

# HIGHLIGHTS From The February 2009 Issue

*DTC INSIGHTS*  
*The DTC Executive Brief*



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## FDA Official Calls for Industry Effort To Improve Health Communication

It's time for pharma marketing leaders to adopt a new communication paradigm that puts more focus on consumer education. That was among the key messages delivered by FDA associate commissioner **Rachel Behrman, M.D.**, at a recent meeting of pharma advertising and regulatory executives. She noted that, in the role of "communicators," marketers could both improve the perception of the pharmaceutical industry and do a tremendous service to the "public good" by collaborating on important health education initiatives.

In the current marketing model, the advertising that is being developed is not working toward either of these goals, and is leading the public and government officials to question the motives of pharmaceutical companies, she said.

- "Your ads are the subject of ridicule, at least among the 15-year-olds I know," she told the audience at the **Drug Information Association's (DIA)** marketing conference earlier this month in New York.

(Earlier at the conference, Behrman noted that in listening to a conversation among her 15-year-old daughter and her friends that she discovered the girls found DTC ads to be ineffective at communicating their intended message and were even seen in a humorous light.)

She added, "But you know how to communicate. Think about [the result] if you all got together and decided that you were going to educate this country about depression or about the need to take anti-

*(Continued on next page)*



99% effective at preventing pregnancy when taken as directed

Bayer was required to issue corrective advertising for its birth control pill Yaz. The FDA claimed that two earlier TV-spots, entitled "Not Gonna Take It" and "Balloons," overstated efficacy, minimized risks and encouraged usage for other indications that the drug had not been approved to treat. As part of Bayer's settlement with the FDA and 27 states, it will spend \$20 million to run corrective ads (called "Beyond Birth Control") and submit all future ads for FDA pre-clearance for the next six years.

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hypertensive medication. Or pick your other favorite untreated large public health problem. And that's a teeny piece of your budget and your time."

Such a collaborative effort could have other benefits for the industry, Behrman noted, "certainly within the public's mind and maybe in the mind of those who are prosecuting you, too. Think about what you could do with collaboration... Think about what you could accomplish and think about what you could prove to society as a whole. Again, safe use of medical products is very much a communications problem and you are the ones who know how to communicate."

Behrman said she is "confident" that the marketing divisions within FDA would be very eager to discuss this type of collaborative effort with pharma firms. "There are lots of opportunities and there are shrinking resources," she added.

Also speaking at the DIA event, DDMAC director **Tom Abrams** noted that the agency is close to issuing new guidance on presentation of risk information and "we hope to have this issued very soon." The draft guidance on the brief summary that was originally issued in February 2004, is still being revised to incorporate DDMAC's own research and industry comments. He did not specify a timeframe for issuing the updated version of the brief summary guidance, but he did note that the updated version could also apply to consumer labeling pieces such as the Patient Package Insert, or PPI. "That's under consideration," he said during a Q&A session. "But the current policy is that consumer-directed pieces need a PI (or approved product labeling)" to be included.

###

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#### 7 Trends Reshaping Pharma

*PricewaterhouseCooper identified seven major socio-economic trends that are reshaping the industry:*

- *The burden of chronic disease is soaring.*
- *Healthcare policy-makers and payers are increasingly mandating or influencing what doctors can prescribe.*
- *Pay-for-performance is on the rise.*
- *The boundaries between different forms of healthcare are blurring.*
- *The markets of the developing world, where demand for medicines is likely to grow most rapidly over the next 13 years, are highly varied.*
- *Many governments are beginning to focus on prevention rather than treatment, although they are not yet investing very much in pre-emptive measures.*
- *The regulators are becoming more risk-averse.*

# HIGHLIGHTS From The January 2009 Issue

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I N S I G H T S

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## As New Administration Takes Office, Pharma Prepares for More Oversight

The pharmaceutical industry is preparing for a wave of increasing scrutiny on issues such as marketing, pricing and oversight of relationships with physicians as **President Barack Obama** moves into the White House with a new team of leaders at the **Department of Health and Human Services** and **FDA**. In preparation for dealing with the Democratic administration, **PhRMA** was part of a group launching a television spot earlier this month that promoted an Obama-style health coverage for all Americans. (See related story on page 13.)

