DTC GETS SMART

Given the adoption of in-app video and gaming, forward-looking pharma marketers are experimenting with so-called smart DTC on small screens. As **Larry Dobrow** finds, skeptics might not be able to stand in their way much longer

Pharmaceutical marketers have strong opinions. They have no shortage of things to say about what they perceive to be the genre's creative shortcomings, say, or the frustrations of having to kowtow to the FDA. Unless you have an hour to kill, don't ask them about the FDA.

And yet few topics engage them—and infuriate them, and vex them, as well as catching them at their most measured and thoughtful—than direct-to-consumer (DTC) advertising. Years after its emergence, DTC remains the part of the job that they love to hate. They love the opportunity that it affords and the keen scientific and strategic challenges it presents. But what they hate is that—owing to the unique traits of the pharmaceutical business—they often find themselves working with one metaphorical hand tied behind their backs.

So when you set out to write a State of the Union for so-called smart pharma and healthcare DTC—subjectively defined to include targeted buys on mobile and cable television, in-app video and ads within gaming environments—you should brace for the widest possible range of responses.

To hear company, agency and media folks tell it, the state of the DTC union is either strong or disastrously muddled. The media mix accommodates every technology on the cusp of adoption, or only the ones that it has accommodated for the last three decades. Priorities are well aligned, or so far off the mark it's a wonder anyone notices the darn products.

"Even back in the day 10 years ago, DTC was interesting in terms of how we were using data and going digital in a unique way," says Anush Prabhu, chief channel planning and investment officer at IPG's Deutsch, whose clients include Sunovion. "We're still seeing some restraint, but our clients are spending more and experimenting more."

Contrast Prabhu's measured take with the one that is offered by A.J. Triano, VP, connected health at inVentiv Health's Palio+Ignite. "The biggest statement on DTC is that we're still misaligned with where people are needing our information…We're drastically overspending on print and TV, and underutilizing the mediums where people are looking and paying attention."

Whatever reservations there may be, data from Nielsen shows that pharmaceutical companies were happy to dig into their pockets during 2013. DTC spend across all media, excluding the Internet, rose 10%, from $3.4 billion in 2012 to just under $3.8 billion in 2013. Companies spent more in television ($2.48 billion, up 12.7% over the year-ago period), magazines ($1.09 billion, up 6.6%) and radio ($24.3 million, up 4.9%) than they did during 2012. The only declines were seen by newspapers ($149.2 million, down 28.9%) and the Internet ($59.8 million, down 14.4%).

While the drop in web spend may well reflect pharma's well-known anxiety around all things "e," media and agency people in particular were flummoxed by the overall increase and the jumps in TV, magazines and radio. They attributed those results to last-ditch spending by a raft of brands at the end of their lifecycle, which may be trying to eke out whatever gains they can before going off patent.

As for companies, Pfizer once again topped the list of spenders, with a DTC outlay of $872.2 million during 2013. It was trailed by last year's runner-up Eli Lilly ($454.6 million), Abbott pharma arm AbbVie ($399.6 million), AstraZeneca ($287.6 million) and Merck ($276.7 million). Not surprisingly, the list of highest-spending brands correlates with the parent company list. Lilly's ED drug Cialis topped the list ($221.9 million), followed by Pfizer's ED staple Viagra ($161.4 million), Pfizer's arthritis mainstay Celebrex ($155.9 million), AbbVie's arthritis drug Humira ($132.4 million) and Otsuka's antidepressant Abilify ($121.4 million).

Impressive data, to be sure, especially when compared against 2012. Interestingly, few of the gains came in digital. The top overall brand, Cialis, devoted just $6 million of its marketing spend to digital, a meager 2.7% of its budget. The third highest-spending brand, Celebrex, similarly gave only passing consideration to digital: $5.4 million, which represented 3.5% of its ad expenditures. Humira (for arthritis), ranked fourth in brand spend, devoted less than $1 million to the digital space, and it wasn't alone: of the top 20 brands, 16 didn't clear that $1 million mark.

