

MORE RED INK

Economic troubles are leading medical publishers to seek out new tactics to stay afloat. **Paul Wynn** reports

With a troubling economic climate forcing healthcare marketers to cut media spending, medical publishers are bracing for a challenging year ahead. Publishers will be thankful to break even in 2009 during the country's worst financial crisis in generations.

"We're off for the first couple of months," says Tino DeCarlo, ad sales director at Elsevier. "A lot of business is migrating online, but many of our journals are subscription based with contracts for three-year periods so that is helping us weather the storm."

After a 7% decline in ad spending in 2007, PERQ/HCI's 2009 Journal Ad Review reports that medical and surgical journals fell nearly 13% last year. The annual spend rate sank to \$434 million, down from \$497 million in 2007. Industry analysts expect ad revenue will further decline this year with more titles shutting down, fewer new titles being launched and market consolidation.

In 2008, even the nation's top medical journals witnessed significant declines in both ad pages and dollars. The top five journals in ad revenue—*New England Journal of Medicine*, *Journal of the American Medical Association*, *American Family Physician*, *Monthly Prescribing Reference* and the *Journal of Clinical Oncology*—were down 16% in ad pages and 8% in revenue.

"The downturn in ad spending started with the shift to new media a few years ago, but the recession has exacerbated the dwindling support in professional advertising," explains Bob Girondi, EVP of marketing and research at Communications Media Inc.

Peer-reviewed journals are positioned the strongest to endure weaker advertising support with subscription sales. However, news

JOURNAL AD REVIEW 2008 MEDICAL/SURGICAL FULL YEAR

TOP 5 MEDICAL/SURGICAL JOURNALS RANKED BY AD REVENUE, 2008

Total ad pages for the top journals down 13% vs. 2007

1



New England Journal of Medicine — ad pages down 12.8% vs. 2007

Journal of the American Medical Association— ad pages down 18.3% vs. 2007



2

3



American Family Physician — ad pages down 19.0% vs. 2007

Monthly Prescribing Reference — ad pages up 21.3% vs. 2007



4

5



Journal of Clinical Oncology — ad pages down 4.1% vs. 2007

magazines, particularly those targeting primary care physicians, are likely to face lower margins even if they are well established, analysts predict. “Some journals are well situated and are finding new revenue streams,” says Mary Waltham, a publishing consultant and former publisher of *The Lancet* and *Nature*. “This tough economy is going to winnow out the weaker titles unless they somehow reinvent themselves.”

Dwindling advertising

With several blockbuster drugs facing patent expirations and increasing delays at the FDA, pharmaceutical manufacturers are under increasing pressure to maximize their promotional budgets. Despite the cost effectiveness of journal advertising, more money is being diverted to DTC and new media. “There is a new generation of marketers who come from the consumer side of the business who are interested in DTC, web advertising and social media who have not been exposed to the benefits of advertising in print journals,” says Steve Selinger, VP of media at Compas, Inc.

Pharma advertisers lowered their spending in journal advertising by 12.6% in 2008, reports PERQ/HCI. Pfizer, which had been the

top advertiser for several years, fell to second and slashed journal advertising by more than half to \$23 million, concentrating on three products: Lipitor, Lyrica and Selzentry. Eli Lilly and Co. became the top advertiser in 2008 by increasing its spend 42% to an estimated \$24.5 million with Cymbalta ads accounting for nearly half.

Six of the top 10 advertisers’ budgets declined last year, but Lilly, Forest, Novartis and Abbott bucked the trend and increased their spending by double digits. This led to increases for journals in specialties like cardiology, up 6.9%, due to steady advertising for Pfizer’s Lipitor and Forest’s Bystolic. Ad sales jumped 14% at Elsevier’s *Journal of the American College of Cardiology*. Psychiatric publications also saw positive ad page growth, with *Clinical Psychiatry News* up 19.5% and *Psychiatric Times* up 7.2%. But for every specialty category that was up in ads, five more were down with urology and allergy losing the most ground (38% each), followed by neurology (33%), pediatrics (25.2%) and pulmonary disease (24.9%).

While ad pages in journals are weakening, readership of journals by physicians is on the rise.

