehand to make changes in real-time to handle multiple scenarios, but also the fact we get all the data back from our efforts to learn,” Mr. Bannan says. “Those data are priceless and the most accurate information to learn the behaviors of a target audience. With those learnings, both the programmatic platform and marketers get better at understanding and reaching their target audience.”

Programmatic buying can be defined simply — the automated buying of ads — but it is anything but simple. The terms programmatic, automation, and real-time bidding can evoke a lot of misunderstanding in the marketplace, meaning different things to different people. Then there is the seemingly endless amount of options for targeting that can make a person’s head spin. All this leads to a lot of



Programmatic buying will be a standard media approach for targeting HCPs within the next couple of years.

BECKY FREDERICK
CMI

confusion when someone is first trying to get a handle on the method.

“There are a lot of complex concepts that represent a steep learning curve, even for people who are experienced in ad tech and in emerging media,” Mr. Hespos says. “Given negative press concerning programmatic, the challenge is that many pharma marketers believe programmatic buying is off the table for them because it’s too risky or too hard to understand. But the benefits are many, including improved analytics and understanding of what drives patients and HCPs to the brand, improved media efficiencies, less overhead to manage larger-scale ad campaigns, and so on.”

According to Mr. Niemi, the three challenges that are top of mind in pharma include reaching qualified buyers in both the consumer and healthcare provider markets and crafting campaigns that successfully mobilize all stakeholders around a product; proving ROI for campaigns, particularly attributing prescriptions and over-the-counter purchases to digital spend; and maintaining regulatory/privacy compliance, particularly for prescription products. While pharma has traditionally been reliant on brand awareness marketing, pharma marketers will lean in on direct-response advertising to engage and convert their intended audiences, he says.

In fact, pharma marketers have already demonstrated their comfort in adopting more direct-response led advertising campaigns. eMarketer reports that 56% of pharma digital ad spending went to direct response, whereas only 44% went to branding. While branding is of course an important and crucial part to any marketer’s strategy, customer and HCP engagement is crucial for the pharma marketer to drive new prescriptions.

However, if the HCP audience is small,

then programmatic may not be the most cost effective way to reach them. If the audience is not large enough to scale — such as 9,000 gastroenterologists — there may be other more effective ways to spend your budget.

“Quite frankly, the program has to tie into the content, because when engaging with a small audience, if the content being delivered isn’t valuable and relevant, the audience won’t engage,” Mr. Niemi says. “We can do all the brilliant, right-on-the-money targeting in the world but if we are delivering a message and content that’s not of value to the audience, it’s going to fall flat.”

Which brings us to Mr. Bannan’s point that creative cannot be overlooked in the buying frenzy of programmatic.

“Excluding budget limitations, running one piece of creative for the entire year won’t cut it,” he says. “The right message for one HCP or patient audience is not the right message for all HCPs or patients. With programmatic buying we can reach our target audience members at the moment that matters but we need to plan ahead and make sure the creative appropriately delivers that message.”

Pharma companies may not be able to fully take advantage of dynamic creative like their marketing counterparts on the consumer side, but companies need to start planning for and building several versions of creative for every campaign they run.

According to eMarketer, the number of people across the globe who use smartphones is expected to exceed 2 billion, so turning to mobile programmatic buying is essential for marketers who want to keep up with the ways people interact with technology. ^{PV}



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By Robin Robinson

TO BUILD AN IN-HOUSE PROGRAMMATIC BUYING UNIT OR NOT?

Our experts examine the pros and cons of in-house vs. third-party methods of managing a programmatic buying strategy.



CHRIS BANNAN
Director, Programmatic
Media Buying, Compas

Hiring a competent third party gives a pharma company immediate programmatic capabilities with seasoned experts who understand the pharma landscape and can leverage their existing learnings to set up the company for success early on. Another major benefit is the pharma company is able to leverage the collective buying power of the media-buying agency to receive access to exclusive deals, the best rates and access to savings that are passed back to the pharma company.

Creating an in-house department sounds like an investment that could result in long-term savings but those considering going in-house need to compare all costs and resource and timing implications of both setups. During a shift to in-house there will be several unforeseen pitfalls and setbacks, and the internal organization of the pharma company will most likely need to be restructured to be more agile and better facilitate cross-department communication and unity since programmatic buying requires alignment of all stakeholders to be nimble and effective. Creating an in-house department requires one to several years worth of time and resources to go through the critical process of comparing and selecting the programmatic platform that best fits the pharma company's immediate and future needs and at the same time find, vet and hire programmatic experts with pharma experience, set up new inter-

nal processes and build and deploy companywide employee training.



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As with social media, a few pharma companies have opted to assign an internal resource responsible for oversight of programmatic buying, inclusive of both professional and consumer media. With the perceived risk associated with a new strategy or channel, and the need to shepherd innovation through the internal medical and legal channels necessary to minimize such risk, it may be a good idea to have an above-brand stakeholder with whom a media agency can partner. We have seen this type of partnership facilitate the critical discussions and decision making needed to drive innovation at a corporate level, which then cascades out to the brands. Beyond this role of the internal stakeholder, media agencies are better equipped to select technology partners, maintain direct relationships with publishers, and give attention to every detail associated with executing a programmatic campaign.

Assigning an in-house team to manage programmatic buying may also have the undesired effect of carving out programmatic buying from the rest of the display campaign, or the overall multi-channel plan. Maintaining a cohesive media strategy is the sweet spot of the agency planning team.



TOM HESPOS
Founder and Chief
Media Officer,
Underscore

There are pros and cons of both models. The in-house model gives the marketer more control over his or her media buying operation and first-party data. But it's a huge investment in technology, expertise, and infrastructure. With third parties, marketers can leverage true experts in programmatic and avoid the costs of having to keep pace with an industry that evolves at warp speed. On the other hand, third-party partners need to be vetted fully and controls placed on their activities, so they don't put the brand or the company at risk. And, of course, they need to be evaluated for transparency.



PETER NIEMI
Partner,
MDC Advertising

Deciding whether to bring the programmatic function in-house or to outsource is really a huge issue across multiple industries. Procter & Gamble has basically built its own in-house trading desk, but to be fair there aren't a lot of Procter & Gamble like companies out there. Many companies aren't able to build an in-house trading desk, so they're going to have to partner. Some companies are building a trading desk in-house and using their own data so they can be really close to it.

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