

DTC at the Tipping Point

DTC brand marketers and media are approaching a crossroad where there will be distinct winners and losers. The new landscape of DTC media selection will largely be determined by those tactics that can identifiably perform under the most valuable metric of all: delivering an NRx.

By Traver Hutchins

Lead quality matters much more than lead quantity.

Driven by the drumbeat for better ROI on DTC investment, there's change in the air on Pharma Avenue today. The historic notion that brands must first employ mass, untargeted reach to build brand awareness, and then augment those core media buys with "alternative media" – such as point-of-care marketing, lead generation and promotion tactics – is being challenged. Instead of "seeing what's left in the budget for known performers after mass DTC buys," the new premise is to own all of the most identifiably effective buys first, and then support with sufficient GRP's coverage for the awareness needs.

A new metric for success will become the benchmark for DTC media.

Definable action defined as an "NRx" (a new prescription) will emerge as the ultimate measure of media and message. Rather than a simple cost-per-thousand (CPM) and cost-per-lead (CPL) analysis, which is directional at best, DTC

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brand marketers want, deserve and need to truly know which leads convert and which do not.

Already, educational marketing and promotional tactics can absolutely demonstrate that lead quality/conversion is stronger from an educated lead than from a mass DTC lead. Today's HIPAA-compliant matching technologies done behind the pharmacy firewall can precisely match a lead to a confirmed new prescription/current prescription, and remove any doubt of performance. Companies such as Crossix, Verispan and Wolters Kluwers are just some of the companies who can perform this analysis.

Because all leads are not created equal, you are likely to see the following: by as early as the 2009 buying season, media bought on "audience and cost-per-thousand metrics" will generally be considered as a pre-planning directional first step rather than the final step as it has been since the birth of DTC. CPL's will continue to be a mid-program diagnostic

tool for directional information. However, the final buying criteria for a DTC tactic will be its ability to identify actual NRx's (or incremental TRx's) from the spend.

Performance proof is in the new metrics.

Imagine when the winners confidently guarantee their performance based on script activity – a great achievement for media purveyors who can back this up, yet a nightmare for many old-schoolers who can no longer compete in this sector because their business models were not built with sales accountability in mind. Who is more likely to increase wallet share of the DTC budget?

Welcome to the new performance-based era of high customer conversion. Leading this move will be the media and marketing tactics that generate better quality leads and definite, measurable filled prescriptions. Trailing behind will be the proponents of mass, untargeted, “faith-based DTC marketing.”

New creative tactics, media buying processes to set pace in dynamic DTC market.

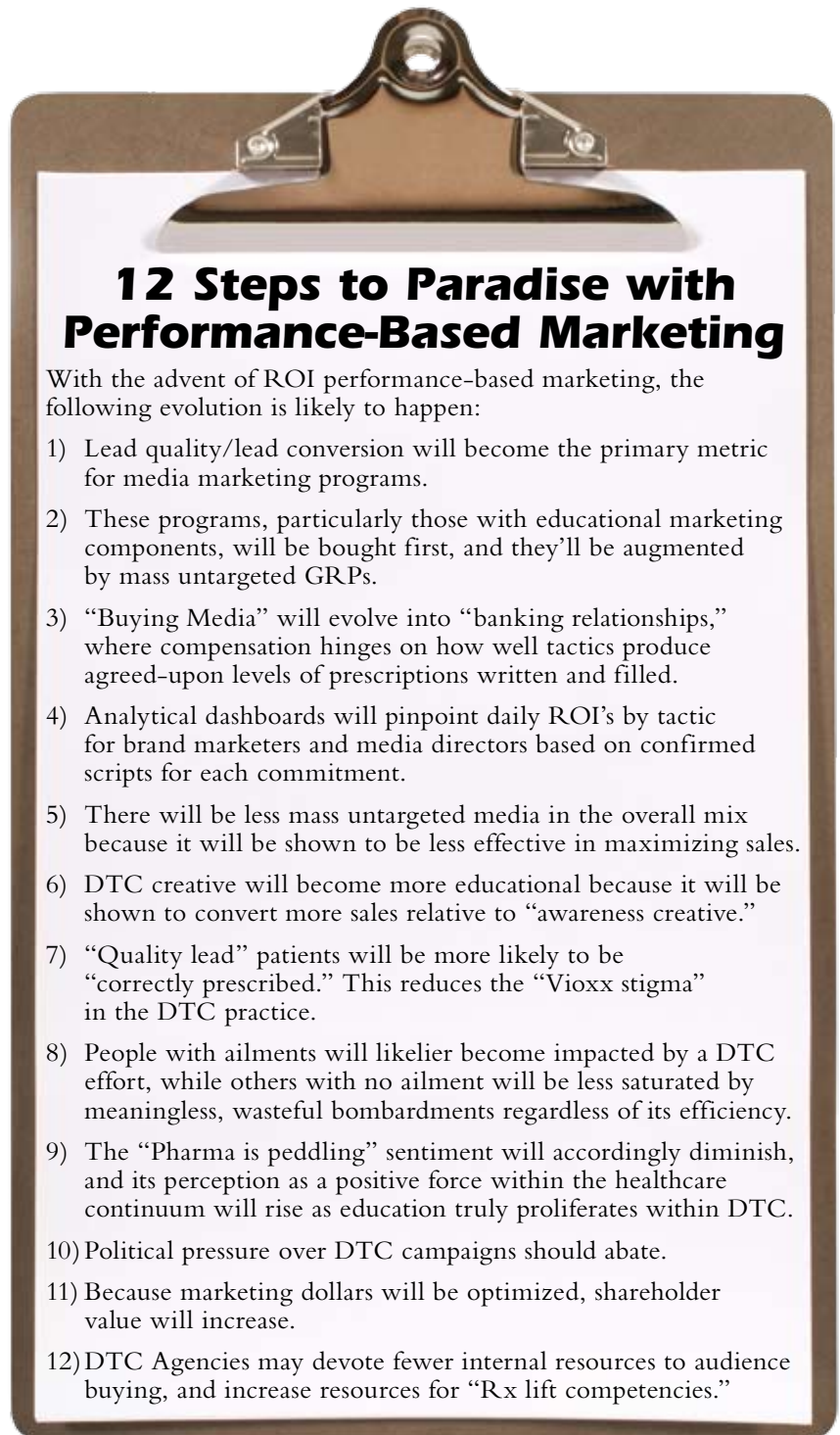
This emphasis on close, measurable connections between brands and media will bring new levels of accountability to DTC marketing. We also can expect that there will be greater awareness of how well point-of-care, online and other lead generation and promotion tactics can dramatically move the needle relative to traditional media.

