

Online DTC: Marketing Push Meets Consumer Pull

By Suzanne Shelley

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Web-based outreach lets drug companies engage potential customers one patient at a time, and maximize the impact of their marketing spend

It is an increasingly common occurrence in doctors' offices: rather than passively receiving information from the doctor, patients might pull out their own files, based on downloads from the Internet, with the intent of evaluating the doctor's prescriptions—or possibly even suggesting alternatives. Such "consumer-driven healthcare" represents the often-touted future of prescribing practices and other aspects of care, and is part of the justification for all types of direct-to-consumer education and marketing.

Publicly reported market-trend data, along with numerous industry interviews, point to two things: the pharma industry is getting more comfortable with Internet-based DTC; and marketers are learning how to make better use of the Internet's nature as a "pull" medium—attracting the interest of information-seeking consumers— rather than a "push" medium like television or other mass media.

When it comes to DTC marketing, however, the industry's attitude is reminiscent of the early Christian leader, St. Augustine, who was willing to give up sinning, "but not just yet." Despite increased **regulatory scrutiny and growing consumer backlash**, pharmaceutical spending on DTC advertising is at an all-time high. In the latest figures from TNS Media Intelligence (Atlanta). The pharmaceutical industry outpaced all of the other studied industrial sectors, by showing the highest growth rate among the top 10 industry categories that TNS tracks. Specifically, overall advertising by the pharmaceutical sector in 2006 reached \$5.29 billion, a jump of nearly 14% over the 2005 figure (Fig. 1). At the same time, total U.S. advertising expenditures in 2006 rose by 4.1% from 2005, to reach \$149.6 billion.

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Pharmaceutical Product Security Directory

FIG.1. TOP TEN ADVERTISING CATEGORIES: FULL YEAR 2006 vs. FULL YEAR 2005

CATEGORY	FULL YEAR 2006 (MILLIONS)	FULL YEAR 2005 (MILLIONS)	% CHANGE
Telecom	\$9,431.1	\$8,550.5	10.3%
Auto, Non-Domestic	\$8,726.7	\$8,832.8	-1.2%
Local Services & Amusements	\$8,687.0	\$7,879.2	10.3%
Financial Services	\$8,681.8	\$8,508.8	2.0%
Misc Retail	\$8,322.9	\$8,258.0	0.8%
Auto, Domestic	\$7,615.2	\$8,625.1	-11.7%
Direct Response	\$6,376.1	\$6,087.0	4.7%
Personal Care PDTS	\$5,717.2	\$5,654.1	1.1%
Travel & Tourism	\$5,406.4	\$5,486.1	-1.5%
Pharmaceuticals	\$5,285.4	\$4,645.8	13.8%

SOURCE: TNS MEDIA INTELLIGENCE

Reflecting a shift from mass marketing efforts to more-targeted online opportunities, eMarketer (New York) estimates that overall spending on Internet advertising in 2006 topped \$16 billion — a 30.6% gain over the 2005 total of \$12.5 billion. The group estimates that the pharmaceutical industry spent \$780 million online in 2006 (a 25% gain over 2005), and projects that online spending by pharma marketers will grow to \$1.3 billion by 2008. Meanwhile, the 2007 annual survey of DTC marketers conducted by Dendrite/ Optas (Woburn, MA) shows a strong trend toward emerging media over traditional DTC channels (Figs. 2, 3). Specifically, five targeted online DTC tactics — the use of websites, search engine marketing, third-party sites, email and banner ads — emerged among the top seven areas in which DTC marketers said drugmakers “should” spend more money in 2007.

