SURVIVING THE SHIFT

With pharmaceutical companies cutting advertising costs across all channels—consumer and professional alike—media planners and buyers are looking for ways to do more with less and are left wondering: How will online shake up the media mix? **Matthew Arnold** reports

If today's media landscape had a theme song, it might well be REM's *Everybody Hurts*. Professional advertising continues its long downward trend, but suddenly, medical publishers have plenty of company. As patent cliffs approach and the FDA takes a more skeptical approach on drug safety and approvals, marketers are under pressure to cut costs.

Heads are rolling on sales forces as the buildup of the detailing Cold War years is abruptly reversed, and even many DTC channels are feeling the pinch. Forced to do more with less, media planners and buyers are looking for ever more targeted opportunities and pharmas are warming to online media (even if banner ads are down). Welcome to a new era of medical media—one in which thrift and creativity are rewarded.

On the consumer advertising front, overall spending dipped 3% in 2007, according to TNS Media Intelligence data, though the cuts didn't come from the obvious places. Product advertising posted a slight increase, rising to $4.9 billion from $4.7 billion in 2006, while corporate advertising budgets, which blew up in the wake of Vioxx and other safety scares, retreated sharply, from $577 million in 2006 to $247 million in 2007. Newspaper, radio and outdoor spend on product ads were down sharply, but TV and magazine product ad spend continued to rise.

The continued strength of these costly mass-market media is a remarkable testament to their awareness-building power, coming despite a shrinking stable of mega-blockbusters, cost-cutting pressures at pharmaceutical firms and increasing scrutiny from Congress.

Contrary to speculation that the TV writers' strike would upend the upfront system, instead, it merely nicked the scatter point market, much to the disdain of many media buyers. The buzz, as *MM&M* went to press, suggested another round of substantial rate increases. Buyers and planners puzzled over the impact of the first full year of Nielsen commercial ratings data and Google's new algorithm, which could impact search placement.

With few new products launching, much-anticipated approvals falling through and the FDA taking a hard line on safety issues, journal advertising has continued to suffer. PERQ/HCI's Journal Ad Review for 2007 found spending in medical/surgical journals down 7% for the year (*MM&M*, April 2008), with an annual spend rate of less than $500 million. All of the top five medical/surgical journals reported double-digit declines for the year and even many specialty titles, previously unscathed by the

Top Five Physician Activities Online

Physicians have incorporated online media into their daily practices, with more now getting clinical news through electronic media than through "dead tree" media—making this a vital (and sorely underutilized) channel for reaching healthcare professionals with medical information. Here's what else they're up to online:

78%
Search literature databases

70%
Search for prescription drug information

60%
Search for patient education materials

57%
Search for lab tests, info

55%
Search for medical photos and graphics

Source: Manhattan Research

long slide in journal advertising, took haircuts.

"Disinvestment in journal advertising is a symptom of a much larger problem," says Amy Levinson, SVP planning and analytics at KPR. "With companies required to make huge cutbacks, journal advertising is typically the first to get reduced, as it represents one of the biggest line item expenses, and budgets are then refocused to 'must have' or targeted initiatives. Over the last few years, as more companies embrace multichannel marketing, promotional budget shifts are noted as more is getting invested into digital. Those companies that are traditionally supporters of journal advertising are not necessarily cutting these budgets to accommodate this shift."

DTC spending on product ads (in millions)

	2006	2007	Change
TV	$2,667	$2,870	+7%
Magazine	$1,689	$1,768	+4%
Newspaper	$152	$75	-50%
Radio	$55	$30	-45%
Internet	$163	$155	-5
Outdoor	$11	$4	-63%
TOTAL	$4,739	$4,904	+3%

Source: TNS Media Intelligence

Levinson acknowledges that things look grim for professional advertising of late, but ironically, sees hope for the medium in the consumer interactive boom. "With the emergence of Web 2.0, increasingly more patient and disease-focused communities are evolving, thus causing a trend toward patient-to-patient dialogue surrounding healthcare, treatment protocol, brand opinions, etc.," says Levinson. "As a result, brand relevancy and positioning will increasingly be driven from the patient perspective. In order for pharma to counter this dynamic, they will need to increase the frequency of professional brand communications. Journal advertising is still considered the most cost-efficient frequency media."

Levinson also notes that publishers could catch a break if the FDA goes ahead with its draft guidance on dissemination of journal articles discussing off-label drug uses. "If this guidance passes, it will likely increase publication of this data through professional journals, which will potentially increase journal advertising placements," Levinson says.

Gwen Canter, VP media director at Sudler & Hennessey, expects to see migration from professionals to payers. "We will likely see more professional promotional dollars dedicated to targeted media across a variety of channels. We'll also see reach to diversified targets, including managed markets and other allied healthcare professionals and decision makers who are essential for brand access," says Canter.

Mike Mrvica, who heads publisher's representative M. J. Mrvica & Associates, notes that journal ad sales follow approvals, which typically slow down in a national election year.

"Every four years, budgets get pulled in a little tighter and FDA approvals become a little slower," says Mrvica. "Things are on hold."

