

» DTC ADVERTISING

ONLINE MEDIA:

WILL IT KILL THE MASS MEDIA STARS?

As **DTC MAGAZINE AND TELEVISION AD BUDGETS CONTINUE TO BE REDUCED**, our experts forecast the effect on the industry's marketing mix.

According to TNS Media Intelligence, the industry spent more of its DTC budget on Internet ads than on traditional media in the first quarter of 2009. The Internet ad spend increased by \$32.3 million over the past year, from \$21 million in first-quarter 2008 to \$53.4 million in first-quarter 2009. Analysts note that the TV spend fell by almost the same amount as Internet's increase — \$31.4 million.

ONLINE SPENDING PREDICTED TO CLIMB

The magnitude of online options will create a flatter overall spending curve spread over a diverse marketing mix.

"I believe the trend of an increasing online spend will continue, and as more social tools develop and smart phones increase their online connectivity and capabilities, there will be even more online options vying for our dollars," says Ben Currie, director, emerging technologies, at Purohit Navigation.

Over the past few years, many in the industry have not embraced social media because of regulatory ambiguity and fear of penalty; therefore, there has been some resistance to investing in online search, new media, and the like.

"However, now that the FDA and DDMAC are beginning to craft guidelines for pharmaceutical advertising on the Web, online spending has begun to increase," says Phil Deschamps, president and CEO of GSW Worldwide. "My best guess is that eventually these tools could surpass some traditional media, and spending will likely shift, but it won't completely overtake the mediums that we've known for decades."

According to Dave Chapman, managing partner at CommonHealth, data indicate that

the shift away from traditional DTC spend has already begun, possibly as a result of the content-rich experience available to consumers online.

"Whether for physician or patient, individualized, on-demand, time-shifted, Web-based, pull-versus-push messaging is destined to become the new standard," he says. "There's just no question that for many product categories, mass media already isn't the solution to providing valuable, educational, or responsible healthcare information. By creating a video-rich, trustworthy destination designed to enhance the user experience, we can establish virtual environments to improve physician-patient dialogue, health literacy, diagnosis, compliance, persistence, and more."

With the availability of new communications tools, there will most likely also be a shift to accommodate and adjust to these new technologies, says Greg Barrett, VP of marketing at Daiichi Sankyo.

"Patient-directed communications, online search, and new media tools will continue, since they provide the ability to not only reach people where they are already spending time, but can do so with much more targeted communications than mass DTC magazine and television ads," he says. "In short, we need to be where our customers are."

AUDIENCE SEGMENTATION

According to Peter Nalen, president and CEO, Compass Healthcare Communications, while traditional DTC advertising will still be appropriate for certain brands that treat conditions affecting a large number of people, or a population with limited online activity, the growth and usage of new media tools will always surpass and ultimately replace traditional methods.

"The constant evolution of mediums is



FARUK CAPAN
Intouch Solutions

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nothing new to marketing," he says. "The larger, more profound change is the one that has been enabled by the online medium — the ability to identify and successfully reach and market to multiple distinct target audiences.

In the past, Mr. Nalen says, promotional campaigns consisted of leveraging one benefit into one message and then communicating that message through reps, journal ads, and TV. Now the Internet has allowed marketers to think in segments.

"DTC has a bad rap, and there is no better group than pharma to play a key role in educating and engaging patients and winning back their trust; there's no better place to do it than online," says Faruk Capan, CEO of Intouch Solutions. "Yes, marketers may still need printed brochures and direct mail and

maybe even TV — but in a very limited fashion. Patients are always looking for information and education, and they turn to the Internet. And when they do, pharma needs to be there with information and answers.”

The world will continue to move toward more and more specialized marketing and the level of tolerance for “waste” in advertising will encourage marketers to fine-tune targeting through online methods, says Nancy Beesley, executive VP, client services, at HC&B Healthcare Communications.

“When newly diagnosed patients can jump on to a myriad of Websites and learn a ton of information about their condition themselves, the power has shifted,” she says. “It’s no longer about delivering messages to patients when marketers want to. Now it’s about being ready when they are, and that’s what new media provides.”