Fig. 2. Where DTC Marketers SHOULD Spend

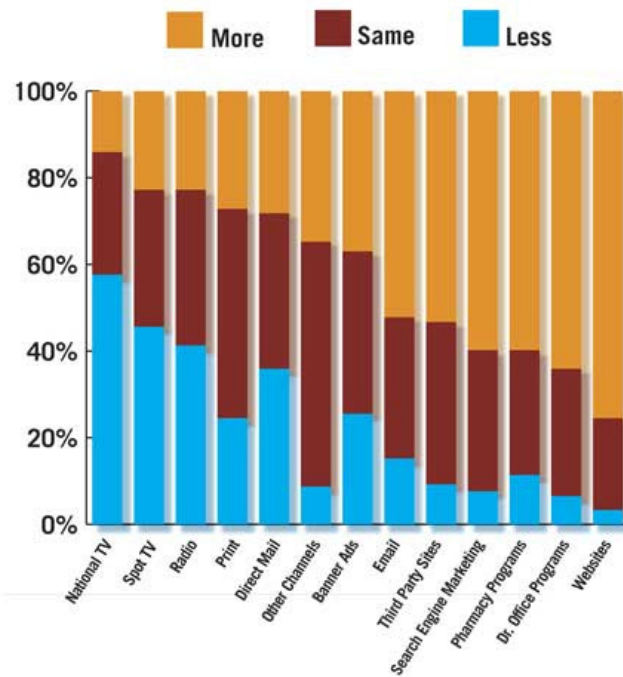
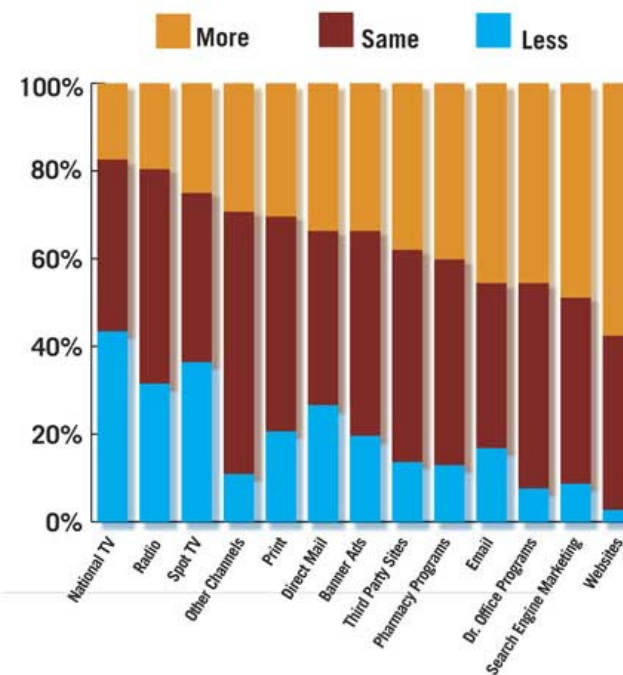


Fig. 3. Where DTC Marketers WILL Spend



Interestingly, these online tactics also figured prominently in terms of where marketers said they “will” spend more money. “This highlights the growing acceptance among marketers of the more highly targeted DTC tactics,” says Shwe Sachdev, client services manager for Dendrite Relationship Marketing Operations. The remaining two tactics among the top seven (doctor office programs and pharmacy programs) — while not Web-based — are also highly targeted, so they are “valuable to help drive patients online,” he adds.

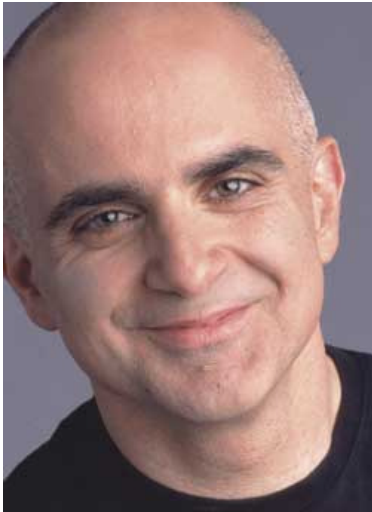
Interestingly, among the Dendrite/Optas respondents — a mix of drug manufacturers, ad agencies and consultants — mass media tactics, including national TV, radio, sports TV, and print advertising, ranked lowest on the list of where they planned to increase spending in 2007. However, old habits are hard to break, and many don’t necessarily want to be on the “bleeding edge” of this targeted media transformation: 58% of the respondents said they believe pharmaceutical companies “should” spend less on national TV, but only 44% said they actually plan to reduce ad spending in these traditional outlets.



ANDREW SCHIRMER, McCANN HUMANCARE

The online environment

The Internet's unprecedented ability to let consumers drill down in search of specific content — and avoid or block unwanted messages — is proving to be both a boon and a bane for pharma marketers. "The single most profound change that the Internet has brought about is that individuals are in control of the information they receive," says Christopher Schroeder, president of HealthCentral Network, Inc. (Arlington, VA), which operates a network of more than two dozen websites, each targeted to specific diseases and conditions. "People are willing to work hard to find what they need, and to block out what they don't want. And there is nothing a drug company can do to force-feed their marketing messages to such judicious consumers."