A recent PERQ/HCI syndicated readership survey showed that average issue ad exposure for the top primary care publications was



MOST ADVERTISED COMPANY

Pfizer dropped down to the number two spot after being on the most advertised company for more than a decade. This was due in large part to a 54% decline in ad spend for Lipitor which is set to go off patent in 2010. Eli Lilly jumped from second to first with a 41.9% increase in expenditures, with nearly half of that money being funneled toward Cymbalta. Forest made its way up to the third spot as it increased ad spending by almost 55%, with a majority of the expenditures being focused on its newest product, Bystolic for the treatment of high blood pressure

TOP 25 ADVERTISED COMPANIES, 2008

Rank 2008	Rank 2007	Company	\$ ad spending			% change	
			2008	2007	2006	2008 vs 2007	2007 vs 2006
1	2	Eli Lilly & Co.	24,560	17,308	17,582	41.9	-1.6
2	1	Pfizer Laboratories	23,593	51,281	60,702	-54.0	-15.5
3	5	Forest Pharmaceuticals	22,209	14,372	19,332	54.5	-25.7
4	3	Wyeth	14,287	16,592	32,657	-13.9	-49.2
5	8	AstraZeneca	10,928	11,358	13,499	-3.8	-15.9
6	10	Novartis	10,813	8,883	12,835	21.7	-30.8
7	16	Abbott Laboratories	10,547	6,452	8,679	63.5	-25.7
8	6	Merck	8,426	14,209	19,273	-40.7	-26.3
9	4	Novo Nordisk	8,165	14,397	13,425	-43.3	7.2
10	11	Shire US	6,541	8,261	5,322	-20.8	55.2
11	7	Takeda Pharmaceuticals NA	6,506	13,306	16,179	-51.1	-17.8
12	21	Ortho-McNeil	6,216	4,160	7,486	49.4	-44.4
13	15	Janssen Pharmaceuticals	5,665	6,640	10,090	-14.7	-34.2
14	26	BMS/Otsuka Pharmaceuticals	5,250	3,754	5,163	39.9	-27.3
15	9	Sanofi-Aventis	5,211	8,924	12,871	-41.6	-30.7
16	43	UCB Pharma	4,721	2,247	2,080	110.1	8.0
17	30	Amylin/Eli Lilly & Co.	4,580	3,103	4,191	47.6	-26.0
18	17	Cephalon	4,478	6,273	6,412	-28.6	-2.2
19	13	Genentech BioOncology	4,461	7,993	3,132	-44.2	155.2
20	38	Genentech/Biogen IDEC	4,153	2,495	2,865	66.4	-12.9
21	12	GlaxoSmithKline	4,140	8,141	9,263	-49.1	-12.1
22	14	Bristol-Myers Squibb	4,027	7,854	10,553	-48.7	-25.6
23	50	Pfizer	3,635	1,963	399	85.2	391.9
24	24	Bayer HealthCare	3,389	3,865	2,747	-12.3	40.7
25	27	Sucampo Pharma/Takeda NA	3,376	3,566	2,833	-5.3	25.9

Source: PERQ/HCI Journal Ad Review

up 13% from 2005, and average issue readers increased 9%.

“Physician media consumption isn’t mirroring the change in the consumer market where it has shifted significantly from print to online,” says Dave Emery, sales director at PERQ/HCI. “Our research shows that print medical journals are considered the most important source of information on medical developments by physicians.”

Widening gap

This disconnect makes for sleepless nights if you’re a medical publisher. DeCarlo, a 15-year veteran with Elsevier, says, “All the research shows that medical journals are read and used by physicians, but there’s a prevailing opinion that journal advertising doesn’t work anymore which is not the case.”

To combat this misperception among healthcare marketers, the Association of Medical Media (AMM) created a new advertising campaign to be launched shortly. “The campaign is meant to hit home on the message that journal advertising is critical and dollar for dollar is the least expensive means for getting out a brand’s messages,” says Jennifer Day, AMM president. “We hope it will change some misperceptions by promoting the value of medical publishing.”