TRADITIONAL METHODS WILL NOT DISAPPEAR

“I’m not sure if magazine and TV will be surpassed in the short run, but I do know that spending in the other areas will continue to grow,” says Mike Myers, president of Palio. “There are many pundits that believe that TV and magazines will all go digital, but the core areas of passive advertising via video, for example TV or embedded video, and advertising embedded around editorial content, for

Total measured DTC advertising expenditures in the first six months of 2009 fell 14.3% versus a year ago, to \$60.87 billion. Ad spending during the second quarter of 2009 was off 13.9 % compared with last year, the fifth consecutive quarter of year-over-year declines.

TNS MEDIA

example magazines, in my opinion, will always have a place.”

Nick Colucci, president, CEO, Publicis Healthcare Communications Group, thinks so, too, because every marketing plan must be tailored to the brand.

“But with passive audiences giving birth to the activist patient, a portion must harness new media,” he says. “Consumers live with a computer at arm’s reach; capitalizing on this behavior ensures a deeper penetration of message delivery and relevance.”

Ken Ribotsky, president and founder of The Core Nation, believes there is room for everybody at the table, because a comprehensive approach is important.

“Internet and other digital media are definitely becoming increasingly important, and spending will increase accordingly; but that

doesn’t mean that traditional DTC advertising will disappear,” he says. “DTC will evolve and will be leveraged in smarter and more targeted ways. The challenge and opportunity is to integrate the tools — new and traditional — to approach audiences in a more targeted way and make those dollars work harder than ever before.”

WHAT THE FUTURE HOLDS

With many magazines already folding, online is clearly the better economic model, says Donna Wray, management advisor at TGaS Advisors.

“Television is a bit of a different story, however; buys are beginning to be managed more like online spends, and the Web is beginning to look more like television,” she says.

According to Ms. Wray, there was much discussion starting in 1995 about “convergence” across media, and now that it’s finally here, not many are taking advantage of the opportunity.

Ms. Wray predicts that in 2010, the companies able to merge both these worlds will have a significant competitive advantage.

“This ability will give them access to a wider variety of inventory, more targeting, and better tracking of lead quality,” she says. ♦

PharmaVOICE welcomes comments about this article. E-mail us at feedback@pharmavoice.com.

Sound Bites From The Field

PHARMAVOICE ASKED INDUSTRY EXPERTS TO IDENTIFY THE TOP FACTORS THEY BELIEVE ARE CURRENTLY IMPACTING MARKETING.



JEFF BAKER is President and CEO, Noble Marketing Group, a provider of PhRMA-compliant creative marketing solutions for pharmaceutical,

biotechnology, and healthcare providers. For more information, visit gonoblerx.com.

“There will be more focus on education versus branding, and because of the guideline changes, there is a lack of tools to distribute the message and excite the salesforce.

Regulatory guidelines have tightened internal controls, making it harder to get marketing solutions into production. There is

also a general public perception that the pharmaceutical industry is under fire from political and social groups.”



WENDY BLACKBURN is Executive VP of Intouch Solutions, which offers strategic, cutting-edge interactive solutions for pharmaceutical companies that want to educate

consumers, build communities, and ultimately allow patients and healthcare professionals to experience their products. For more information, visit intouchsol.com.

“We’ll continue to see the trend away from the

promise of blockbusters, and more toward niche products that treat conditions with smaller patient populations. Pharma companies will be selling many more products, but with less volume. And it will be a welcome, positive change for all of those orphan disease categories and patients who are desperately seeking treatments.

Politically, I wouldn’t be surprised if pharma will face stricter regulatory constraints. However, as healthcare reform shakes out, we expect pharma pricing and promotion will continue to come under fire. And DTC will continue to garner scrutiny, especially for new drug launches. But perhaps pharma will realize the

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Sound Bites From The Field (continued)

unique opportunity the digital channel brings for connecting with consumers in a more open dialogue, providing answers at the precise time at which patients are seeking them. If that becomes a reality, the definition of DTC will evolve to mean something entirely different — and much more positive — than what it is today.

Physicians are wired; they're mobile. And physicians graduating from med school today grew up with technology and social media. The Internet is practically an untapped channel for pharma reaching physicians. Pharma will need to look beyond sales reps for new ways of building relationships with physicians. That means bringing something of value to the physician, and we know that doesn't mean pens and mugs.