CHRISTOPHER SCHROEDER, HEALTHCENTRAL NETWORK

"The whole notion of Web surfing is a misnomer of sorts," adds Andrew Schirmer, EVP of McCann's HumanCare Division (New York). "People don't surf, they are much more sophisticated with how they drill down and target their searches." (See also "[For Pharma, the Internet Comes in Many Flavors](#)").

Personal connection

"Today's consumers are extremely empowered when it comes to the business of their healthcare," says Meredith Abreu, vice president of research for Manhattan Research (New York, NY). "They are willing and able to conduct deeper, more meaningful online research in order to start more-informed conversations with their doctors." This has spurred a quiet revolution, she says, in which consumers view their relationship with physicians as "collaborative, rather than deferential."



MEREDITH ABREU, MANHATTAN RESEARCH

"Web-savvy consumers are no longer a select group of early adopters — they are the new majority," she adds. According to Manhattan Research, 116 million U.S. adults used the Internet to gather health-related information in 2006 — an increase of 75 million compared to five years ago. These findings, published in November 2006, were based on a telephone-based survey conducted among 4,000 U.S. adults.

However, moving from traditional print and broadcast DTC campaigns to online outreach is not a straightforward undertaking. Instead, a broad range of attributes that are unique to the online environment of forcing pharmaceutical marketers "to rethink their marketing and promotional strategies from the ground up," says Abreu.

When it comes to developing the most effective, appropriate strategy and messaging for online DTC outreach, the challenge, according to the experts, is to find effective ways to create intimate, personal connections with potential customers and provide meaningful branded and unbranded content (in order to turn awareness into action at the doctor's office and pharmacy, and to generate qualified leads that can be further pursued later) — without appearing heavy-handed or intrusive.

"When developing content for online DTC outreach, too many pharma marketers are still focusing too much on their needs — to generate sales leads and grow revenue — not on the needs or desires of patients, but this is short-sighted," says Schroeder of HealthCentral Network. "Because online individuals are in control of both the information they actively seek and the information they are willing to receive, drug companies must put themselves in the shoes of consumers and patients and create meaningful outreach that makes a real impact. You can't just spam someone who has opted in, with an email saying 'buy our product.'"

Meaningful content

Unlike the scattershot placement and static, space-constrained nature of traditional TV, radio and print messaging, Web-based marketing outreach is inherently more flexible and fluid, because there are so many different types of outlets, and because there are no inherent time or space constraints. This allows drug companies to put more meaningful content online to meet the complex information needs of an increasingly sophisticated and Web-savvy populace.

"Unlike 'push-oriented' mass media efforts, the Internet lets marketers learn a lot about each person online, and then use this insight to deliver very targeted content," says Dominique Hurley, VP for Dendrite Relationship Marketing Operations (Woburn, MA). "This helps to increase awareness, and turn that awareness into the next round of action."



DOMINIQUE HURLEY, DENDRITE RELATIONSHIP MARKETING

"For instance, if you ask individuals 'What are you looking for?' and 'How do search for healthcare-related information?' the responses you receive can help you to develop and deliver timed serialized content that has a bigger impact," says Hurley.

"When they successfully provide multi-layered information that is appropriate for people — wherever they find themselves on their patient journey and thought process — drug companies can then get these visitors to do what they want them to do," adds Liz Kay, VP at Cramer Healthcare (Norwood, MA), "whether it is to speak to their doctor about the disease or the branded drug, phone the call center to speak to a healthcare provider, click for a coupon, or to fill out a market research questionnaire."

"For instance, sending a one-size-fits-all educational patient kit by direct mail — a traditional DTC tactic— may not be the most effective way for drug companies to communicate with diagnosed patients, undiagnosed consumers, and caregivers," says Hurlley of Dendrite. "Too much information in the hands of the patient at one time can be overwhelming."

"It's much more effective when marketers can deliver the incremental information and appropriate incentives at the right time, so that the right bits of information reach different stakeholders at the right time for them," she adds. "This is a much more effective way to build awareness and convert that awareness into action."

In this way, greater customization can also help drug companies to meet consumers' changing expectations more effectively. For instance, 91% of the 1,000 Americans, surveyed by online marketing services company Prospectiv (Woburn, MA) said they would like to receive online healthcare-related promotions that were tailored to their personal needs.

"When consumers think 'This company really gets it,' they're going to stay with you," adds Kay of Cramer Healthcare.

