



# Pharma Advertising: The 3.0 VERSION

*The next generation of pharma advertising will likely feature a blend of new and traditional media formats shaped to fit the customized, interactive nature of 21st century communications, as well as the shifting landscape of healthcare itself.*

**A**ccording to Ernst & Young's Progressions 2011 report, in the world of Pharma 3.0, success will be based not on how many drug units are sold, but on how well pharma's market offerings improve health outcomes, putting patients and payers at the center of the model.

As part of this transition, pharma companies are embracing a role that goes far beyond developing and manufacturing products, dramatically increasing their investments in new and innovative offerings to meet the demands of a patient-empowered, data-driven, outcomes-focused future in healthcare.

In the last year alone, the Progressions report noted, pharma investment in smartphone apps, educational websites, social media platforms, wireless devices, and other programs increased 78%.

Jon Watson, creative director, UK, at Ogilvy Healthworld, says in five years the smartphone will rule the planet.

"The PC will be dead," Mr. Watson says. "It's going to be all about access exactly when customers want, where they want, and relevant to what they are doing at right that minute. Customers will demand instant answers to real-time buying decisions."

Furthermore, Mr. Watson says generalization will become a blunt instrument.

"Behavioral and cultural science will be the keys," he adds. "Market segmentation will have to go down to the individual-person level — these data already exist." (To read more about how technology will continue to have a profound impact on the psychosocial context of health and healthcare up to and beyond 2020, please see the Advertising Showcase: 2020 Vision.)

The opportunities latent in the shift to Pharma 3.0 are attracting a

growing flood of nontraditional players to the healthcare space. The Progressions report estimates that nonpharma players have publicly committed at least \$20 billion in experiments with Pharma 3.0-related business models, an investment level several multiples larger than the allocations made by the pharma industry.

"The pharmaceutical companies that succeed in this new healthcare ecosystem will do so by developing innovative outcomes-focused offerings through structured, systematic, and scalable approaches to business model innovation," predicts Carolyn Buck Luce, global pharmaceutical leader at Ernst & Young. "Just as importantly, pharma companies should demonstrate to new players in the healthcare space why the unique insights they can provide related to patient outcomes will make them indispensable partners."

Pharmaceutical companies are increasingly developing business models that seek to improve patient outcomes using more holistic

approaches, including disease management, coordinated care, and an expansion across different stages of care. Several of the world's largest pharmaceutical companies recently announced collaborations with technology and e-health firms designed to empower patients to manage their conditions more effectively and to more easily and safely share their personal data with healthcare professionals, the Progressions report notes.

## A Question of Trust

As healthcare data becomes deeper and more accessible, pharma's tarnished public image could keep the industry from fully harnessing this rich resource.

In a recent Harris poll, only 11% of survey respondents said they perceived the pharmaceutical industry as generally honest and trustworthy, and 46% of respondents said they believed the pharma industry should be more regulated.

Deirdre Connelly, president, North America pharmaceuticals at Glaxo-SmithKline, believes that the key to rebuilding consumer and physician trust in the pharma industry is to operate from a core set of values that goes beyond compliance and encompasses a focus on the patient, transparency, and integrity.

"A values-based culture creates a framework and a mindset in which compliance with rules and regulations is not the ceiling, but the floor from which our organizations should operate," Ms. Connelly said in January 2011. "For our industry to regain public trust, we must constantly examine how we interact with our customers, how we communicate with patients and providers, how we fund activities and how we share information. We also need to do a better job of informing those we serve about how we operate now."

### TOP 10 ADVERTISING CATEGORIES (JAN-SEP 2010 VS. JAN-SEP 2009)

	Category	Jan-Sep 2010 (\$ in Millions)	% Change (Jan-Sep 2009)
1	Automotive	\$9,151.5	23.7%
2	Telecom	\$6,369.4	4.7%
3	Local Services	\$5,932.8	6.4%
4	Financial Services	\$5,604.6	9.4%
5	Miscellaneous Retail	\$5,108.8	10.1%
6	Food & Candy	\$4,961.7	9.9%
7	Direct Response	\$4,549.9	(6.2%)
8	Personal Care Products	\$4,446.7	9.8%
9	Restaurants	\$4,267.4	1.8%
10	Pharmaceuticals	<b>\$3,160.9</b>	<b>(8.5%)</b>
	<b>Total</b>	<b>\$53,553.6</b>	<b>7.4%</b>

Notes: The sum of the individual categories may differ from the total due to rounding. Source: Kantar Media. For more information, visit [kantarmediana.com](http://kantarmediana.com).