Pharma also will need to get a little more creative and look beyond the typical prescriber base to other professional influencers such as physician assistants, nurses, nurse practitioners, pharmacists, and even medical students. ”



JAY CARTER is Senior VP, Director of Client Services, at AbelsonTaylor, an independently owned full-service healthcare advertising agency. For more information, visit abelsontaylor.com.

”There are several factors impacting marketing today: a lack of clarity in FDA guidelines for electronic/Internet promotion; decreased power of the individual prescriber as a decision maker; and a shrinking number of jobs in the marketplace. Companies are moving to patient-directed communications and other new media because they cost less than traditional magazine and TV budgets. There's no way they'll surpass the 'old' spends, but these outlets will grow and prosper, especially as pharma learns to communicate in a way that it is deemed responsible by the regulators. ”



PATRICK COLLINS is President, 5th Finger, a progressive mobile agency that designs and implements engaging

brand interactions to reach on-the-go consumers. For more information, visit 5thfinger.com.

”There is a more competitive market with slowing growth. This is influenced by a decreasing number of patient visits to physicians; government and payers influencing prescription choices; and increasing patient reluctance to take prescription medicine because of factors such as cost, safety concerns, and being unsure of the need. So a big objective for brands is to influence trial and awareness of their brands.

The increasing role of individuals in healthcare decisions versus employers or physician groups is impacting the market. Self-medication is being influenced as well by a number of factors, such as a large uninsured population and less control over consumer behavior due to online and social media consumption.

Therefore, the challenges to brands are to influence trial and awareness, drive compliance and adherence, and to influence consumer decisions. There is also an emerging focus on driving prevention/wellness programs as a means of reducing and avoiding costs for care. ”



PHIL DESCHAMPS is CEO and President of GSW Worldwide, an inVentiv health company, and a full-service advertising agency that provides liberating ideas to health and wellness clients

through offices around the globe. For more information, visit gsw-w.com.

”As marketers, a factor we're facing every day is finding a way to make social media marketing work for the pharmaceutical industry. In the past, pharma has always had control over its messaging and how its brands are received. The challenge with the social media space is that not only is there no control, but before you can lead, you have to participate while simultaneously continuing to learn from it as it changes and evolves at a rapid pace. So rather than having a feeling of total control, we have to learn how to listen more and participate in those conversations. More marketing insight can come from simply being aware of what is going on in the disease state you care about and how your product fits in it. Marketers don't always

know what is going on with respect to their product in the real world. Just type Lipitor into Google and see how many pages you have to go through before you get to a message that Pfizer actually supported. The social media space is a wonderful place to learn and an impossible place to lead.

One of the market factors that remains front and center in our industry is solving the adherence issue. If information were the answer, we would have everybody adhering to their treatment regimens. However, we know this is clearly not the answer. We need to help manufacturers rethink their approach to compliance programs. We can no longer afford to manage patient compliance as an isolated tactic; instead, we need to work strategically to make compliance an integral part of our communications with patients, healthcare providers, and payers. Part of that involves doing a better job of finding out what's going to drive consumer behavior and develop programs that result in more successful outcomes.

Companies will become service providers in addition to developers of medicine. With major manufacturers increasingly focusing on specialty medicine areas, the opportunity to create a suite of value-added services or develop services for their patients and caregivers is going to become the norm. Consider a COPD medicine manufacturer partnering with an electric wheelchair manufacturer to deliver mobility services to people who get out of breath by just walking, or Aetna partnering with Jenny Craig to drive their patients toward more healthy lifestyles. This is how companies are going to distinguish themselves from competition and develop more loyal customers. ”

PAUL DREYER is Chief Commercial Strategist at Friday Morning, a new company formed to help clients address the pervasive distrust that increasingly characterizes the relationship between physicians and the pharmaceutical industry. For more information, visit fridaymorning.com.

”Restoring trust is the most critical issue facing pharma. When the relationship with pharma's key customer — the physician — is broken, even the most skillfully crafted communication will not be heard. Effective communication of a brand's

benefits and risks to potential prescribers and their patients is a critical responsibility of a pharma company and its agency. When this communication process is done well, patient outcomes are improved. But when this communication process breaks down, all of the innovation our industry is renowned for comes to naught. It is critical to take steps to improve trust.”



