


After 20 Years of **DTC**, It's Time for a **NEW DEFINITION**



IN AN EXCLUSIVE INTERVIEW WITH PHARMAVOICE, FRANK HONE, EXECUTIVE VP AND GLOBAL DTC DIRECTOR AT HEALTHWORLD COMMUNICATIONS GROUP, NEW YORK, IDENTIFIES THE NEED FOR A NEW APPROACH TO DTC ADVERTISING IN THE U.S. AND DESCRIBES HOW DTC CAN BE USED TO EXPAND CATEGORY LEADERSHIP POSITIONS IN EUROPE.

The glory days of seemingly unbridled media spending and relentless television promotion of higher-margin new brands are coming to an end.

AS THE NEW YEAR BEGINS TO UNFOLD, the pharmaceutical industry continues to face challenges on many fronts. Corporate profits are down, R&D pipelines have slowed, Washington politicians haven't eased their attacks, and public perception is near an all-time low.

With big pharma facing such diverse difficulties, direct-to-consumer advertising in the U.S. has taken a hit.

"Many of us involved with DTC firmly believe investment in consumer ad campaigns for prescription drugs has peaked and will flatten or decline for the foreseeable future due largely to curtailment of spending on television, the growth driver for the past decade," Mr. Hone says.

According to Mr. Hone, all of DTC will continue to come under fire, but because of TV's broad reach and the power of its advertising potential, it will be the medium most affected.

"Print media will be impacted somewhat, but the spend on this medium won't decline as much as the spend on TV," he says. "I believe that overall marketing spending in the pharmaceutical area will begin to slow across the board because of slower pipelines and increased generic competition."

So what does this mean for pharmaceutical marketers? Does it mean the end of DTC, as many critics would like? According to Mr. Hone, that's not going to happen. Rather, there will be many new and more responsible consumer marketing opportunities emerging from this shift away from the noise of network television advertising.

One such area for growth, according to Mr. Hone, will be in direct-to-patient communications.

"The challenge, however, from an analyst's standpoint is to find a way to measure spending on direct-to-patient communications," he says. "A lot of direct-to-patient initiatives don't come under measured media, so it's hard to make a deter-

mination as to what budgets are going toward these communications. But, clearly, this is an area where marketers have a real opportunity to convert patients, to further educate them, and to increase compliance and persistence.”

Another area for growth as identified by Mr. Hone is customer relationship management, or CRM.

“CRM will increase as area of importance,” he says. “I am reminded of a comment I heard about a year ago at a conference during which one of the participants said, ‘tell me what patient really wants to have a relationship with a pharmaceutical company.’ So while relationship marketing is important, it has to be managed in a way that is meaningful to the patient. There are opportunities for pharmaceutical companies to do that. Maybe not overtly direct communications from pharma company to patient, but certainly through intermediary organizations where the information comes from a hospital, a doctor’s office, or a patient association under the sponsorship of the pharma company.”

DTC Under Fire

Since 1997, when the FDA issued draft guidelines on broadcast advertising, many U.S. pharmaceutical marketers moved full throttle to create and run branded TV messages to the consumer. Unfortunately, all too often this was done without a clear understanding of the full implications of promoting their brands on such a powerful medium, especially with the challenging restrictions required by the FDA.

“The impact of many brands’ messages fell flat when side-effect and contraindication information, delivered verbally, clashed with therapeutic benefits and the visual images of happy, active patients; the copy in many spots was way too clinical or complicated for just 60 seconds of television time,” Mr. Hone says. “While there were some success stories, on balance, it’s impossible to know just how much more of this TV advertising failed than succeeded in the past five years. One thing is certain, however, public scrutiny of the industry increased substantially because of the visibility and aggressiveness of some of these efforts.”

These efforts have helped amplify the incorrect perception that DTC advertising has led to higher healthcare costs, Mr. Hone adds. The media have picked up on many of the crit-

ics like Nancy Chockley, president of the National Institute for Health Care Management (NIHCM), who was widely quoted in her Senate testimony, with statements such as “Direct-to-consumer advertising appears to be inducing significant new demand for prescription drugs, thus contributing to the recent sharp rise in pharmaceutical spending.”

