

MAY 2008

VOLUME 3, ISSUE 5

The DTC Executive Brief



I N S I G H T S

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 Florham Park, N.J. The subscription rate is \$395 annually.
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House Hearing Raises Issue Of New Regulations for DTC

Senior executives from **Pfizer**, **Merck** and **Johnson & Johnson** calmly and clearly responded to questions May 8 about their respective marketing campaigns for **Lipitor**, **Vytorin** and **Procrit** at a **Congressional** hearing on DTC advertising. But it's now clear this important subcommittee on **Oversight and Investigation** will continue looking at **DTC** practices and whether there's rationale to propose new regulations or restrictions.

Even the title of the hearing, "Direct-to-Consumer Advertising: Marketing, Education, or Deception?" is an indication of which way this subcommittee, chaired by **Rep. Bart Stupak** (D-Mich.), is leaning. Stupak was highly critical earlier this year of Pfizer's use of Dr. Robert Jarvik as a spokesman for Lipitor. (The subcommittee is under the House's **Energy and Commerce Committee**, which is chaired by **Rep. John Dingell**, a powerful Michigan Democrat who opposed DTC restrictions during the 2007 House debate.)

In his opening statement, Stupak noted that pharma "insists that DTC ads are mainly... designed to educate consumers" about prescription drug treatments, particularly new products, and that research shows that DTC does "result in patients seeing their doctor" about previously undiagnosed conditions. He also noted that the **FDA's** current oversight of DTC is "toothless."

- "We must acknowledge that DTC ads are also designed to market and sell these products," Stupak added. "Research has shown that DTC advertising may result in advertised drugs being prescribed when a similar, less-expensive drug may have been just as appropriate."

Importantly perhaps for future discussion and debate about DTC, Stupak then threw out an incorrect

Duke's Day Recommends Scoring Ads for 'Cognitive Accessibility'

Ruth Day, the Duke University professor who has made the expression "cognitive accessibility" a part of the DTC lexicon, provided lengthy testimony to the House subcommittee and closed with some strong recommendations. Day suggested that "an evidence-based approach is needed (for both industry and regulators) to evaluate ads in terms of cognitive accessibility" and their presentation of risk and benefit information.

It's best to compile "separate analyses of benefits and risks" to ensure that "there are no major discrepancies in their cognitive accessibility," she said. "Ads with unfavorable cognitive accessibility scores – known to decrease comprehension and memory – could then be modified; in some cases additional cognitive testing may be useful. If done prior to airing, this approach could save considerable time and provide ads that are more useful to consumers."

Day conceded that the "cognitive accessibility" of a drug's benefits as presented in a DTC ad is "generally high," and she commended ads for **Vytorin** and other statins for driving home to consumers the idea that there are two sources of cholesterol. "Sometimes even complex concepts are provided in easy-to-understand ways, such as the role of food and genetics in affecting cholesterol levels," she told the subcommittee.


However, Day – who began her presentation by saying she was neither in favor or against DTC advertising – said the cognitive accessibility of risks is "generally low in most ads." It's often presented using difficult-to-understand language, without "chunking" key information (that is separating it from surrounding information with pauses) and delivered with a faster speech rate. At the same time, she said, the broadcast ads often use "visual or auditory distractions" as the risks are recited.

Day said she would like to convene a conference of researchers and marketers to further study the issues on language and images.

AMA Says DTC Advertising Should Undergo Pre-Approval

American Medical Association president-elect **Nancy Nielsen**, MD, said the association supports giving **FDA** the resources and authority to require DTC ads to be pre-approved by the agency.

- "Direct-to-consumer ads often portray drugs through rose-colored glasses by including more information about a drug's benefits than risks," Dr. Nielsen told a **House** subcommittee. "Imbalances in these ads can diminish patient understanding of certain drug risks, and increase