With companies, it was the same story. Pfizer, the biggest overall and digital spender, alloted $21.5 million of its $872.2 ad budget to digital, amounting to a measly 2.5% of its outlays. Percentage-wise, other top spenders devoted even less: Lilly ($9.9 million, 2.2%), AbbVie ($1.2 million, 0.3%), AstraZeneca (around $100,000, 0.03%) and Merck ($5.1 million, 1.8%). Towards the bottom of the top 20 companies, only Sumitomo showed any kind of real commitment to digital—and that was just $3.8 million of its $29.7 million in spending, or 12.8%. The Nielsen digital data doesn't

DTC spend by media type, 2013

Rank	Media	US DTC media $ (millions)	% change vs. prior year
1	Television	$2,481.7	12.7%
2	Magazine	$1,085.8	6.6%
3	Newspaper	$149.2	-28.9%
4	Internet*	$59.8	-14.4%
5	Radio	$24.3	4.9%
6	Outdoor	$3.8	21.1%

*Internet expenditures exclude all Yahoo! sites, Realtor.com, YouTube.com and MySpace.com

Source: Nielsen

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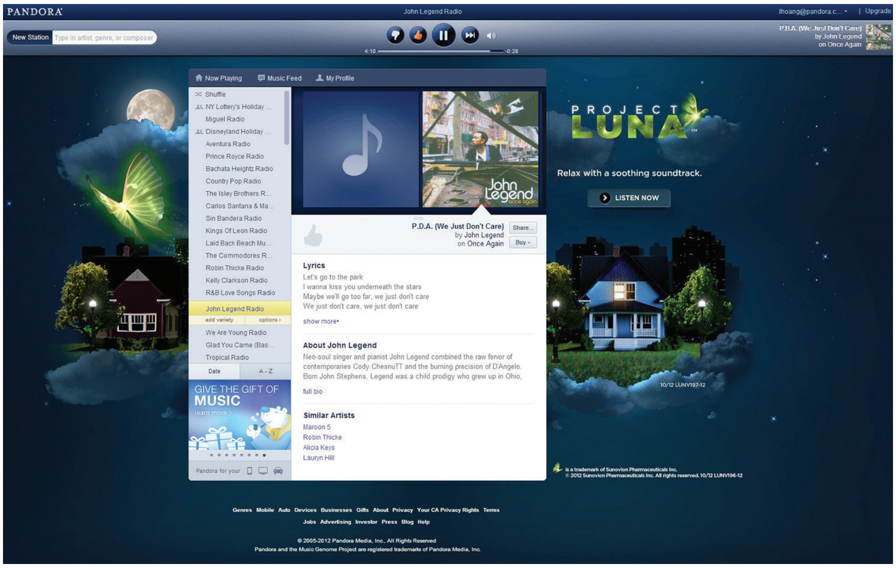


Sunovion's Project Luna Campaign, launched in late 2012 to promote insomnia drug Lunesta, established a beachhead via banner ads in a handful of social gaming sites (below) and on Pandora, where it curated a branded Project Luna playlist (left). "We targeted communications into natural environments for sufferers," says a marketing VP.

include spending on Yahoo! sites, Realtor.com, MySpace or YouTube, but however you measure it: companies and brands aren't walking the walk when it comes to digital.

Something crucial is missing from the Nielsen data: a gauge of the progress DTC advertisers have made in mobile, the medium which they view as teeming with untapped potential.

"I don't think anyone has figured it out yet. That said, I'd say that probably half the searches being conducted right now are happening on mobile devices," says David Adelman, a founding partner of Moddern Marketing, who adds that he speaks from personal experience. "The supposed pushback is that older segments of the population might still be desktop-driven, but that will change as my generation—I'm in my 50s—gets older. Who knows if we'll replace our computers when they stop working? Maybe we'll just stick with a smart phone and a tablet."

While conservative clients have likely contributed to the lag in DTC programs for mobile, the blame can't be laid entirely at their loafers. As consumers, we've embraced the in-pocket and tablet-sized small screens seemingly overnight. Our behavior has evolved at a breakneck pace; it has changed faster than our ability to measure it.