And while the Pharmaceutical Research and Manufacturers of America (PhRMA) has tried to react with a positive spin — an October 2002 White Paper attempted to set the record straight — the perception of linkage remains.

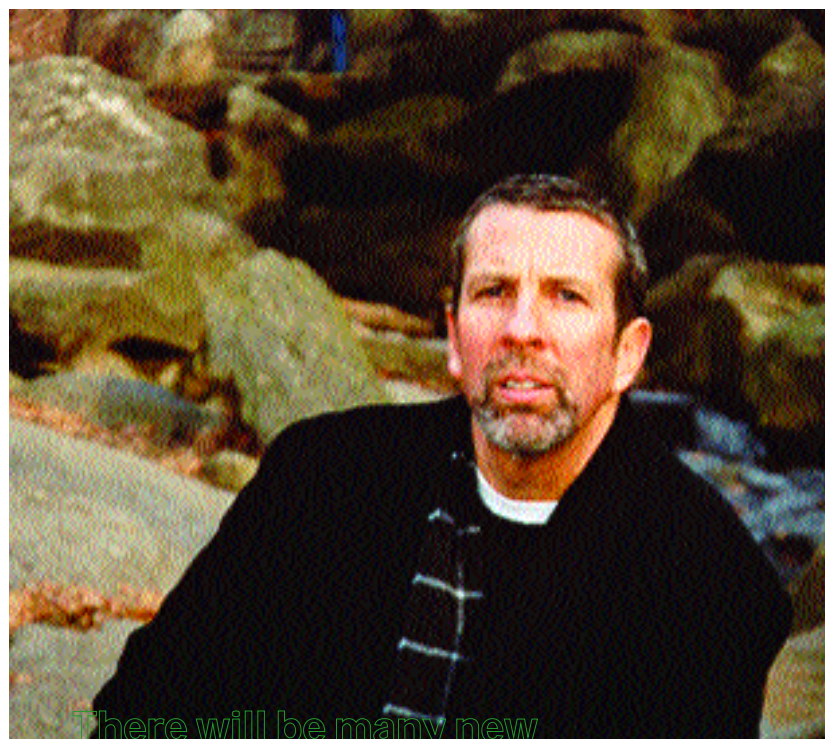
“DTC is viewed as the turbo-charged engine of an evil, profit-hungry industry — a story the media loves about an industry it can’t resist attacking,” he says. “What is evident to us is that the industry must take the lead in making real changes that put perspective around the rhetoric. Prominent among those in industry is J. Patrick Kelly, president of Pfizer U.S. Pharmaceuticals and VP of Pfizer Inc.”

Mr. Kelly recently proposed that DTC be renamed “Health Information for Consumers” (HIFC), stating, “We in the healthcare industry have the opportunity and, I believe, the responsibility and the obligation to help physicians help patients get healthy by continuing to provide information that fills the knowledge gap in a way that is both responsible and effective.”

“This is an important step forward but, with all due respect, I worry that this could be a little reminiscent of that now infamous Charles Schwab commercial where the stockbroker advises his troops to put some ‘lipstick on this pig,’” Mr. Hone says. “To succeed in today’s environment, we must collectively change our behavior in how we approach consumers about prescription drugs.”

Ethical DTC

Mr. Hone says rather than just giving DTC a new name, observations and insights suggest that the industry must now move to a new era



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of DTC, which will advocate taking greater responsibility for the impact and implications of advertising prescription brands directly to consumers.

“We have to recognize that DTC is not an inalienable right and that despite the Republican gains in the November elections, pressures to restrict or prohibit DTC will continue,” he says. “At this moment in time, our industry needs to be smart about our critics, and self-regulation will be an important step in the right direction.”