Among possible threats to DTC is the so-called advertising tax that Obama's chief of staff, former **Rep. Rahm Emanuel**, put on the table late last year before being named to the new administration. Drug companies also have adopted rules on gifts to physicians and changes to the industry's DTC guiding principles (with respect to use of doctors in ads).

- "We had better self-police and stop doing the things that cause so much criticism, or we're going to get legislated and regulated by government," PhRMA chief executive **Billy Tauzin** told *The Washington Post* earlier this month.

Changes such as updating the guiding principles for DTC are an effort to change the industry's "slash-and-burn kind of policy" that has characterized previous responses to regulatory and legislative efforts, he said. "PhRMA had been isolated into a one-party camp," Tauzin said of the industry's past Republican leanings. "We're trying to reposition as less of a partisan player."

Some individual companies have stepped to the forefront with pro-active moves, which *The Post*



GlaxoSmithKline launched new print ads for its migraine treatment Treximet, following a broadcast ad campaign that debuted in late September. The ads feature a woman at a bus stop holding her head. Imitrex, an earlier GSK migraine treatment, is facing patent expiration. The first ad ran in the January 2009 issue of *Cosmopolitan*. For a rundown of new or revised DTC ads, see the VMS listing on the facing page.

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## In a Declining Advertising Market, Newspapers Show Some Resiliency

Even as the reported spending for DTC advertising has declined over the past year, newspapers have managed to rack up increases, especially at the local level, according to Nielsen Monitor-Plus data. (See the break-downs at the right.) One of the factors behind these gains is that newspapers represent "an incredible reach vehicle that has a relationship with its readers," says **Deborah Armstrong**, senior vice president of marketing and business development at [Mediaspace Solutions](#), a multi-market newspaper and online advertising services provider. Another word for this, she says, is "engagement."

- "When you are reading a newspaper, you are fully engaged," she says. "Those of us who live on this side of the road – the newspaper – we say [that] consumer recall and response is what DTC is about," Armstrong adds. "Newspapers, we believe, can help you have a better conversation with consumers, can help you tap into that engagement, can find a better way for you to communicate those critical pieces of information."

Acknowledging that her role is to be a newspaper advocate, Armstrong explains that data supports this declaration of support for the old-world medium. "The numbers bear me out – and that's the story that we're making to marketers right now. Newspaper readers are better prospective patients than, maybe, a magazine reader is because they index higher on so many different MRI scales, [such as] going to the doctor, taking prescription drugs and getting information from their doctors."

Armstrong also noted that newspapers now "play brilliantly" in the online space. "Certainly the newspapers' sites are a central place for Web users to go. I think the current number is about 40% of Internet traffic goes to newspapers' Web sites. It's what we call the 'essential local connection.' ... There's always television, there's always radio, but newspapers still play a very important role."

The challenge for publishers is to be convinced to combine local newspaper buys with an online buy. Armstrong calls this "an emerging opportunity." She adds, "We at [Mediaspace](#) believe that online and on-page is a killer combination... The online versions of the newspaper tend to bring about 20% more readers into the fold. If you turn that around, what you learn from Scarborough is 4 out of 5 online newspaper readers also read the print version." This also allows marketers to create a different kind of conversation online, "which can create interactivity and click-through to your Web site."

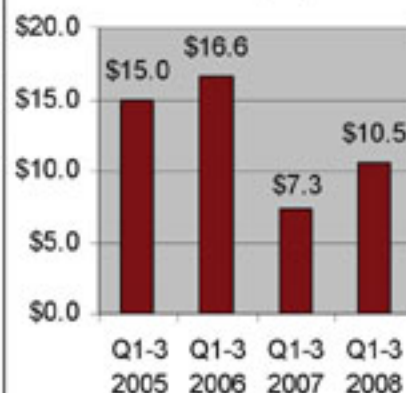
Looking ahead, Armstrong says the goal for newspapers is "to build their leadership credibility" with pharma marketers, even if it means pitching the unbranded and disease education capabilities of newspapers. "We know consumer recall is diminishing, so there is a need for a longer conversation. We know that newspaper readers have 'longer conversations' [with the paper]. The old saying was, 'It's a destination, not a distraction.'"