LIZ KAY is VP of Account Service at Cramer, which specializes in developing and delivering unique marketing communications. For more information, visit

crameronline.com.

“The greatest opportunity is to be able to measure impact and the call to action. DTC magazine and television advertising isn’t going away any time soon, but the opportunity to push to the Web and then measure the impact of the ad is going to become essential.

Additionally, as online communications become even more central as a communications tool, patients and caregivers, as well as healthcare professionals, will continue to turn to this channel and will know how to discern what is valid content and what’s not.”



GREG KIRSCH is VP, Creative Services, of Intouch Solutions, which offers strategic, cutting-edge interactive solutions for pharmaceutical companies that want to educate

consumers, build communities, and ultimately allow patients and healthcare professionals to experience their products. For more information, visit intouchsol.com.

“Most pharma marketers are beginning to understand that simply putting a sales brochure or TV spot on a Website is not a digital strategy. It’s like creeping along in a Porsche at 20 miles per hour. It can be done, but what’s the point? Our most successful clients are experimenting with creative engagement tactics, such as YouTube channels and mobile applications — forging a relationship with customers instead of merely promoting at them. Emerging technologies are allowing us to be

creative in spite of the extra legal and regulatory challenges we face.”



RAJESH NAIR, MBBS, MBA, is President and CEO of Indegene, a consultancy that enhances commercialization and marketing success of life-

sciences companies through its ability to understand, analyze, and apply knowledge of science and clinical practice. For more information, visit indegene.com.

“The traditional ‘push’ method of communicating to physicians and other stakeholders via salesforce and direct marketing is transforming into a mix of ‘pull’ and ‘push’ initiatives. The new technologies, including online and interactive platforms, micro-segmenting, and targeting processes as well as social networking and media tools, all point toward a new paradigm of delivering relevant information and education to physicians ‘the way they want it, when they want it.’

The role of patients in decision making is becoming increasingly important. This is translating to increasing importance of elements such as patient education initiatives and patient adherence programs, as well as technologies to support long-term compliance and adherence.

The pressure is increasing to maintain share of voice in times of reducing marketing budgets. The challenge is to do more with less. The solutions may include use of new communication and education technologies, fundamentally different service provider relationships that leverage off-shore production capabilities, and increasing reuse and repurposing of content and programs across multiple global markets.”



DAVE ORMESHER is CEO of Closerlook Inc., a strategic marketing agency specializing in healthcare with an emphasis on strategy, creativity, and innovation. For more

information, visit closerlook.com.

“Marketing is faced with an industry undergoing structural change. We won’t be recovering from a cyclical recession. Even as most of the top 20 companies spend to diversify into biologics or grow disease franchises, the industry will see the signs of a restructuring of its profit engine, a decline of its

political influence, and a challenge to its ability to control its primary business relationships. The post-reform focus will move from universal insurance coverage to arresting the growth of healthcare costs, and the relationship between insurance and pharma will become more conflicted as the pressure intensifies to cut costs. Marketing will need to focus on innovation to build deeper relationships with customers and partners while spending less.

The negative political and media focus on the influence of pharma marketing spend will limit certain channels such as television DTC and encourage a more transparent approach to promotions. Ubiquitous adoption by professionals of online and mobile sources of medical content will continue to undermine the traditional role of the sales rep while offering more efficient channels to communicate.

Specialty drugs are used by smaller specialty practices, requiring more sophisticated targeting within a cost-effective marketing strategy to achieve share of voice and trust among professionals and patients.”



STEVE WUNKER is Senior Partner at Innosight, a consultancy that produces a series of market-tested tools and techniques that enable

growth through innovation. For more information, visit innosight.com.

“Pharma companies will increasingly move from selling pills to creating solutions. A solution-oriented approach — potentially involving elements such as diagnostics, compliance programs, behavior modification, and condition monitoring — will help to differentiate therapies from tough competition, boost the relevance of reps’ visits to physician offices, promote adherence, and create improved outcomes meriting better reimbursement.

These types of efforts go well beyond drug marketing programs to real business model innovations, and they will require creating competencies that many pharma companies lack. Aggressive efforts to partner with firms that offer these capabilities will make the best of these companies hot prospects for licensing or acquisition.”