"There's no analog in history to any other channel," says Harry Wang, director, health and mobile product research for Parks Associates, which recently issued an analyst report predicting that spending on converged media—smartphones, tablets and the like—will surpass $5.6 billion by 2017. eMarketer says digital ad spending by the healthcare and pharma industry will hit $1.4 billion by 2017, including ads that appear on desktops, laptops, mobiles and tablets. But without accurate and accepted metrics to support that prediction, good luck getting skeptics to crack open their wallets.

Nonetheless, as Initiative client director, digital investment, Holly Dunn outlines it, those skeptics might not be able to stand in the way of their more forward-minded peers much longer. "The pervasiveness of mobile, the adoption of different types of media on mobile devices, consumer spending on mobile devices—all of this has forced marketers into this space, basically," she says.

And all that doesn't even begin to address how consumer behavior differs on mobile devices. "We've started to treat print and TV as noise in the background," Triano adds. "With mobile, our behavior shifts. We become task-specific seekers. We take in more of what's on the screen. When ads are in that space, [consumers] are more likely to take action."

Triano also touts the benefits of day-parting, device-parting and geo-parting strategies, which—again, in theory—allow brands to provide information at the precise moment patients or would-be patients are most receptive to that information. "Imagine a patient who has just left the doctor's office having been diagnosed with a life-altering or chronic condition," he continues. "We know that over 70% of consumers handle information needs by conducting a mobile search. By using a day-part and device-part strategy, we can use smarter search/media approaches that drive consumers to the

Top 20 brands by DTC spending, 2013

Rank	Brand	Company	US DTC media $ (000s)*	% change vs. prior year
1	Cialis	Eli Lilly	$215.9	24.5%
2	Viagra	Pfizer	$160.0	32.6%
3	Celebrex	Pfizer	$150.5	13.8%
4	Humira †	AbbVie	$132.4	36.6%
5	Abilify	BMS	$121.0	5.1%
6	Eliquis	BMS	$115.3	N/A
7	Crestor	AstraZeneca	$105.5	N/A
8	Xeljanz	Pfizer	$94.9	N/A
9	Lyrica ††	Pfizer	$94.7	N/A
10	Xarelto	Janssen	$92.5	N/A
11	Humira †††	AbbVie	$90.8	40.5%
12	Advair Diskus	GSK	$85.8	-16.4%
13	Cymbalta	Eli Lilly	$85.5	N/A
14	Restasis	Allergan	$79.6	28.8%
15	Chantix	Pfizer	$79.5	17.7%
16	Enbrel	Amgen	$77.2	-64.6%
17	AndroGel	AbbVie	$77.0	-3.9%
18	Lyrica ††††	Pfizer	$75.2	N/A
19	Axiron	Eli Lilly	$71.3	N/A
20	Symbicort	AstraZeneca	$67.4	15.0%

Total spend comprises broadcast, print, outdoor and B2B, but not digital. †for arthritis, ††for diabetes †††for psoriasis, †††† for fibromyalgia

Source: Nielsen

Top 20 companies by DTC spending, 2013

Rank	Company	US DTC media $ (000s)*	% change vs. prior year
1	Pfizer	$850.7	26.9%
2	Eli Lilly	$444.7	2.5%
3	AbbVie	$398.5	N/A
4	AstraZeneca	$287.5	27.2%
5	Merck	$271.6	-5.2%
6	Allergan	$194.3	4.4%
7	Amgen	$190.5	-20.5%
8	Bristol-Myers Squibb	$156.2	61.1%
9	GlaxoSmithKline	$154.6	-11.1%
10	Novo Nordisk	$123.8	34.4%
11	Otsuka	$121.5	5.3%
12	Johnson & Johnson	$115.5	49.5%
13	Boehringer Ingelheim	$73.9	N/A
14	Novartis	$54.3	-33.9%
15	Roche	$53.8	12.8%
16	Mylan	$34.8	N/A
17	Purdue Pharma	$33.2	N/A
18	Sanofi	$29.1	-31.6%
19	Sumitomo	$25.9	-84.6%
20	Galderma	$18.8	N/A

*Total spend comprises broadcast, print, outdoor and B2B, but not digital

Source: Nielsen

bite-size, quick-hitting form of disease education and brand benefits to satisfy the initial informational needs." Those same consumers might then be directed toward longer-form content (testimonials, etc.) at a later point in the day.