Local Newspapers



Source: Nielsen Monitor-Plus

National Newspapers



Source: Nielsen Monitor-Plus

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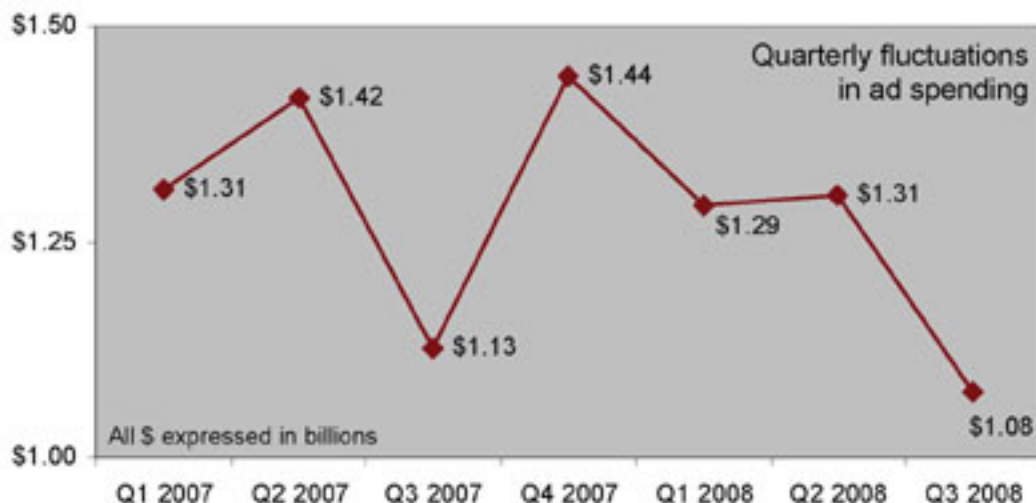
Each Issue Includes a "Dashboard" of the Latest Research and Spending Numbers and Applies it for you so that you know at a glance how your DTC efforts are affected.

## DTC Dashboard

The DTC Dashboard is a series of charts providing a snapshot of DTC marketing.

### Nielsen 'Reported' Data Shows a -4.5% Drop in Q1-3 2008

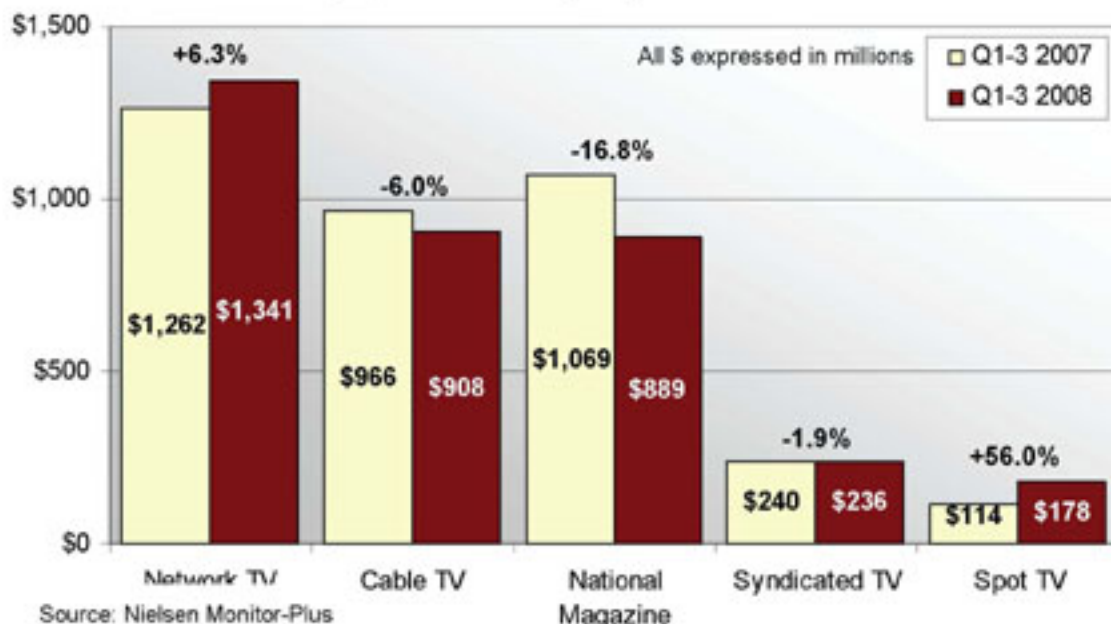
	2002	2003	2004	2005	2006	2007	Q1-3 2008	2008*
Total in \$ billions	\$2.83	\$3.48	\$4.47	\$4.81	\$5.55	\$5.38	\$3.68	\$4.95-\$5.06
% Change VYA	8.0%	23.0%	28.4%	7.4%	15.4%	-3.1%	-4.5%	-6% — -8%



After a slight increase in Q2 ad spending, Nielsen Monitor-Plus data shows third quarter "reported" DTC spending dropped by 4.4%. Third quarters typically are the lowest reported quarters (with the exception of Q1 2005). As a result of this year's data, DTC Perspectives has updated its 2008 projection to show a decline of 6% to 8%.