"That message has to get to the physician or the person writing the script somehow," says Mrvica, "and if they're not going to do it on a one-on-one basis with the rep, they're going to have to find a way. Everybody is doom and gloom for print. I heard the same story in 1970. I think there will be a weeding out of the weaker publications and the stronger ones will continue."

At least one big player in professional media sees professional ad spend turning a corner. CMI and Compas, Inc. have seen spending by their clients rise 11.7% year-on-year in committed dollars, says president and CEO Stan Woodland.

The increase follows a 15% drop in spending by the media buying and planning group's clients last year. Advertising directed at primary care physicians was down 22%. This year, primary care is up slightly, and specialties are posting healthy growth.

"We're seeing brands that did not advertise last year advertising this year," says Woodland. "It does vary by company—some are down, some are up—but overall, it's up." Even reprints, which suffered last year along with ad sales, are back in black. But clients are getting much more targeted in their spending.

"They're using actual customer files to target media buys down at the physician level," says Woodland, "and they're looking to leverage other promotional activities in a more direct kind of way. And that's happening across all media—magazines, desktop media, and we're now even in a position to do it with interactive and online media. We've worked closely with publishers that have a strong presence both in print and online and we're utilizing our own databases to identify users," which the firm

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is able to target by medical identification number. In other words, Compas can match media suppliers' user and circulation lists to its clients' individual target files to create special demographic purchases that go out to only some of a journal's subscribers, as determined by specialty or other data points.

Part of what's fueling that resurgence, Woodland says, is that medical publishers have gotten much more sophisticated about leveraging their print properties online.

Advanstar launched its ModernMedicine.com portal at the end of 2007, putting five primary care titles and seven specialty titles under one URL. Elsevier launched its OncologySTAT portal last September. Haymarket's eMPR has been a strong performer, says Woodland, as have the online properties of *The New England Journal of Medicine* and the American Medical Association.

"A lot more of our members are taking a view of their publications as franchises, not just print," says David March, president of the Association of Medical Media. "Ten years ago it was print, with maybe the occasional supplement. Now it incorporates so much more."

Sudler & Hennessey's Canter sees pharmas easing into online investment. "They are slowly taking the plunge now, promoting through online channels that reach beyond journal websites and traditional banner advertising," says Canter. "There are more online/interactive initiatives for healthcare professionals than ever before, including promotional opportunities on social networking sites, medical portals, video portals, e-newsletters, search engines and microsites. It's taken awhile for all of us to figure out the best practices for pharma online promotion."

Mark Bard, president of Manhattan Research, notes that pharma companies are investing heavily in building their own company portals for healthcare professionals, such as MerckServices.com and PfizerPro.com.

Pfizer also recently became the first pharma to partner with Sermo, the online physician community. But online remains underutilized as a channel for reaching professionals, says Bard.

"Most companies, as they draw up their strategy, they may list 80 or 90 things to reach consumers," says Bard. "On the physician side, they may have 10-15, but if you look at the data, the importance of that online channel to the physician is significantly greater than it is to the average consumer, because if you look at how physicians use the Internet, it's critical to their work. This is where they get all their information for their practice—drug info, journal articles, conferences and clinical news. We now have more physicians getting clinical news online than offline."

Seventy-eight percent of physicians now get clinical information online, according to Manhattan Research data, compared to 76% who get it offline. Between 2005 and 2007, 24% fewer physicians got conference information offline, while 23% more got it online. The trend is evidenced in journals, which saw a 27% jump in physician usage for the period while print readership declined 14%, and online provision of CME and medical references is inching up.

"In this past planning period, we've definitely been doing many more integrated media options, including not only journals but the targeted media, the interactive digital media, because they all compliment each other," says Woodland. "Physicians are using all of these media channels, and our challenge is to find the appropriate synergies between them. The more we can convince providers to ID their audiences, the more valuable the online/offline package becomes, because their audience is still using both for different reasons. Offline can be a very successful driver to online properties, where a more engaging conversation can take place."

KPR's Levinson says the demonstrable ROI benefits of online media are fueling investment. "The evolution of analytics makes it possible to demonstrate effectiveness and support the conversion to digital," says Levinson, warning that publishers are not investing enough in measurement, "and that will exacerbate their situation."

With sales forces seeing deep cuts across the board, the days of journals being undervalued may finally be up, says Woodland.

"You've seen the major medium [for reaching professionals] cut back. A lot of promotional med ed has been stymied because of the church/state issue. There have been DTC cutbacks at a number of companies. So perhaps they're looking at the one channel you can count on to reach the healthcare provider, because if you look at the readership, that professional audience is still as engaged in traditional media channels as it's always been."

"Both publishers and agencies alike are challenged with broadening their capabilities and offering a wide array of media options that reach healthcare practitioners in a variety of ways and for various price points," says Levinson. "Brands are promoting on tighter budgets and need to ensure that every dollar spent yields respectable ROI. Agencies today are focused on the targeted promotion that fits in with the client's scope of work." ■

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