As for potential mobile drawbacks, marketers remain wary of privacy violations as well as breaches of etiquette; they believe consumers have an intimacy with their smart phones that is unparalleled, and would be less likely to forgive perceived offenses. Too, it takes a lot of thought to reinvent existing campaigns for mobile, especially since retrofitting them has already been labeled one of the medium's biggest no-nos.

"You can't say, 'My campaign has digital banners, so now I'm going to do those digital banners in mobile,'" says Deutsch's Prabhu. Indeed, most tech-smart marketers believe websites should now be designed first for smartphones and tablets and second for desktops and laptops, rather than vice versa.

Meanwhile, especially in categories that haven't done much DTC, marketers fear that mobile isn't a battle they'll get to fight for years. "Right now, a lot of the movement we're seeing is in the specialty and rare disease space. There are a lot of clients marketing products for the first time," explains Strikeforce Communications founder and CEO Mike Rutstein. "Some of them are setting the tone for a category, so they're going out [to market] in a hyper-conservative way. The first-mover advantage is taking a back seat to the fact that no ground has been plowed in front of them, so to speak."

While it might fail to spark the imagination like mobile does, smart DTC more than ever includes a heavy presence on cable television. The medium hasn't exactly been shunned by pharma advertisers, yet only in recent years has it started to receive an increasingly high percentage of dollars—and those dollars have come out of the pockets of the broadcast networks. There are any number of reasons for this, but, at least in the biggest-picture sense, it boils down to eyeballs.

"To be honest, it's just, 'If this is where the viewers are, I'm gonna have to be there,'" shrugs Brad Adgate, SVP, research at Horizon Media.

AMC's *The Walking Dead*, for instance, has ranked as the highest-rated scripted entertainment show on television several weeks in 2014, while AMC's *Breaking Bad* and A&E's *Duck Dynasty* have pulled similarly huge ratings. Cable shows have also received a disproportionate amount of affection from critics and awards groups. "They're putting on better shows," Adgate says simply.

Adgate points to the near endless amount of ad inventory that is available, and the lower prices that come with it, as one reason that pharma has turned its attention toward cable. Too, he notes that it's easier than ever before to purchase ad time on cable. "If you were buying a lot of networks, it used to be a whole lot of paperwork," he says with a laugh. "Now everything is electronic, which makes things far more simple from a maintenance standpoint." Adelman similarly warns against discounting the extent to which administrative nuisance kept some marketers away: "With programmatic buying, you're automating the process. You can buy [ad space] not just cheaper, but also smarter."

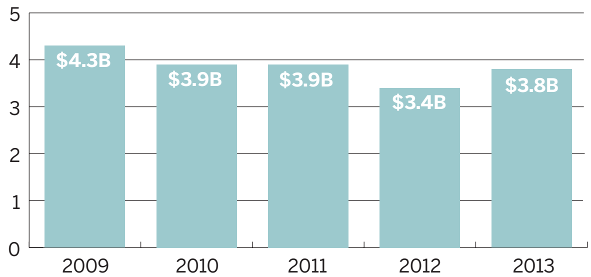
Ultimately, cable's newfound appeal to pharma has more and more to do with the niche audiences to which it is increasingly catering. Each month, it seems, brings a high-profile channel debut or relaunch designed to appeal to a very specific type of viewer. Last September, co-owners NBC Universal and Hearst rebranded the Style Network as the Esquire Network and reoriented its programming slate to feature non-sports-related content for affluent 20- and 30-something males.

El Rey, the brainchild of auteur Robert Rodriguez (*Sin City*, *Spy Kids*) and Univision, launched last December with its eye focused on Latino viewers who dig Rodriguez's guns-a-blazin' aesthetic; the English-language network debuted its first original scripted series, an adaptation of Rodriguez's *From Dusk Till Dawn*, in mid-March.