Medical publishers are considering a number of strategies to main-

MOST ADVERTISED BRANDS

Forest Laboratories' new product, Bystolic started off the first-half of 2008 as the most heavily advertised brand. However, Eli Lilly's Cymbalta bumped up spending in the second half to regain the top spot for the second year in a row. Bystolic ended up in the number two spot, while Pfizer's Lipitor dropped down to the third spot, down one from the previous year

tain margins and cut costs, including shutting down titles. Elsevier has not closed any journals recently, but it is not planning to introduce any new ones either. Not since it closed the print version of *Patient Care* in 2007 has Advanstar closed any journals. The company is actually adding a new tabloid. In March, *Optometry Times* was launched with 25,000 readers. Building off *Ophthalmology Times*,

TOP 25 ADVERTISED BRANDS, 2008

Rank 2008	Rank 2007	Product	Company	\$ ad spending			% change	
				2008	2007	2006	2008 vs 2007	2007 vs 2006
1	1	Cymbalta	Eli Lilly & Co.	12,735	11,860	10,589	7.4	12.0
2	0	Bystolic	Forest Labs	10,349	0	0	NA	NA
3	2	Lipitor	Pfizer	8,158	10,747	8,644	-24.1	24.3
4	0	Pristiq	Wyeth	7,980	0	0	NA	NA
5	4	Lexapro	Forest Labs	7,298	7,792	7,865	-6.3	-0.9
6	19	Byetta	Amylin/Eli Lilly & Co.	4,580	3,103	4,191	47.6	-26.0
7	51	Seroquel	AstraZeneca	4,528	1,900	2,519	138.3	-24.6
8	6	Levemir	Novo Nordisk	4,449	7,182	5,119	-38.1	40.3
9	30	Rituxan	Genentech/Biogen Idec	4,134	2,495	2,547	65.7	-2.0
10	70	Abilify/F	BMS/Otsuka	4,081	1,423	5,163	186.8	-72.4
11	9	Lyrica Capsules	Pfizer	3,812	4,418	9,359	-13.7	-52.8
12	28	Vyvanse	Shire US	3,798	2,579	0	47.3	NA
13	8	Namenda	Forest	3,669	4,783	9,418	-23.3	-49.2
14	52	Actos	Takeda Pharmaceutical	3,623	1,897	2,127	91.0	-10.8
15	11	Invega	Janssen	3,292	3,968	0	-17.0	NA
16	0	Selzentry	Pfizer	3,198	0	0	NA	NA
17	56	Opana ER	Endo Pharmaceutical	3,114	1,772	384	75.7	361.3
18	47	Aricept	Pfizer/Eisai	3,087	1,922	2,347	60.6	-18.1
19	55	Topamax Migraine	Ortho-McNeil	3,022	1,789	3,111	68.9	-42.5
20	5	Rozerem	Takeda Pharmaceutical	2,872	7,501	10,521	-61.7	-28.7
21	13	Amitiza	Sucampo/Takeda	2,832	3,566	1,943	-20.6	83.5
22	41	VESICare	Astellas/GlaxoSmithKline	2,781	2,176	1,870	27.8	16.4
23	12	Symbicort	AstraZeneca	2,767	3,881	0	-28.7	NA
24	0	Zostavax-NB	Merck	2,641	0	828	NA	-100.0
25	0	Simcor	Abbott	2,630	0	0	NA	NA

Source: PERQ/HCI Journal Ad Review

the company was holding events and offering online information for eye care professionals, but didn't have a print brand for optometrists. "We decided to open the print brand and it's starting off profitable from the first issue," says Steve Morris, EVP at Advanstar.

Other medical publishers have had to shut down well-known, but underperforming titles. Ascend Media closed six publications during the past two years. *Neuropsychiatry News*, published by Quadrant HealthCom, printed its final issue in February. "We were certainly in the top 10 psychiatric publications, but never broke the top five. A few years ago that was OK, but not anymore," said group editor Glenn Williams.

Dowden Health Media stopped publishing *Contemporary Surgery* in December. "It was becoming an economic challenge to support so we decided to focus on our other journals that have a lot of extensions to them," explains Day, SVP and group publisher at Dowden.

