

Guest Article Reprint # 68-04

Pharma Marketing Stuck in Web 1.5

Still Playing It Safe After All These Years!

By Richard Meyer, Senior eMarketing Manager, Medtronic

At first glance of the new report from eMarketer on pharmaceutical marketing online ("Pharmaceutical Marketing Online: Stuck in Web 1.5"), one would think that the pharmaceutical industry has embraced the Web. After all, online spending by drug companies is expected to reach \$975 million in 2007. But a quick look behind these numbers (see box) and we see that pharma is still in love with other channels and doesn't understand that patients hold a lot more power over their healthcare choices than ever before.

eMarketer forecasts that spending for online advertising, as a percent of total DTC, will only reach 5% by 2010 and 2011. This is coming at a time when DTC advertising is increasing 13.8% per year overall and as more and more people enter the health care system.

Anemic Online Budgets

Why does the industry spend so little on online marketing and advertising? Well, there are several reasons. On one hand, DTC marketers don't

understand Web metrics and advertising. This requires a dedicated staff of analytic people. Why add people when you can just dismiss the numbers?

On the other hand, maybe DTC marketers do understand the analytics, but do not want to be held accountable for the results. With Web ads you can determine cost per action and since this cost is sure to be a hell of a lot less than TV, more senior people may ask "why aren't we spending more money online?"

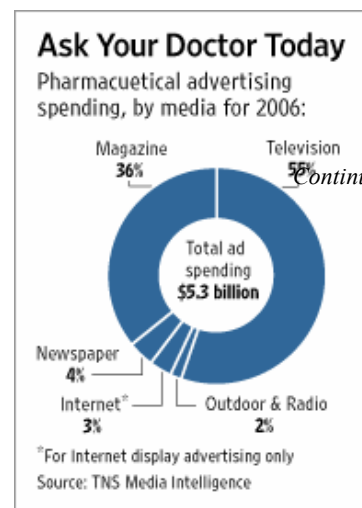
Another reason people don't want to allocate more to online is that it means they have to spend more for the development of Web ads, which they may not understand. All too often marketers take the ads from TV and repurpose them online even though the Web is an interactive media. Web ads need the same attention and testing that TV ads do but then again you can't go on location for an exotic shoot with a Web ad.

Continues...

Some DTC Spending Numbers

There is some difference in opinion regarding the percent of total DTC spending that is devoted to the Internet. As this chart indicates, TNS Media Intelligence estimates that 3% of pharma's media spending goes to display Internet advertising (Source: WSJ, "Media Industry Helped Drug Firms Fight Ad Restraints"). TNS and eMarketer do not include search advertising in their online spending measurements. Search marketing is a tactic of major importance to pharmaceutical companies, and could easily account for an additional 40% of prescription drug online advertising.

According to the WSJ: "In the U.S., pharmaceuticals were the tenth biggest advertiser in 2006, spending \$5.3 billion, or 3.5% of the total \$149.6 billion U.S. ad market. Pharmaceuticals also registered the highest growth rate among the top 10 U.S. advertisers, growing 13.8% to \$5.3 billion from \$4.6 billion in 2006."



So where is all the money going? To the media with the least ROI; ie, TV (see below). And this at a time when premier marketers are shifting more dollars to the Web and a survey of pharmaceutical executives shows that 81% feel the Web is an important channel. Still according to the report from eMarketer, 62% of marketers expect spending on interactive marketing to stay the same in 2007.

Stuck in Web 1.5

The report also provides some great evidence that Pharma is stuck in "Web 1.5" while the rest of the Web, and marketers, move on to better engage consumers (see "[Web 2.0 Pharma Marketing Tricks for Dummies](#)" in this issue). Of course, most DTC marketers will whine "we are regulated industry and we can't use social media to engage consumer" but that is a cop out pure and simple.

US Pharmaceutical and Health Care Industry Online Advertising Spending, 2006-2011 (millions, % of total and % change vs. prior year)

	Spending	% of total*	% change
2006	\$820.0	4.9%	31.2%
2007	\$975.0	4.5%	18.9%
2008	\$1,190.0	4.1%	22.1%
2009	\$1,530.0	4.5%	28.6%
2010	\$1,950.0	5.0%	27.5%
2011	\$2,200.0	5.0%	12.8%

Note: includes drug manufacturers and marketers, doctors, hospitals and other entities that deliver health services, such as health maintenance organizations; **% of total US online advertising spending
Source: eMarketer, August 30, 2007

086995

www.eMarketer.com

Figure 1: Data from eMarketer report showing % of online health spending through 2011. Not all of this spending can be attributed to pharmaceutical DTC.