It's no guarantee that every such network will thrive—Oprah Winfrey's OWN has struggled to generate a consistent viewership, despite the guiding presence of one of the most watched and esteemed personalities in the history of the televised medium—and clearly the cable-channel landscape remains overpopulated ("the average home has something like 180 channels to choose from," Adgate notes). But the promise of niche done smartly is one that resonates with healthcare marketers.

"These networks are offering unique opportunities to target viewers in an environment where they're receptive," Adgate adds. While broadcast networks can't trot out the same sales spiel—note the inclusion of "broad" in "broadcast"—they're finally experimenting with other cable-type tactics: shorter seasons for some programs, original fare during the summer, etc.

During 2013, DTC ad spend across all media (excluding the Internet) rose 10%



Source: Nielsen

And don't rule out second-screen programming—in which a smartphone or tablet app synchs up with a TV broadcast and adds a host of supplementary content and commentary—as a potential growth area for pharma DTC. A company or brand could, for instance, sponsor content within that app or provide material of its own.

As for other examples of smart DTC done well, they're few and far between. That, in fact, might be one reason certain types of programs have mustered less enthusiasm than their forward-minded strategy and tactics would otherwise merit. While there's a groundswell of believers in in-app video ads and ads in gaming environments, there's a shortage of DTC campaigns at which a zealot might point and say, "See?"

"When it comes to technology and trying new things, the pharma sweet spot is to not be first, but to be a smart second," says Triano. "One of the instructions we get from clients is 'just tell me what everyone else is doing.'… They want to get in after they've seen one or two early adopters try something new without getting slapped with a fine." Along those lines, many pharma companies have asked their agencies not to chirp about programs that tap new technology and media, lest they attract unwanted attention. Hello, irony?

Asked to identify their smart DTC favorites in a quick and irresponsibly informal survey, healthcare people mostly share responses along the lines of "we haven't seen that one killer campaign or execution just yet." Nonetheless, Sunovion Pharmaceuticals' Project Luna campaign, launched in late 2012 to promote insomnia drug Lunesta, receives high marks for its ambition. In addition to proven elements—early engagement via unbranded content for consumers who hadn't yet actively pursued treatment options—Project Luna established a beachhead in a handful of social gaming sites and on Pandora, where it curated a branded Project Luna playlist.

"We targeted communications into natural environments for sufferers," says Brad Sippy, Sunovion's VP, marketing, in response to emailed questions. "We then added value to this approach by aligning our branded videos with professional content on trusted health sites to reach those who were already searching for a solution." Statistically, the campaign hit its marks: According to Sunovion, 1.7 billion digital impressions were served, spurring a 57% increase in registrations against the year-ago period.

Nontraditional campaigns like this, many pharma and healthcare marketers hope, will soon become the standard rather than the exception. Still, many view the next 12 to 18 months with a degree of wariness, less because the technology isn't ready than because the key decision-makers aren't.

Criticisms of supposedly slow-moving pharma marketers have been aired so often that they've become a standing cliché, but many people on the agency side believe that true progress won't come until in-house marketers' embrace of new technologies and techniques exits the realm of the theoretical. It also wouldn't hurt if the FDA's Office of Prescription Drug Promotion chose to weigh in, especially as it pertains to eventual changes or reductions in the amount of risk information that is required to be affixed to any communication.

Dunn's advice to DTC pharma marketers hoping to stay ahead of the curve: improve your agility. "You have to be a little more cognizant of the possible constraints. You have to plan ahead and maintain flexibility in your plans," she explains. "It could take a while to get things approved; the regulatory feedback could vary or change. Something you think might go through quickly might not, so you either have to have a backup plan or you're going to go dark, and not by choice."

Rutstein, on the other hand, is holding out for an infusion of new blood, especially from the consumer goods business. "You have to bring new people into the fold who don't think the way that everybody else does," he says bluntly. "For DTC right now, it's a perfect storm. There's a heightened regulatory environment, there are products that don't always have demonstrable separation from one another and there are people on the client side that come from a background where product features and attributes are what's for sale. Given all that, it's no wonder there's so much pushback." ■