

# Analyzing the 'Reported' Spending Trends

BY DAVID KWESKIN

*As overall DTC ad-spending trends continue to weaken, television has managed to remain a relatively strong media option for pharma marketers, while magazine publishers overall have struggled with the downturn. And the future seems to bode well for the Internet.*

The pattern of declining DTC spending slightly worsened through the first 10 months of 2008 – with the TNS Media Intelligence data showing a 7.2 percent decline in reported DTC spending versus the same period in 2007. By contrast, at the end of the first eight months of 2008, the reported spending tally was down just 6.3 percent compared with the year-ago period.

There are yet no harbingers of GlaxoSmithKline chief executive Andrew Witty and his stated intention to cut DTC television investments in 2009, as reported in the Jan. 10 issue of *The Wall Street Journal*. Traditionally, GlaxoSmithKline is one of the heaviest DTC spenders. In the declining DTC spending atmosphere, TV spending is essentially flat versus a year ago – off by just 0.8 percent.

It is magazines that continue to be slammed in 2008, minus a hefty 20.6 percent after 10 months. Although magazines' share of DTC spending in 2008 through the month of October is not quite off as sharply (down -5.2 share points) as it was through August 2008 when it was down by -5.6 share points versus same time in 2007.

TV did lose a little market share in the past two months of 2008 versus where it stood through January–August period. Where television had been 4.6 share points ahead of its position in 2007 after the eight-month January–August period, it stood at 3.9 market share points ahead compared with the year-ago period after 10 months of 2008. Still, even the 3.9 share points represent a very respectable share jump of the DTC pie by any accounting.

Internet (display ads only) was up a striking 23.3 percent, albeit off a relatively low base versus the 2007 period. While online search spending is not recorded, one would assume (unproven) that it too has jumped in 2008.

## What does the future hold?

Most pundits continue to believe that DTC will continue to weaken into 2009 as belts tighten along with many other product sectors. The predictions, however, are certainly not for a collapse. At the same time, the longer-term outlook for DTC is positive unless Congress embarks on restrictions that sour the process.

How do we interpret what GlaxoSmithKline chief executive Andrew Witty really means when he says the company will cut TV advertising spend? Our guess is that the reality will be less radical than the words imply. While GlaxoSmithKline may ultimately spend less on DTC, it will not walk away from DTC, as DTC continues to be a positive marketing tool.

We believe GlaxoSmithKline may shift dollars to the Internet, as we predict other marketers will do as well. A vast number of people are going online for health information these days and they find it to be a credible source. Prospectiv's 2008 Pharmaceutical Online Resources Poll showed that of those people going online to research ailment/drug treatment information, 83 percent "reported that online media is their most trusted and reliable resource for health-related information."

Moreover, research that we have seen shows a strong ROI for online. Our guess is that GlaxoSmithKline and all others will continue to depend on TV for its ability to reach the mass audience, particularly the older-profile prospect, in its engaging manner.

Again, all bets are off if Congress gets restrictive. Stay tuned.

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Media	DTC Pharmaceutical Ad Spending (in thousands of dollars)			% Share of Ad Spend		
	Jan-Oct 2007	Jan-Oct 2008	% Change: 2008 vs 2007	Jan-Oct 2007	Jan-Oct 2008	Share Pt Change
Television	\$2,434,904.60	\$2,414,721.60	-0.8%	57.9%	61.8%	3.9
Magazine	\$1,542,501.70	\$1,224,691.00	-20.6%	36.6%	31.4%	-5.2
Internet (display ads)	\$122,492.80	\$151,006.00	23.3%	2.9%	3.9%	1.0
Newspaper	\$65,372.20	\$91,794.70	40.4%	1.6%	2.4%	0.8
Radio	\$41,039.40	\$20,274.20	-51.1%	1.0%	0.5%	-0.5
Outdoor	\$2,532.70	\$2,486.30	-1.8%	0.1%	0.1%	Same
<b>GRAND TOTAL</b>	<b>\$4,208,843.40</b>	<b>\$3,904,773.80</b>	<b>-7.2%</b>	<b>100.0%</b>	<b>100.0%</b>	

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