Advanstar has also tapped into a potential new revenue stream — medical centers. *Medical Economics* features a section on its website dedicated to clinical centers of excellence. The magazine ranks the top centers in various specialties based on feedback from top thought leaders and physician surveys. "Hospitals have budgets

that collectively are equivalent to that of the pharmaceutical industry and they are looking for ways to impact office-based physicians which is their number one referral pool," Morris says.

Survival tactics

Recognizing that 2009 will be a difficult year, medical publishers are not only closing down titles, but are also scaling back frequencies, eliminating tabloid-size formats for trimmer models, going online only and pursuing alternative revenue streams. At Advanstar, the company is taking bold steps to strengthen its titles. Last year, the company reorganized its online content under one brand: Modern Medicine, which was a magazine that closed more than a decade ago. The website now has 170,000 registered healthcare professionals and shares content across the company's many titles. In fact, the company has struck an unusual partnership with competing publishers to share information, including CMPMedica. "We may be competitors in print, but we can be friends online by doing revenue sharing on content," explains Morris. ■

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MOST ADVERTISED CATEGORY

SSRI/SNRI held onto the top spot once again as the most advertised category with a 6.5% increase in spend over 2007, due in part to Wyeth's Pristiq which won approval to treat depression in early 2008. Lilly's Cymbalta increased ad expenditures also helped the category remain on top. Cytostatic Drugs-Other stayed in the second spot even with a 10.4% decrease in ad spend, while Antipsychotics-Other and Ethical Drugs Misc.-Other both inched up a spot to take over the third and fourth slot, respectively. A 34.4% decrease in spend pushed Diabetes Insulin from third to fifth

TOP 25 ADVERTISED CATEGORIES, 2008

Rank 2008	Rank 2007	Company	\$ ad spending			% change	
			2008	2007	2006	2008 vs 2007	2007 vs 2006
1	1	SSRI/SNRI	31,943	29,982	44,384	6.5	-32.4
2	2	Cytostatic Drugs – Other	24,365	27,179	26,796	-10.4	1.4
3	4	Antipsychotics – Other	19,032	20,803	24,781	-8.5	-16.1
4	5	Ethical Drugs Misc. – Other	18,666	16,694	13,738	11.8	21.5
5	3	Diabetes Insulin	15,058	22,943	21,485	-34.4	6.8
6	7	Cancer Therapy Products	14,912	11,657	7,680	27.9	51.8
7	6	Cholesterol Red Rx Statins	13,825	12,490	10,454	10.7	19.5
8	108	Beta-Blocking Agents	10,353	874	2,920	1,084.10	-70.1
9	11	Business & Prof Services/Equipment	8,632	8,330	7,658	3.6	8.8
10	9	Alzheimer-Type Dementia	8,240	9,306	12,397	-11.5	-24.9
11	13	Dermatological – Other	6,835	6,914	7,141	-1.1	-3.2
12	33	Institutional Adv. – General Non-Drug	6,517	4,007	3,048	62.6	31.5
13	17	Morphine & Opium Non-Inject	5,909	5,892	6,767	0.3	-12.9
14	26	Cholesterol Red. Rx – Others	5,905	4,487	2,423	31.6	85.2
15	14	Seizure Disorders	5,713	6,907	12,589	-17.3	-45.1
16	10	Vaccines – Other	5,499	9,300	14,073	-40.9	-33.9
17	27	GI Anti-Inflammation	5,468	4,474	2,768	22.2	61.6
18	16	Orthopedic Supplies – Other	5,463	6,090	5,750	-10.3	5.9
19	46	HIV-Protease Inhibitor	5,356	3,103	3,121	72.6	-0.6
20	23	Insulin Sensitizer	4,950	4,914	6,641	0.7	-26.0
21	18	Ext Spec Macrolide	4,942	5,769	6,412	-14.3	-10.0
22	25	Surgical Instruments	4,698	4,573	3,715	2.7	23.1
23	21	Educational Seminar	4,520	5,492	4,941	-17.7	11.2
24	36	Surgical Supplies	4,511	3,766	3,759	19.8	0.2
25	59	Angio II Antag, Combo	4,477	2,534	1,445	76.7	75.3

Source: PERQ/HCI Journal Ad Review