**DAVID BRENNAN**  
AstraZeneca

*“There is clearly a real appetite among patients and healthcare professionals for more information and more opportunities to communicate with providers.”*

In a recent industry presentation, Ms. Connelly cited GlaxoSmithKline’s decision to carefully limit and target its direct-to-consumer (DTC) advertising for the erectile dysfunction (ED) medicine Levitra as one example of the company’s efforts to show respect for patients.

“ED is a legitimate medical condition that affects the lives of many men; it is also a condition that many people are not comfortable speaking about,” Ms. Connelly said. “And it certainly is not a condition parents, aunts, uncles, and grandparents want to explain to children while watching a football game on Thanksgiving.

“Our goal is to reach patients where they are, rather than blanket the airwaves with general advertising,” she added. “And we make every effort to avoid advertising in places that are easily accessible to children.”

*“Our goal is to reach the patient where they are, rather than blanket the airwaves with general advertising.”*

### DTC Continues to Wane

According to Kantar Media, pharmaceuticals were one of two top-10 industry categories to post a decline in advertising spend for the first nine months of 2010, falling 8.5% to \$3.16 billion on broad reductions across top-spending brands.

Several of the most-advertised products in the industry are scheduled to lose patent protection in 2011, which likely will result in a

continued decrease in advertising investment over the next year.

According to SDI, pharmaceutical promotion is expected to shift from print advertising to electronic formats on both the consumer and professional marketing sides.

The print advertising spend by pharmaceutical companies declined 30% from 2007 to 2009, coming in at an estimated \$287 million, its lowest point in a decade.

Meanwhile, online promotional activities targeted at physicians jumped 32% during the 2007-to-2009 period.

The difference was even more striking in the DTC arena. Expenditures for magazine direct-to-consumer advertising declined 29% from 2007 to 2009, while Internet advertising spend more than tripled during the same period.

Given the upcoming wave of high-profile patent expirations and persistent negative perceptions of DTC advertising among physicians and consumers, some industry experts are mulling whether this might be a good time for pharma companies to consider dropping brand-specific DTC advertising altogether.

In a recent opinion piece published in The New York Times, former Merck executive Ian Spatz suggested that lawmakers pass legislation allowing pharmaceutical manufacturers and physician and patient organizations to work together on disease-specific campaigns that give information about the disease and its treatment options, without expressing any preference toward a particular pharmaceutical brand or company.

### More Apps for More Diseases

Data from Ernst & Young’s Progressions 2011 report reveals that Pharma 3.0-related initiatives are being driven by investments in mobile health technology, particularly smart phone applications, or apps.

“Mobile is definitely the next game changer, and we’re just at the beginning,” says Abby Mansfield, senior VP, creative director, Topin & Associates. “Which means at a min-

imum we’ve got to make our digital communications work on mobile devices. And at the other end of the spectrum, we can now be more creative than ever in terms of how we interact with both prescribers and their patients.” (To read more about how the advances in electronic media are leaving their mark on the industry and healthcare communication, please see the Showcase Feature: What Advances in Technology Did to Health Care Communications.)

According to E&Y, between 2006 and 2009, 16% of initiatives were in the mobile health space. In 2010, this category accounted for one out of every two new initiatives.

Smartphone apps, which previously focused primarily on diabetes management tools, expanded rapidly into other disease categories in 2010, with apps emerging in an estimated 14 disease areas. These apps included tools to help patients and consumers track vaccination schedules, manage infusions for treatment of hemophilia, and find cancer clinical trials within 150 miles of their location.

In remarks delivered during a November 2010 London Business School conference, AstraZeneca CEO David Brennan noted that the use of mobile technology has great potential to improve healthcare services and to create greater interaction between healthcare professionals and between patients and their doctors



**DEIRDRE CONNELLY**  
GlaxoSmithKline



**CAROLYN BUCK LUCE**

Ernst & Young

*"The companies that succeed in this new healthcare ecosystem will do so by developing innovative outcomes-focused offerings through structured, systematic, and scalable approaches to business innovation."*

or with the companies providing the drugs they take. This increase in information-sharing will help us gather more data about patients, and so gain greater and more timely understanding of what they want from their medicines, Mr. Brennan said.

"There is clearly a real appetite among patients and healthcare professionals for more information and more opportunities to communicate with providers," he added.

For example, Mr. Brennan noted in his November remarks, U.S. clinicians can send questions to AstraZeneca medical affairs staff about several company brands via a "contact

manufacturer" feature on the clinicians' iPhone and iPod touch devices. Physicians can use the tool to ask about a drug's formulary status, report an adverse event, or request samples or educational resources.

"There is clearly great potential to develop these kinds of services further," he said.

Tatiana Lyons, senior VP, director of client services, at Torre Lazur McCann, agrees that mobile media is an important new venue for pharma.