Savvy drug marketers agree that the importance of the Internet's opt-in capabilities cannot be overstated. "Two-way communication provides a perfect opportunity for fostering one-on-one intimacy with proactive patients, and an effective way to build brand loyalty and trust," says Jere Doyle, CEO of Prospectiv. "If you do it right, this goodwill will translate into increased sales, and you stand a good chance of emerging as the trusted brand in a crowded field."



JERE DOYLE, PROSPECTIV

For instance, through the use of appropriate permissions-based online initiatives, companies can develop a dynamic database that includes customer profile information and opinions about their personal health interests and preferences. When used properly, Doyle says such profile data can help drug companies to target the right information to the right customer at the right time, optimize their brand-awareness opportunities, gather key market data, and eventually increase sales through the strategic use of targeted email, direct mail and telemarketing campaigns.

Not an either/or question

For those whose marketing budgets can support it, the most powerful campaign might be one that combines the best features of mass-market and online. Pharma marketers have been referring TV viewers to advertisements running in print magazines for years; now, they can consider using the TV campaign to build awareness, and the online medium for in-depth, customizable information.

Manhattan Research's Abreu cites the current, multi-tiered DTC campaign for the antidepressant Cymbalta as a good example. In its "Depression Hurts" television DTC campaign, Eli Lilly has chosen to focus primarily on the "naïves" who are as-yet-undiagnosed with depression. After building initial awareness through these ads and driving visitors to the site (depressionhurts.com; which was one of the top unbranded sites visited by consumers in Manhattan Research's recent ePharma Consumer study), visitors are taken down a path that is customized to their unique needs, through tools such as a symptom body map, a self-assessment quiz, and the Lilly-sponsored Support Partners program (www.supportpartnersprogram.com), which is designed for people with depression, and caregivers to those with depression. The Cymbalta site also provides resources for other indications for the product, such as diabetic neuropathic pain and generalized anxiety disorder. "It would be nearly impossible to customize this level of targeted support and information using traditional media," she concludes.

Regulatory uncertainty

When asked about the biggest challenges in DTC marketing, more than 60% of the respondents in the 2007 Dendrite/Optas Annual DTC Industry Check Up identify the potential for government regulations that could further restrict pharma outreach (effective measurement, physician and consumer backlash, and declining effectiveness of DTC are also cited).

Many feel that if additional restrictions are imposed to protect patients and restrict pharma marketers (calling for greater disclosure related to fair balance and adverse effects, for instance), Web-based outreach may actually offer a better alternative for DTC, because the Internet provides no inherent time or space limitations for drug makers, and electronic search capabilities allow consumers to quickly access much more detailed information that is maintained there.

"With traditional print and broadcast ads, marketers are forced to condense their messaging, and this creates

discomfort and potential confusion, where pharma marketers can't properly articulate their entire value proposition," says Hurley of Dendrite.

"Many states have raised concerns about DTC advertising and are seeking Congressional action to adopt tighter restrictions," says John Patrick Oroho, principal at the law firm Porzio Bromberg & Newman (Morristown, NJ), and executive vice president of its subsidiary Porzio Pharmaceutical Services. "Negligent representation can bring drug marketers under the auspices of deceptive-trade practices and consumer fraud laws." He adds: "While litigants used to have to prove that companies had intended to mislead consumers, now, many jurisdictions say it's sufficient to just have negligent representation with no particular intent on behalf of the company."

Oroho also cautions that pharma marketers engaged in online communication with would-be consumers take steps to avoid violating federal anti-spam laws that govern the nature and content of email messages in the U.S.

In addition, according to Oroho, several states have pending legislation involving manufacturer coupons, rebates and discount cards — an increasingly popular inducement offered in online DTC promotions — and the Centers for Medicare & Medicaid Services (CMS) is expected to publish an opinion this summer related to pharma's ability to use free sampling, debit cards, coupons, vouchers, and other discount mechanism. The agency's concern is that such incentives, which are designed to induce consumers to favor branded drugs, could thus violate anti-kickback statutes (The federal anti-kickback statute guards against illegal inducements or incentives that are designed to promote the use of a given drug).

"Online DTC continues to deliver as one of the most effective practices for marketers today," says Doyle of Prospectiv. "Marketers win because they find customers who want to be marketed to. Consumers win because they get to request exactly what they want, and choose who they receive it from."

"Because so many engaged consumers are actively searching for information online, when you can provide detailed educational and product-specific information to meet their needs, it's a perfect match," says David Stern, E.V.P. of EMD Serono (Rockland, MA). "As the Internet continues to grow in importance, it seems the industry has only scratched the surface in terms of leveraging its full and unique capabilities."

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