“We see this concept, which we call ‘ethical DTC,’ as involving a true commitment to delivering disease education and brand information to the consumer in a complete and integrated communications program,” Mr. Hone adds. “Such programs will need to focus on driving appropriate initiation, managing patient expectations, and encouraging persistence, all leading toward positive outcomes from drug therapy.”

A Balanced Approach

Ethical DTC places a premium on balanced, effective communication and appropriate longer-term persistence with a focus on education rather than highly promotional television ads, which Mr. Hone expects the

5 Keys to DTC Success

FDA, under Mark McClellan, M.D., Ph.D., to police more aggressively.

“Ethical DTC would seek to build brand trust over time through depth of message and focusing less on ‘demanding the brand by name’ and more on building brand advocates,” Mr. Hone says. “So, if done right, ethical DTC should make for better, more loyal patients from the onset of therapy, yielding a better health and economic situation for all.”

According to Mr. Hone, in a time of such extraordinary change in the industry, the advertising side of the business in the U.S. has a big opportunity to turn the tide of public scrutiny in its favor by advocating such holistic improvement of health outcomes, not just brand growth and profit.

“In the end, the true measure of our industry’s success will come from the impact we have on patients’ lives,” he says.

DTC In Europe

As DTC in the U.S. evolves toward this more responsible approach, pharmaceutical marketers increasingly are turning their attention toward Europe.

According to Mr. Hone, to date, government legislators have remained firm in their ban on direct-to-consumer advertising, despite the major trends toward consumer awareness and desire for healthcare information.

But the ban is “only” on branded communications. There are no restrictions on disease-awareness advertising or direct-response initiatives that build consumer databases, as long as privacy rules are followed.

“These promotional options can be used to target patients who would benefit from learning more about various disease states and related symptoms, diagnostic exams, patient group resources, and a whole range of health-related information and actions that can positively influence health outcomes and drive brand growth,” Mr. Hone says.

A few select advertisers — mainly category leaders — have begun to make their mark by initiating consumer-driven demand. Pharmacia and Pfizer, most prominently, have launched campaigns for overactive bladder (for Detrusitol) and erectile dysfunction (Viagra) respectively, and arthritis (Celebrex), collaboratively.

Healthworld has helped lead the way with strategic insight for the European markets for more than five years, and the agency currently is tracking a growing list of brands (18 at present) active with consumer communications at various levels. Moving from boardroom desire to marketplace action, though, requires many important steps including:

- 1 Development of a strategic road map and a defined process**
- 2 Integration and strategic alignment of geographic affiliates**
- 3 Objectives and priority-driven planning with built-in measurement**
- 4 Appropriate consumer market research on strategy and execution**
- 5 Partnership of an agency that has experience, geographic reach, and strategic insight**

“As this opportunity continues to unfold, look for a much greater strategic reliance on relationship marketing, more and better integration with physician-directed initiatives, stronger links with patient groups — all part of breaking fresh ground in a market that is ripe with potential,” says Frank Hone, executive VP and global DTC director at Healthworld Communications Group. “The brash messages and high spending we’ve seen in the U.S. may not be evident for a long time, if ever; but the stimulation of consumer demand will benefit those advertisers that step up now, test the waters, and go boldly forward to learn and earn with direct-to-consumer advertising. The future is now, and pharmaceutical marketers can seize competitive advantage by moving quickly and smartly.”

“Their efforts are marked by the critical characteristics for a successful consumer-directed initiative: disease education messages, with direct response offers; involvement of patient groups; pre-notification of target physicians, and plenty of information sources — Websites, leaflets, information packets, etc.,” Mr. Hone says.

Mr. Hone identifies other recent efforts, such as initiatives from Merck to providing help for alcohol addiction (Campral), AstraZeneca for GERD (Losec), Sanofi-Synthelabo for insomnia (Stilnox), Roche for obesity (Xenical), and GlaxoSmithKline for smoking cessation (Zyban). Both Biogen (Avonex) and Schering (Betaferon) have asked people with MS and their caregivers to advo-

cate adequate reimbursement for beta interferon.

