

A Datamonitor report

# The Changing Direct-to-Consumer Advertising Landscape

## How Direct-to-Consumer Advertising Affects Return on Investment

Published: Dec-08

Product Code: DMHC2469

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### Providing you with:

- **An analysis** of a return on investment model for DTC advertising
- **Case study** analysis of DTC and disease awareness ads
- **An overview** of DTC regulation in the US
- **An overview** of patient communication for prescription drugs in Europe

### *Use this report to...*

*Utilize a return on investment model for a DTC advertising to understand how to make a campaign a success*

# Introduction

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An effective DTC strategy can catapult a drug into blockbuster status. However, after a 10 year period of skyrocketing DTC budgets, Pharma is now opting for lower cost and more targeted approaches. Pharma faces tighter DTC regulations in the US, while in Europe there may be suggestions that DTC will be employed, but is this likely to work given the differences in culture and market?.

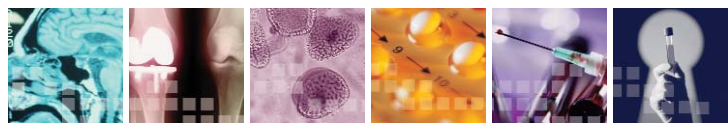
Datamonitor has formulated a return on investment (ROI) model for direct-to-consumer (DTC) advertisements, to determine their effectiveness, as in today's cost-conscious environment, it is extremely important to ensure a rewarding ROI in response to a DTC campaign.

## Key findings and highlights

- The more serious a disease, the more life threatening it is for the patient; as a result the patient is more empowered as it is keen to find out new potential treatments for the life-threatening condition. In this case, targeted media such as online tools are more suited as they can provide an educational platform and a great source of information.
- If a drug is the only one on the market, unbranded advertising is good to raise awareness—for example Lyrica adopted this strategy as it was first-to-market—in cases such as these, diagnosis is the limiting stage so unbranded advertising is beneficial to leverage this hurdle.
- In the absence of direct DTC advertising, information provided online is of paramount importance. The strategic value of online tools for Europe is second to none: although traditional media can increase disease awareness to a wide audience, the internet can provide information to keen consumers.

## Reasons to buy

- **Utilize** a return on investment model for a DTC advertising to understand how to make a campaign a success
- **Identify** the differences between advertising regulations in the US and Europe, and what changes are likely to happen in the near future
- **Understand** if recent DTC or disease awareness campaigns have been successful, and if not, why not



# Sample pages from the report

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Introduction DATAMONITOR

A study by Adweek found drug advertisements are losing recall effectiveness among consumers, meaning they are becoming less memorable. Table 1 shows the commercials remembered best in 2007 (Edwards, 2008).

Rank	Drug	Company	DTC description	Encountered problem
1	Nasonex (mometasone)	Schering-Plough	Animated bee	Subject to an FDA inquiry as to whether visuals distract viewers
2	Rozereem (ramelteon)	Takeda		
3	Vytorin (ezetimibe/simvastatin)	Merck & Co./Schering-Plough		
4	Lipitor (atorvastatin)	Pfizer		
5	Chantix (varenicline)	Pfizer		
6	Lunesta (eszopiclone)	Sepracor		
7	Cialis (tadalafil)	Eli Lilly		

FDA = US Food and Drug Administration  
 Source: Datamonitor and Edwards, 2008

Half way through 2008, most of these forced to withdraw their DTC campaigns these controversial ads, coupled with harder for new ads to be catchy and me

The strengths of the most recalled as visually exciting and memorable, while so that they are not called into question

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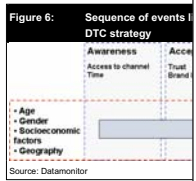
ROI for DTC DATAMONITOR

Patient-specific issues affecting DTC ROI

Patients are central to any DTC campaign, as they are the target audience to whom Pharma is promoting its drugs. As shown in Figure 6, for a DTC advert to elicit the desired effect—for patients to ask their physician to be prescribed the advertised drug—the DTC campaign must target and encourage patients to go through these four stages:

- awareness – a patient's awareness of the brand has to be established/increased;
- acceptance – a patient has to accept the brand;
- action – a patient has to partake in the advertised drug;
- influence – a patient has to influence their physician to prescribe the advertised drug.

In turn, each of these steps is influenced by various factors, and geography.



Awareness – patients must have access to the product or its DTC advertisement. Awareness of a product or its DTC advertisement and the choice of communication used by the DTC advertiser will have a direct impact on the success of the campaign, dictated by the available budget.

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ROI for DTC DATAMONITOR

After the full year 2006, Rozereem sales produced \$73.6m after spending nearly \$100m on DTC campaigns (Datamonitor, *Commercial Insight 2007: Insomnia*, DMHC2306). This shows Takeda spent more on advertising than the drug made back in sales, with the drug failing to achieve a return on promotional investment in its first year.

Figure 9 illustrates the DTC campaign timeline following drug launch and corresponding drug sales for the top three insomnia franchises in the US for 2005–Q2 2008.

Figure 9: Timeline and US sales of the top three insomnia franchises, Q1 2005–Q2 2008

Source: Datamonitor and IMS MIDAS sales data, September 2008 DATAMONITOR

*Relaunched Rozereem campaign was too complicated for the public*

Following the warning letter from the FDA, Takeda relaunched the Rozereem campaign. However, due to the campaign being too complicated for the public, many

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“...The DTC landscape is changing. Rather than bombarding consumers with commercials, brand managers are opting to communicate with consumers in a more meaningful, personalized and ultimately memorable way...”