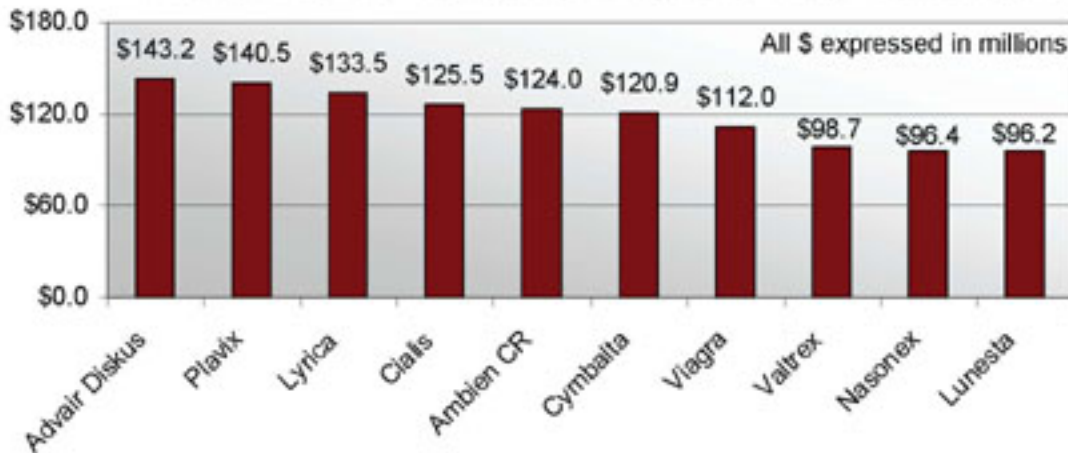
\* Based on DTC Perspectives' projections; Source: Nielsen Monitor-Plus

### Network, Spot TV Only Top Media to See Increase in Spending



New broadcast creative for such major brands as Lipitor, Advair Diskus and Flomax helped boost "reported" ad spending for network TV and spot TV in the third quarter. Network TV has captured roughly 37% of the DTC spending in the January-September period. Despite capturing less DTC revenue in the Q1-Q3 period, cable TV surpassed national magazines to become the second-ranked DTC medium.

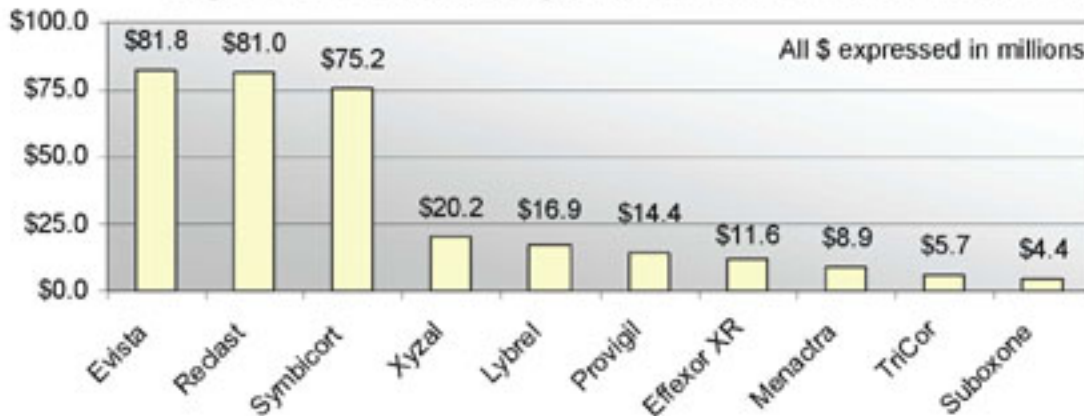
### Advair Diskus Takes No. 1 Spot for Top Brand Spenders in Q1-3 2008



In the first three quarters of 2008, Advair Diskus increased its spending by roughly 50% compared to the same period last year. Another notable increase was Viagra, which spent 77% more in Q1-3 2008 than Q1-3 2007. Lyrica had the biggest budget increase, more than tripling its 2007 spend.