DTC marketers playing it safe on the Web

The following summary statement in the eMarketer report should be a wake up call to all DTC marketers:

"Consumers are using the Internet to interact with one another and with brands. Their online experiences help to build or break trust in brands and companies. Regulatory oversight of DTC ads has not yet reached the Internet, but marketers are playing it safer online than they are in their own TV commercials. Use of the Internet as a marketing vehicle will only grow in importance, a point pharmaceutical marketers acknowledged in one survey."

eMarketer is right on the money in a lot of ways and needs to find its way into the mailbox of a lot

of people in the industry. While a majority of pharmaceutical marketers agree that the Internet is important and data show that more people are using the Web for health information, one has to ask why DTC marketers continue to allocate a majority of their budget to TV? TV is a safe but the ROI is declining as costs for network TV increase and viewers decline. TV is great for building awareness of new products and brands but once that awareness reaches a certain level negative ROI models start to take over.

Looking Behind the Figures

It's important to look behind the facts and figures so we can understand what is going on with consumers when it comes to their healthcare choices. First, consumers don't trust your message and want to hear what others are saying about your product, especially when it comes to side effects. They will visit your product website, but they will also visit your competitors' sites as well as a variety of general health sites.

Although most health searches begin with a search engine, marketers need to look at the rankings of their website in search. Viagra.com for example is still among the top 10 pharma websites visited in 2007 and according to web metrics, the keyword that is used most to get there is "Viagra."

Web users are becoming more savvy when it comes to organic and paid search.

Engage and Collaborate!

The eMarketer report tells me what I already knew: pharmaceutical marketers are stuck with a model that was based in the past and is history. Eventually, a new herd of pharma marketers will enter the workplace and start to shake up the dynasty. But it looks like the drug industry has a long way to go to learn even the most basic marketing principles of how consumers have changed today.

Someone in pharma marketing needs to step up and stop playing it safe. Engage and collaborate with consumers and patients and don't tell me that "we can't do that because we're a regulated industry." It can be done and more importantly should be done if DTC marketing on the Web is to become a more important channel.

Continues...

Does Regulation Cause e-Inertia?

Excerpted from "[e-Inertia Plagues the Pharma Industry](#)"

"One of the unique factors that affects pharma's use of the Internet is the fact that it's a regulated industry. So while you may see surveys where ad managers say they are going to shift spending online, when it comes time to make the decision there's a lot of inertia, some of which is caused by regulatory concerns. There's less certainty about what you can and can't do online and there's less experience with regard to what works from a regulatory point of view and what doesn't work. So that contributes to the inertia as well. There's some concern that the first case examples will come from DDMAC warning letters. Perhaps there are examples from other industries that would be helpful for pharma to learn more about." – Mario Cavallini, Manager of Competitive Intelligence, Rosetta

"There is less certainty with regulatory people as it pertains to the Web but the reasons for that are varied. First, the Web is changing everyday. You have streaming video, Consumer Generated Content (CGC), etc. These were not on anybody's radar screen 5 years ago, but are now there because of the increased penetration of broadband. Pharma is also afraid to start a dialogue with people 1 on 1. The companies that are going to be the most successful online are the ones who take risks online." – Richard Meyer, Senior eMarketing Manager, Medtronic

"No other industry is as regulated as this one is. FDA is really looking at mass media and the beauty of the Internet is the ability to focus on or target specific audiences. The industry should buy opt-in lists that allow it to do this. There are a lot of things pharma companies can do online that would not violate any regulations I know of."

– Lisa Phillips, Senior Analyst, eMarketer

Pharma Marketing News

Publisher & Executive Editor

John Mack

VirSci Corporation

www.virsci.com

PO Box 760

Newtown, PA 18940

215-504-4164, 215-504-5739 FAX

<mailto:johnmack@virsci.com>

Pharma Marketing Network & *Pharma Marketing News* provide executive-level content, professional networking & business development with permission-based eMarketing opportunities.

[Subscribe Online](#) • [Download Media Kit](#) •
[Request a Rate Card](#)