# Table of contents

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## EXECUTIVE SUMMARY

- **Scope of the report**
- **Key findings**

- Shift from TV alone, to a combination of TV and internet DTC
- The internet has opened a new door for DTC

## OVERVIEW OF DTC

- **What is direct-to-consumer (DTC) advertising?**
  - Several Big Pharma companies have cut their advertising budgets for 2007
  - Is DTC suitable for all types of drugs?
- **The pros and cons of DTC**
  - Drivers for DTC
  - Barriers to DTC

## ROI FOR DTC

- **The ROI model for a successful DTC campaign**
  - Patient-specific issues affecting DTC ROI
  - Market-specific factors affecting return on investment for DTC
  - Product-specific issues affecting return on investment for DTC
  - Competition-specific issues affecting return on investment for DTC
  - How to measure success of a DTC strategy
- **Analysis of DTC campaigns using the DTC model**
  - Rozerem: a complex campaign failed to generate return on investment
  - Ambien CR: a DTC campaign marred by negative publicity over parent brand
  - Pfizer boosted awareness of the unfamiliar disease fibromyalgia
  - Gardasil: a successful campaign for the cervical cancer vaccine

## DTC IN THE US

- **Current DTC regulations in the US**
  - Advertisements that do not follow regulations are flagged
  - Concern over FDA's policing of DTC adverts
  - Recent changes have attempted to make DTC regulations more stringent
  - An effort to increase transparency on DTC advertising
  - Case studies of television DTC advertisements that did not comply with regulations

## DTC IN EUROPE

- **Current EU regulations: no DTC but disease awareness permitted**
- **Alternatives to DTC in Europe**
  - Disease awareness campaigns encourage patients to seek medical advice
  - Working with patient advocacy groups is essential in Europe in the absence of DTC
  - Patient support websites/programs can improve patient outcomes and satisfaction
  - Compliance programs can enhance communication with the patient
  - Rules and regulations for disseminating information in Europe
  - Will DTP be allowed in Europe in the near future?
  - Will DTP work in Europe?

## BIBLIOGRAPHY

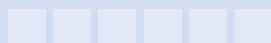
- **Publications and online articles**
- **Datamonitor resources**
- **Glossary**

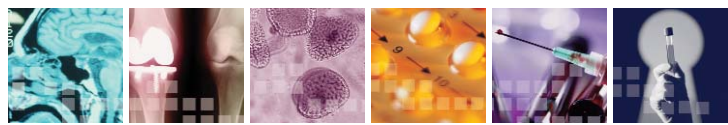
## LIST OF TABLES

Table 1: The best remembered advertisements for 2007 are also the ones which ran into difficulties

## LIST OF FIGURES

- Figure 1: Big Pharma's top 13 advertising budgets, 2006-07
- Figure 2: Drivers and barriers for DTC advertising, 2008
- Figure 3: DTC results in increased patient empowerment
- Figure 4: The DTC process can break at any stage
- Figure 5: Model for return on DTC investment
- Figure 6: Sequence of events likely to affect the patient when designing a DTC strategy
- Figure 7: Advice and warnings when formulating a DTC strategy
- Figure 8: Model for return on DTC investment
- Figure 9: Timeline and US sales of the top three insomnia franchises, Q1 2005-Q2 2008

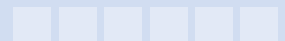




- Figure 10: US market share of the top five insomnia drugs, 2006
- Figure 11: Timeline and US sales of the top three insomnia franchises, Q1 2005-Q2 2008
- Figure 12: The FDA describes three types of DTC advertising
- Figure 13: The FDA has become less efficient as more DTC material is submitted
- Figure 14: A 2008 GAO report found two main issues with how the FDA deals with DTC advertising
- Figure 15: FDAAA has strengthened DTC regulations for prescription drugs
- Figure 16: The Nasonex commercial: how the most remembered DTC advert ran into trouble
- Figure 17: One of the Vytorin vignettes associating family members with foods to suggest the drug treats both sources of cholesterol
- Figure 18: Dr Jarvik - not licensed to practice medicine so could not actually prescribe Lipitor
- Figure 19: Five major European markets have differing levels of stringency

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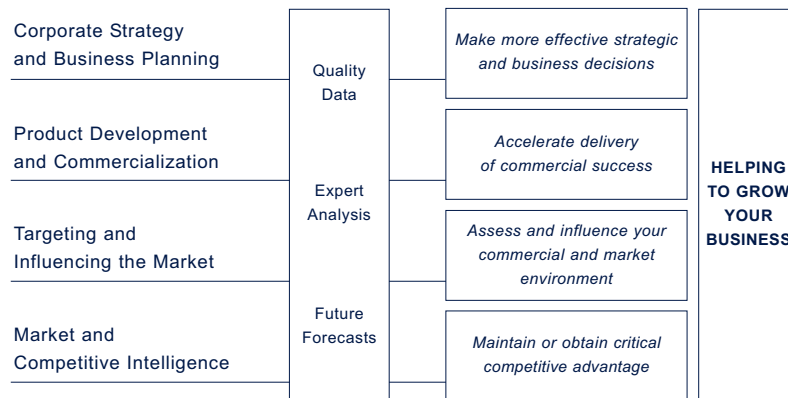
*“...Return achieved on DTC investment is proportional to the effectiveness of the marketing strategy, as well as the therapeutic profile of the drug, but inversely proportional to the cost of strategy...”*



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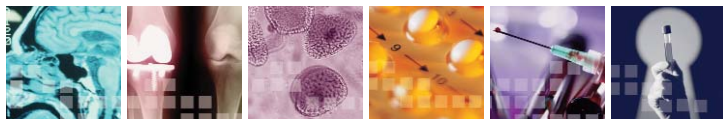
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