"It's already commonplace in the consumer sphere, but we have yet to maximize the opportunity for our professional healthcare audiences," she says. "The potential value to our clients and their customers is high in this relatively untapped media space. Trends show that our work lives and personal lives are merging, and mobile media supports and promotes this convergence." (To read more about

### Key Digital Media Trends to Watch for 2010

- » **Social** — As social media continues its explosive growth, businesses that have no social media presence in 2011 are likely to be left behind. However, social media may not necessarily be worth significant investment for every company or brand. Before deciding to promote a product or brand through social media or to use it as a means of obtaining customer feedback, it is important to understand how consumers may or may not use the medium.
- » **Search** — From a consumer experience standpoint, the U.S. search market continues to evolve. Through Bing's partnership with Yahoo!, it now controls almost 30% of the search market making it more able to compete with Google, and helping to push forward new innovations. 2011 promises to give a clearer view of how the integration of social data may further enhance the quality of search results.
- » **Advertising** — 2010 saw the display advertising market become increasingly advanced, requiring a similar level of sophistication in the measurement of its effectiveness. With more dollars than ever before moving to digital and the introduction of several new media placement strategies, marketers increasingly require deep, accurate, and holistic insights to guide their pre- and post-campaign strategies. In 2011, look for an

increasing demand from marketers for end-to-end measurement across the digital advertising ecosystem.

- » **Video** — Online video viewing continues to account for an increasing amount of consumers' time online, as content options, quality, and convenience drive people to this channel. Video ads will continue to offer advertisers an engaging venue to reach their target audience and will be an important aspect of the development of the online video industry. In 2011, cross-media relationships will likely take center stage as the convergence of traditional TV and online video viewing continues to blur the lines between media channels.
- » **Mobile** — While still in its infancy, mobile advertising will become an important component of the burgeoning mobile landscape in 2011, as the convenient and nearly ubiquitous nature of mobile devices make this platform potentially extremely valuable for advertisers. There will likely be an early industry focus on higher click-through rates on mobile ads, but this metric is somewhat of a red herring, as curious consumers will be more likely to engage with new ad units in the early days of the mobile ad industry. It will be essential to understand the view-through impact and longer term brand-building that mobile ads can deliver.

Source: comScore Inc., The 2010 U.S. Digital Year in Review. For more information, visit [comscore.com](http://comscore.com).

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new media and the talent needed to bring innovative campaigns to life, please see the Showcase Feature: Ready to Take A Risk Again?)

According to Ernst & Young, success in

Pharma 3.0 will come from the ability to provide insight-enabled interventions at key points in the cycle of care, and will require the right information — relevant, actionable, and not overburdened by legal jargon — at the

right time to inform key decision points in the cycle of care. The Progressions report cites Pfizer as an early leader on this front, having been the first pharma company to partner with social media pioneer Sermo in adding an “Ask

## VIEWPOINTS



### Digital Takes the Lead

Digital agencies will take a growing lead in marketing strategies. Digital specialists will provide evidence-based marketing direction and metrics-based quantifiable

value integrated with sales results. In five years, the majority of HCPs will be using iPads and tablet PCs routinely. Applications will deliver sophisticated tools to generate medical improvements.

#### ELAINE OUSSOREN

CEO

*Boomerang Pharmaceutical Communications*

Clinics, immunizations, wellness events, and screenings are commonly available. Retailers’ heightened focus on healthcare, coupled with the significant numbers of consumers going through their doors every day, makes this an ideal setting to reach and communicate with prospective patients when their health concerns are top of mind.

#### JIM O’DEA

President and CEO

*LeveragePoint Media*

data with audience profiles give advertisers a much better view of the best places to reach potential patients.

#### MELISSA LEONHAUSER

Director, Strategic Marketing

*SDI*



### Customers No. 1

The biggest trend will be the emergence of the truly customer-centric pharmaceutical company which, in seeking to deliver greater value to

its customers, will set higher standards for its agencies in truly understanding the needs of physicians and patients and understanding how best to communicate with them while remaining compliant.

#### CAMILLE DESANTIS AND MARIA CASINI

Co-Presidents

*Managing Partners, Guard Dog Brand Development LLC*



### Advertising: The Real Thing

Already chronically ill and on the critical list, “helping-the-seller-to-sell” style advertising will finally die. It will move to a customer-centric, customer-

driven, “helping-the-buyer-to-buy” model.

Companies will no longer be in charge of content — their audience will dictate that.

Brands will live or die by their openness, social “media-ness,” relevance, and selflessness.

Advertising will once more be about generosity.

Just look at the new strategies employed by Coca-Cola and Pepsi to reference this change.