These are the most visible and paradigm-changing outcomes of rapid shifts in how brand marketers develop their creative tactics and media buying today. They're also some of the most significant changes in a decade, with certain repercussions on media selection practices.

Macro-trends in the pharma industry will prompt these shifts in media evaluation and usage. With fewer blockbusters in the pipeline, mounting profit pressures and heightened competitiveness, DTC marketers must maximize their available brands. And with better technologies in media and data mining, performance can be viewed and assessed more quickly. These factors have all coalesced to force the ROI discussion to consider “based on sales as the success metric, which DTC selections actually work and which ones don't?”

Marketers seek deeper, productive connections with consumers through CRM creative.

While relatively few DTC brands used CRM within their creative as recently as 2004, as many as 75 percent of DTC brands have a CRM component today. Seeing the successful



12 Steps to Paradise with Performance-Based Marketing

With the advent of ROI performance-based marketing, the following evolution is likely to happen:

- 1) Lead quality/lead conversion will become the primary metric for media marketing programs.
- 2) These programs, particularly those with educational marketing components, will be bought first, and they'll be augmented by mass untargeted GRPs.
- 3) “Buying Media” will evolve into “banking relationships,” where compensation hinges on how well tactics produce agreed-upon levels of prescriptions written and filled.
- 4) Analytical dashboards will pinpoint daily ROI's by tactic for brand marketers and media directors based on confirmed scripts for each commitment.
- 5) There will be less mass untargeted media in the overall mix because it will be shown to be less effective in maximizing sales.
- 6) DTC creative will become more educational because it will be shown to convert more sales relative to “awareness creative.”
- 7) “Quality lead” patients will be more likely to be “correctly prescribed.” This reduces the “Vioxx stigma” in the DTC practice.
- 8) People with ailments will likelier become impacted by a DTC effort, while others with no ailment will be less saturated by meaningless, wasteful bombardments regardless of its efficiency.
- 9) The “Pharma is peddling” sentiment will accordingly diminish, and its perception as a positive force within the healthcare continuum will rise as education truly proliferates within DTC.
- 10) Political pressure over DTC campaigns should abate.
- 11) Because marketing dollars will be optimized, shareholder value will increase.
- 12) DTC Agencies may devote fewer internal resources to audience buying, and increase resources for “Rx lift competencies.”

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use of CRM in other business sectors, pharma marketers expect the tool will help them convert more leads into consumers of their drug brands, and in so doing build regimen compliance, health outcomes and repeated brand sales. At the same time, this surge in CRM has paved the way for the matching process, to determine lead quality/conversion from individual tactics.

DTC's future is right here, right now

Pharma marketing is now at the tipping point. While media giants failed to see value in defining vertical customer segments by disease state for pharma, this opportunity has

been extracted by smaller, nimbler pharma-focused cottage companies. These firms have used identifiable, effective tactics to quietly raise their funding allocations and while no one tactic can make the difference for a brand, the aggregate use of these tactics can decidedly move market share for brands.

Therefore, in the immediate future, we're bound to see these proven successes (albeit smaller ones) unite into larger, singular, one-shop platforms, designed to improve both market share in tonnage and in identifiable effectiveness overall. Perhaps more importantly, traditional media also is likely to be called on to provide a similar level of accountability. The end result will be a more efficient marketing process for all constituencies.

The dashboard lights will soon pave the way for the DTC marketing community and the results will be clear for all. ■

Traver Hutchins is president and chief executive of MediZine, a leader in consumer health educational marketing. He co-founded MediZine in 1993 to provide results-oriented point-of-care and permission-based marketing programs that connect health and wellness brands to the consumers they serve. In 2007, MediZine took on a financial investment from the private equity firm Veronis Suhler Stevenson. Hutchins can be reached by e-mail at Traver@Medizine.com.

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