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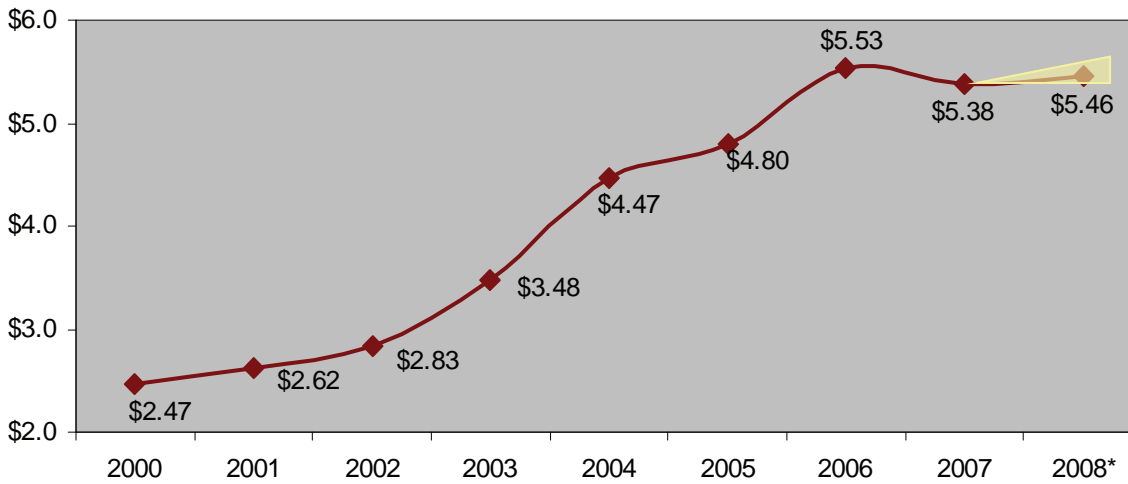
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The DTC Dashboard is a series of charts providing a snapshot of DTC marketing. This issue details year-end spending for media and brands, as well as the top Rx properties for the first quarter of this year. Also highlighted are a few of the key presentations, and their implications, from the 2008 DTC National Conference in Washington, D.C.

DTC Spending Projected at Flat To An Increase of 3% in 2008

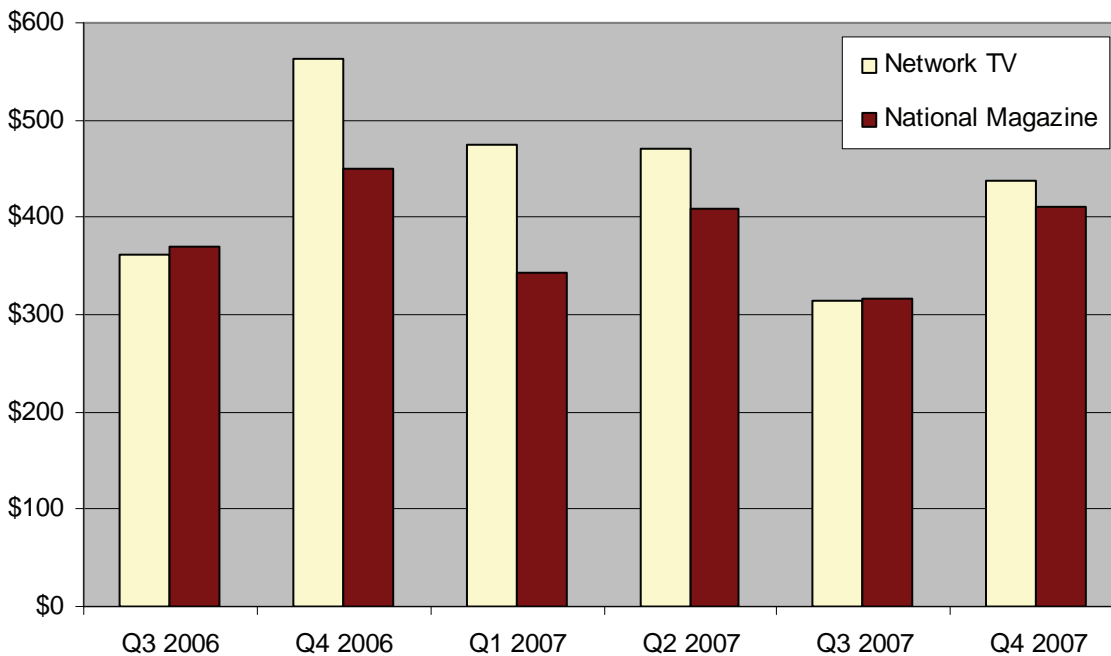
	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Total in \$ billions	\$2.47	\$2.62	\$2.83	\$3.48	\$4.47	\$4.81	\$5.55	\$5.38	\$5.38—\$5.54
% Change VYA	33.5%	6.1%	8.0%	23.0%	28.4%	7.4%	15.4%	-3.1%	0%—3%



After racking up double-digit gains earlier this decade, the “reported” spending total for DTC advertising dropped 3.1% in 2007 as some leading DTC brands trimmed spending levels, including Lunesta, Crestor and Nexium. With pharma still in the midst of slow sales growth, 2008 looks to be another year characterized by conservative promotional budgets.

Source: Nielsen Monitor-Plus
* Based on DTC Perspectives’ Projections

Network TV Bounces Back in Q4 to Regain Top DTC ‘Media’ Spot



In 2007’s Q4, network TV once again ranked as the leading DTC media vehicle (after falling behind consumer magazines in Q3), but the trend line for network TV’s market share continues to slide with total “reported” dollars allocated to network TV dropping sequentially in the first three quarters of 2007.