#### JON WATSON

Creative Director, UK

*Ogilvy Healthworld*



### Communicating without Confusion

Digital media gives us many more communication channels, so we need to figure out how to integrate them and not confuse ourselves, our reps, and

our customers in the process. We can measure customer interactions like never before, which takes us into some very sophisticated analytics. How to engage, what to measure, and what to do with the data all should be based on a sound strategy or it’s not going to be worth much at the end of the day.

#### ABBY MANSFIELD

Senior VP/Creative Director

*Topin & Associates*



### Retail Therapy

A pronounced trend is taking place right around the corner — literally. Retail pharmacies are increasingly functioning as not only distribution channels for prescription and OTC products, but also as healthcare destinations.



### Reaching Its Potential

The biggest challenge is choosing the right venues for advertising when information about the audience historically has been limited. With the significant investment required

for consumer advertising, brand teams and media planners need to know that their money is being spent wisely. New advancements linking de-identified patient-level healthcare



### Investing in Creativity

I often hear, “just be creative,” which translates as “create” with less deference to strategy. Although this can be tempting, it can lead to conceptual

laziness. The challenge is to develop strategy that inspires — not dictates — creativity. The best way to achieve this is to ensure members of the creative team are fully invested in the strategic process — a responsibility that lies as much with them as with the rest of the team.

#### MARCIA GODDARD

Executive VP, Creative Director

*Torre Lazur McCann*

Pfizer” button on discussion threads to provide physicians with relevant, actionable answers in a timely manner. Pfizer is also working with Epocrates to provide similar information on mobile devices.

According to Melissa Leonhauser, director, strategic marketing, the biggest challenge in developing an overall advertising strategy is choosing the right venue when information about an audience historically has been limited.

“With the significant investment required for consumer advertising, brand teams and media planners need to know that their money is being spent wisely,” she observes. “New advancements linking de-identified patient-level healthcare data with audience profiles give advertisers a much better view of the best places to reach potential patients.” (To read more about using anonymous patient-level data, please see the Showcase Feature: Reach More Potential Patients.)

### Online Ads Shift to Social Networks

According to comScore’s 2010 Digital Year in Review report, Facebook and other social networking sites now account for more than one-third of all display ads delivered online, while Twitter expects to become a bigger player on the advertising stage with so-called promoted tweets in 2011. These formats offer an opportunity for very cost-effective advertising that can reach tens of millions of consumers, comScore notes.

In its Progressions report, Ernst &Young attributes the boom in online advertising to the ability to analyze customer data, such as search engine queries on Google, and “likes,” interests, and conversation topics on Facebook, to target advertisements to the users who are most likely to be receptive to them.

Brand websites also remain a highly effective tool for reaching patients, whether accessed via online search engines or click-through ads, or sought out after viewing traditional print or broadcast advertising. Manhattan Research’s ePharma Consumer v10.0 study found that almost three-quarters of e-pharma consumers visiting these websites take a product-related action afterward — either discussing product info with their doctor, family or friends; requesting or filling the prescription; or searching for more product info online. Key elements among top brand websites are content and structure designed to lead consumers to talk to their doctor. Additionally, many of these products, such as the sleep aid Lunesta and the acid reflux treatment Nex-

ium, feature doctor discussion guides or worksheets on their websites.

While general health websites remain the top online pharma resources in terms of reach and influence, research shows that pharma websites are critical secondary resources that play an important role during the prescription drug research continuum.

“Product websites are still valued destinations despite the dominance of general health websites,” says Monique Levy, VP of research at Manhattan Research. “More e-pharma consumers use

them for pharmaceutical information than social media sources, for example, and their visitors represent an action-oriented, high-value group.”

According to Ms. Leonhauser, the biggest trend affecting pharmaceutical advertising over the next few years will be shifting product portfolios.

“With newer products treating more complex conditions that affect fewer patients, strategies used to reach the masses won’t work,” she says. “Advertisers will have to be smarter about how to reach the right patients.” **PV**

## THOUGHT LEADERS

**DAVID BRENNAN.** Executive Director and CEO, AstraZeneca, a global, innovation-driven biopharmaceutical business with a primary focus on the discovery, development, and commercialization of prescription medicines for gastrointestinal, cardiovascular, neuroscience, respiratory and inflammation, oncology, and infectious disease. For more information, visit [astrazeneca.com](http://astrazeneca.com).

**DEIRDRE CONNELLY.** President, North America Pharmaceuticals, GlaxoSmithKline, one of the world’s leading research-based pharmaceutical and healthcare companies.

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**MONIQUE LEVY.** VP of Research, Manhattan Research, a global healthcare market research and advisory firm focused on the digital trends shaping the future of consumer and physician marketing. For more information, visit [manhattanresearch.com](http://manhattanresearch.com).

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