Source: Nielsen Monitor-Plus, Q1-3 2008

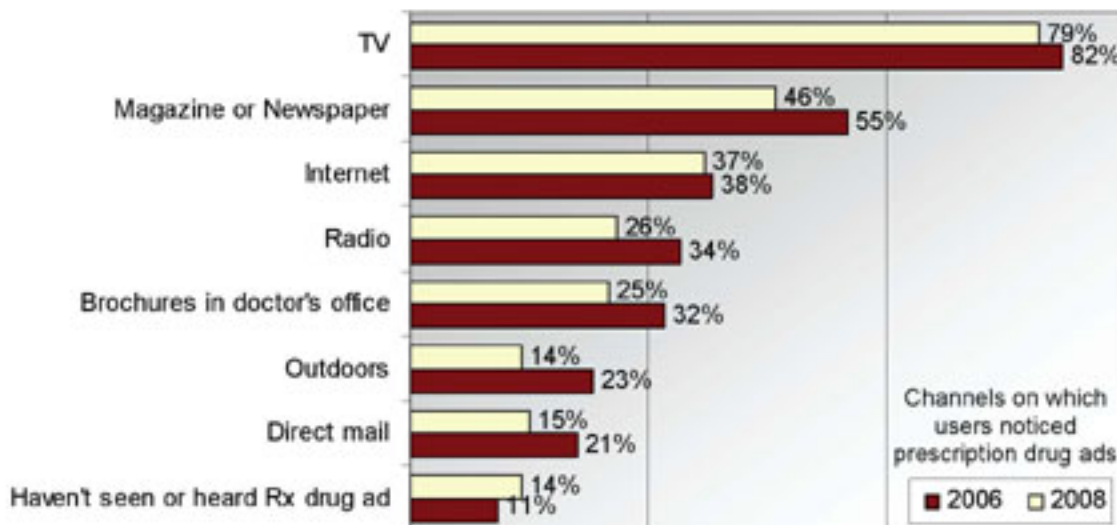
### Top 3 'New' Brands Spend More Than \$75 Million Each in Q1-3 2008



The top 10 "new" brands were nearly 10% of total branded spending in the first nine months of this year. These 10 "new" brands spent \$320 million dollars, while total spending was \$3.48 billion. The top 3 "new" biggest brand spenders comprised nearly 75% of that \$320 million, for a combined spend of \$238 million.

Brands must have \$0 spend in same period of previous year to be considered new; Source: Nielsen Monitor-Plus, Q1-3 2008

### Where, if at all, Have Consumers Seen or Heard an Ad for a Prescription Drug?



While user awareness of prescription drugs remained nearly the same on television, it dropped more significantly in other media. Forrester Research (formerly Jupiter Research) attributed it, in part, to "changing media use patterns and relatively less spending on these channels. ... Average weekly time spent watching TV meanwhile remained level throughout this period."

Source: Forrester Research, Prescription Drug Advertising: Trending Users' Awareness of Online Ads, 2008

**MEDIA**

**'Reported' DTC Spending Slips 6.3% in the Jan.-Aug. Period**

With many DTC marketers opting to curtail unbranded or disease education advertising, the overall advertising market for prescription drugs fell 6.3% in the first eight months of 2008, according to an analysis by **TNS Media Intelligence**. (Given this trend, some advertising observers forecast a 9% decline in DTC spending this year, however, **DTC INSIGHTS** forecasts less of a decline, in the range of 6%-8%.) Measured ad spending for unbranded and corporate advertising combined is down 36.3% in the January-August 2008 period, according to the report issued by TNS earlier this month.

The research firm noted that, if this trend holds for the remainder of the year, it would mark the second consecutive year that "reported" DTC spending posted a decline compared with the prior year. In 2007, TNS reported that DTC ad spending fell 3.1% to **\$5.26 billion**. According to TNS, the annualized rate of spending for unbranded advertising "has plummeted by 63% since 2006." (For more details on the TNS analysis, see **Dashboard**, page 8.)

Another factor behind the spending decline is an overall slowdown in advertising for introductory drugs. New launches typically account for 13%-15% of all drug ad spending, according to TNS, but in

2008 this ratio has dropped below 10%. The introduction over the past few years of the sleep treatments **Lunesta** (Sepracor) and **Rozerem** (Takeda) were key drivers in this measure in 2006-2007.