Source: Nielsen Monitor-Plus

DTCN CONFERENCE REVIEW

Pfizer’s Alltoft Offers 3-Step Guide To Help Marketers Achieve Success

What kind of marketer succeeds in today’s high-tech wired world? **Pfizer’s Jenny Alltoft**, vice president, patient and marketing centers of expertise, worldwide pharmaceutical operations, asked in a keynote address at the DTC National Conference. The successful marketer is the one who is willing to “partner with others and relinquish some control,” she explained. The successful marketer also allows consumers to “access their information directly and have it proliferate and mutate as user-generated content,” and is ready to serve as a “supplier of information to trusted third parties who combine it with other sources and synthesize fresh insights from it.”

- “We can re-invent DTC delivery over the next decade by anticipating the trends and understanding where consumers will be going for their information,” Alltoft told attendees. This means knowing which technologies are “enduring media for our target audiences and which are passing fads,” as well as identifying which media most effectively targets consumers and has “an ROI that meets our demanding business needs.”

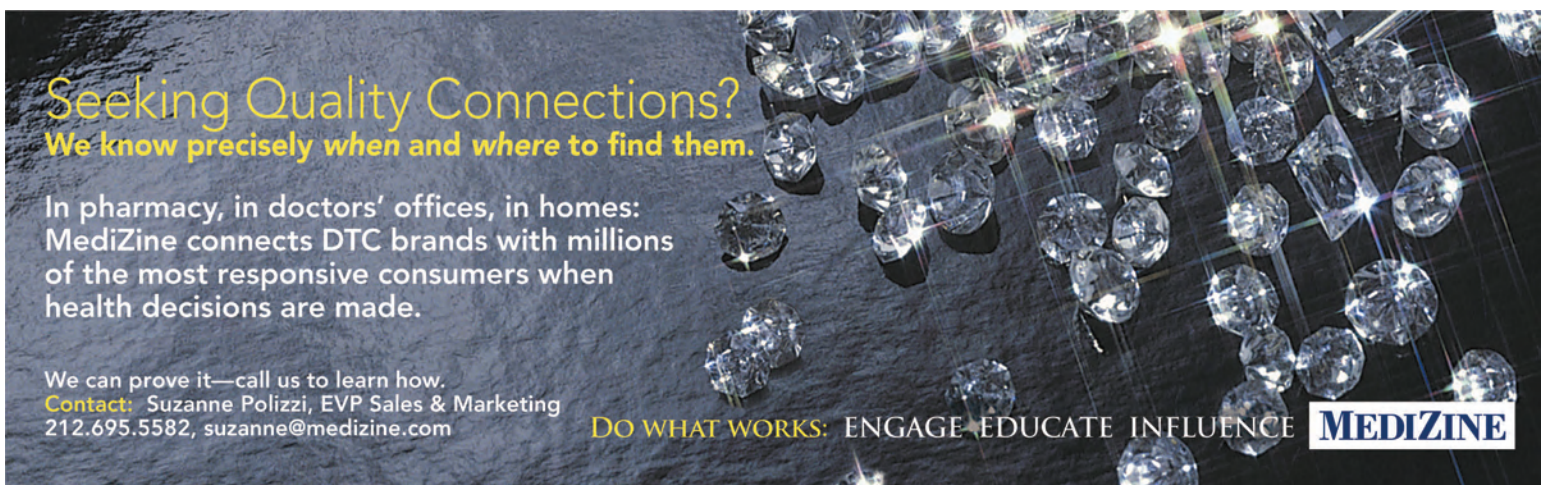
Alltoft suggested that marketers do three things to ensure these objectives are met. First, prepare physicians for the information their patients will find from

various sources so they have the answers patients expect them to have. Secondly, be the authoritative source for information about pharmaceutical products and, finally, tailor the information and customize the offering.

- “We need to be in the business of making trusted information available to consumers and starting a conversation about it,” she said. “Survey after survey shows that the pharmaceutical industry is not perceived as positively as we would all hope – or expect given the value we represent. But as the creators and owners of unique intellectual property, we are clearly the most authoritative source for some information.”

For example, she noted that Pfizer sees itself as the expert on **Lyrice** based on its role as the developer and tester of the **fibromyalgia** drug, and as a result understands Lyrice and its use better than anyone. “On the subjects of which we are the experts, we do have an advisory role to play – I’d even say an obligation. That doesn’t mean we dump all our data onto the Web and leave consumers to make sense of it... But we can and should play the role of guide when it comes to Lyrice and all our other products.”

Yet, Alltoft said even if critics find fault with this approach the counter-argument should be that with all of the competing “voices in this space” it makes no sense to “silence the one voice that knows the most about a valuable treatment option.”



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