“These efforts all derive from the initial DTC initiative in Europe from Novartis (Sandoz) which, beginning in 1997, has run a print and TV campaign in the U.K. for Lamisil promoting its ‘StepWise’ program,” Mr. Hone says.

Patient Mobilization

While the initiatives going on today in Europe bear some semblance to the disease-awareness campaigns of the mid-1980s, Mr. Hone says the industry shouldn’t expect the aggressive revolution experienced in the U.S. to be repeated in Europe. Most Europeans, in fact, chafe at the idea of “DTC” in their market.

“Europe will need a new definition for consumer-directed communications,” he says. “We call it ‘patient mobilization,’ which is about a gradual evolution in the market, not an earth-shaking revolution. The change already is happening, but compared with the U.S. we can expect to see strategically smarter, slower-build programs and, likely, more clever creative, too.”

The idea of patient mobilization, a still relatively untapped driver of growth, is being talked about more and more in marketing conference rooms and corporate boardrooms, a big step forward from just a few years ago.

“For example, I can clearly recall the attitude I experienced in Europe after a speech I made to the industry in Helsinki in 1998,” Mr. Hone says. “During the Q&A session, a product manager stood and, rather than face me at the podium, turned to face an individual across the room, who turned out to be the head of the country’s regulatory body. ‘My question is to you, madam. Can you tell me, please, what discussions you have at your offices about DTC?’ The prim, tight-lipped response was firm: ‘We do not discuss it.’”

Discussions, however, are being held throughout Europe at most pharmaceutical companies, exploring how best to meet the increased consumer and market demand for information with programs designed to deliver return on investment.

“There are many opportunities to focus on a therapeutic area and have the brand benefit,”

Mr. Hone says. “Particularly, when the sponsoring company has the leadership brand in the marketplace. Pfizer is investing across Europe, and other parts of the world, in Viagra as the only solution for erectile dysfunction. Pfizer is using this strategy of market expansion because it will effectively benefit the brand. Pfizer is establishing Viagra’s position in the marketplace and building momentum now, so that when competitive brands come to market it will be on a higher plane.”

The regulatory situation is expected to soften eventually, according to Mr. Hone, though many influential committees and councils remain firm in their stance that any relaxation of the ban on DTC advertising would be detrimental to efforts to safeguard public health. This runs counter to other sentiments, notably the well-documented editorial from *The Lancet* in March 1998, which stated, “The time is right for an extension of direct-to-public advertising for prescription-only medicines from the USA to other countries, at least on a trial basis.”

Gaining Acceptance

And European consumers appear to be receptive to the idea of DTC advertising messages too. *Prevention* magazine’s recent annual survey on Consumer Reaction to DTC Advertising (2001) included consumer interviews conducted in Finland, France, Germany, Poland, and the U.K. Across all five markets, 58% of respondents claimed they would talk to their doctor about an advertised medicine, and 41% said they would actually ask their doctor to prescribe medicines they saw advertised.

“It did take the U.S. four full years after the advent of disease-awareness messages in 1985 to experiment with branded ads, which were legal here at the time,” Mr. Hone says. “But the risk of physician backlash, fear of significant advertising expenditure, and the general risk aversion of the industry all slowed the introduction of branded ads until a few — Nicorette, Rogaine, and Seldane — really pushed open the door.”

In today’s European market, there already

is much greater sophistication than there was in the U.S. back then. Today, the European consumer is well-educated and healthcare-proactive.

“The Internet is pervasive and information rich, and much of the U.S. experience is familiar to consumers everywhere thanks to today’s faster, smaller, highly communicated world,” he says. But this market of Europe is far different than the U.S. And while it is moving rapidly — in step with the growth of Internet penetration, which has huge impact in driving change in consumer attitudes and behavior — DTC in Europe will require a new definition.”

Beyond the fact that current laws forbid it, the market environment is just not ready for a barrage of brand-name ads (especially on TV); and physicians would not take the manufacturer side-stepping them lightly. ♦

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