"Marginal swings in introductory spending, up or down can move the needle for the entire Rx category and represent the difference between category growth and decline," the TNS report stated. "Launch introductions are a bellwether indicator. As older medications lose patent protection and are exposed to generic competitors, support is often reduced or eliminated. New drugs coming into the marketing pipeline offset these declines and can potentially contribute to category ad spend for years."

**DTC INSIGHT**

*\* With most budgets being cut, this downward spending trend is something we can expect to continue into 2009. The macroeconomic environment represents a minor contributing factor to what pharma spends on DTC and consumer promotion. The two major drivers going forward will be the number of new products launched and any FDA guidance and / or any new legislation covering a moratorium.*

	2007	Q1 2008	Q2 2008	1H 2008	2008*
<b>Total in \$ billions</b>	\$5.38	\$1.29	\$1.31	\$2.60	\$4.9-\$5.1
<b>% Change VYA</b>	-3.1%	-0.1%	-9.1%	-4.8%	-6% / -8%

\*Based on **DTC INSIGHTS**' projections; Source: Nielsen Monitor-Plus



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## MARKETING

### IMS: Patient-Centric Analytics Key to Optimizing Promotion

Leading pharma firms are able to use patient-centric data "in planning and evaluating promotion at virtually every point" of the company's interaction with patients and doctors – and they can do this "throughout a product's lifecycle up to loss of patent exclusivity," **IMS Health** reports in a recent white paper on patient-centric commercial strategies. The foundation for developing these insights is the traditional anonymized patient-level data, or APLD, that have been long used to track "new" and "switch" patients on a national basis.

Because patient-level insights "have grown so robust," there is an opportunity for marketers to measure the impact of promotional efforts on script demand at three specific phases of the patient's experience with the specific prescription drug. These "phases" are: at the beginning of Rx therapy, when the patient "makes that critical leap from the first prescription to the second," and when an "existing patient continues on therapy," according to IMS. With these insights, IMS says marketers can "plan and evaluate promotion at each point along the continuum [of interactions either with patients or physicians]." The insights also allow marketers to better analyze the two groups of patients that are essential to reach: those who need first-time therapy and those who need motivation or education to drive adherence.

- "We have also observed distinct roles for television and print," IMS notes in the report. "Television tends to drive new starts and build the base of new patients whereas print tends to maintain existing patients." (See **Dashboard**, page 9, for an example of how IMS recommends optimizing consumer promotion by key media in the waning years of a brand's patent life.)

With these insights, marketers can be better equipped to manage a brand late in its lifecycle, IMS says. For example, "since print works more on the existing base of patients, there is less need to reduce spending in print" as patent expiration approaches.

With television, however, the effect is more on new patients, so as patent life winds down there is "less justification for major television advertising expenditures."

#### DTC INSIGHT

*\* Patient-level insights used effectively can lead to ROI promotional optimization for most programs or campaigns, which allows for a better brand-planning process across the lifecycle of an Rx drug. Optimizing ROI also is critical in the current economic environment when budgets are tightening.*

## CREATIVE

### DTC Ads in 2008 Stay True To 'Sober' Educational Tone

The creative trend for DTC ads in 2008 followed path that diverged little from the recent past, with marketers trying to find a "more sober and educational" tone in their campaigns, according to **Stu Klein**, a managing director at **Lowe Worldwide**. "While many of these new campaigns ably communicated their intended message, there was a decided lack of engagement, as witnessed by the almost total absence of any DTC spots from the **Nielsen IAG** rankings of most-recalled ads, he added.

Among the few spots that did stand out over the past year, Klein cited the advertising for smoking-cessation treatment **Chantix** (Pfizer) as a "campaign that proved to be both highly engaging and deeply insightful." He added, "In categories with multiple OTC and Rx options, it is especially difficult to create breakthrough advertising, given the testing methodologies utilized to vet ads, which seem to require formulaic category cues to exceed norms required to air. The Chantix campaign succeeds because it is grounded in an insight previously overlooked in this category, namely that the road to smoking cessation is certain to be long. The metaphor of the hare and the tortoise instantly communicates this insight in a non-threatening manner, managing expectations of patients and physicians away from the quick-fixes typically promised."