

Direct-To-Consumer Advertising Works

Direct-to-consumer (DTC) drug advertising in the United States has been a subject of much controversy since restrictions on the practice were eased in 1998. Critics blame these ads for contributing to rising drug costs and unnecessary conflicts between patients and doctors, and recently, a widely publicized study has reported that they are not even effective at promoting the products they advertise. Are DTC ads worth the investment?

M I L L W A R D B R O W N ' S P O V

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Pharmaceutical marketers, like their counterparts in other industries, are under constant pressure to justify their sales and marketing budgets. But in the United States, pharma marketers must also beat back accusations that advertising for their products is ineffective. For example, a recent (September 2008) study by Harvard researchers, which suggested that direct-to-consumer (DTC) ads do not improve drug sales, generated a great deal of coverage and controversy.

Like many others, we disagree with the conclusions of that study. The research used French Canadians as a control group, compared them to English-speaking Canadians who were exposed to some American DTC spillover, and concluded, based on retail prescription data for three drugs, that DTC advertising may not work. Because the study's flaws have been fully explored elsewhere, we will simply reiterate the oft-stated observation that the conclusion cannot be justified by the research design. The research was conducted in a country with a national healthcare system and different drug pricing and prescribing restrictions than the United States. The media spillover was not measured, and no account was made for the quality of the creative or the number of people who saw the advertising that were actually among the target audience for the drug. Therefore, the study cannot possibly shed any light on the effectiveness of DTC advertising in the United States.

While we will always be eager to review research that has unexpected or controversial findings, we feel that the question the Harvard study attempted to address has already been definitively answered through our own research as well as that of other companies. The success of DTC advertising in the United States, as measured against a number of outcomes, cannot be disputed. In spite of having to clear additional hurdles beyond what is required of most advertising, DTC ads have been shown to have a clear and measurable impact on sales when studies are conducted using proper target audiences. Sound research and pretesting, which take into account the ways in which DTC advertising is both similar to and different from ads for other types of products, have no doubt helped pharma marketers refine their approach to satisfying regulatory guidelines while building awareness and strong brand associations.

Does Any Advertising Really Work?

While pharmaceutical marketers do face special challenges, in fairness to others we must say that marketers of all kinds of goods and services sometimes confront skepticism about the efficacy of advertising. An overview of results from sales modeling suggests that only around 10 percent of ads pay back in the short term.



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Therefore, marketers who know that the true value of brand communication is revealed over time must constantly remind and educate those in charge of businesses of the importance of building brand equity over the long term.

Brand-building is especially critical for prescription drugs, as many of the brand “purchase” decisions require a behavioral or emotional commitment that may evolve over many months. Our research indicates that purchase may lag advertising by up to a year for preventative or maintenance therapies such as those for contraception, hypertension, or cholesterol. For brands that are not first-line therapies (such as Enbrel for rheumatoid arthritis, cited in the Harvard study), advertising can help to build emotional connections that can be accessed when such a therapy may become necessary.

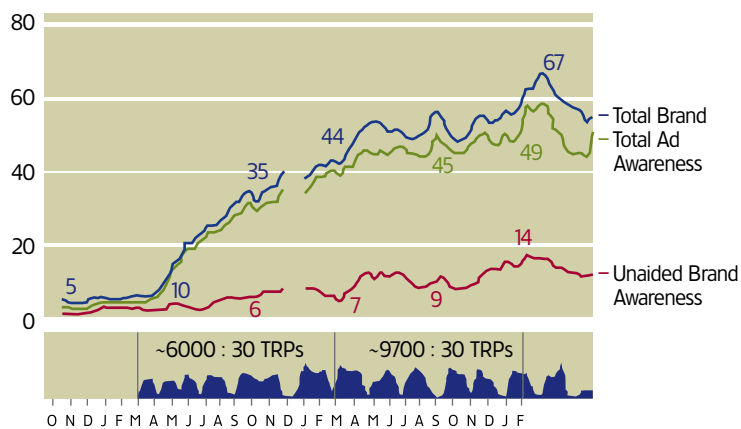
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Building Awareness

The process of brand-building and the role of advertising within that process are the same for prescription drugs as they are for other types of products. The basic requirement is to build awareness. Because pharma marketers don't have access to traditional point-of-purchase tactics such as shelf facings, end caps, price promotion, and packaging, they must rely on DTC advertising to reach consumers.

Our data clearly shows that DTC campaigns raise awareness for new pharma brands. What else could account for steep gains in awareness like that shown in Figure 1? In fact, the correlation between advertising and brand awareness is tighter and more direct in pharma than in any other category. On average, three months after a launch, brands with little or no prior awareness achieve brand awareness levels of almost 50 percent among relevant targets.

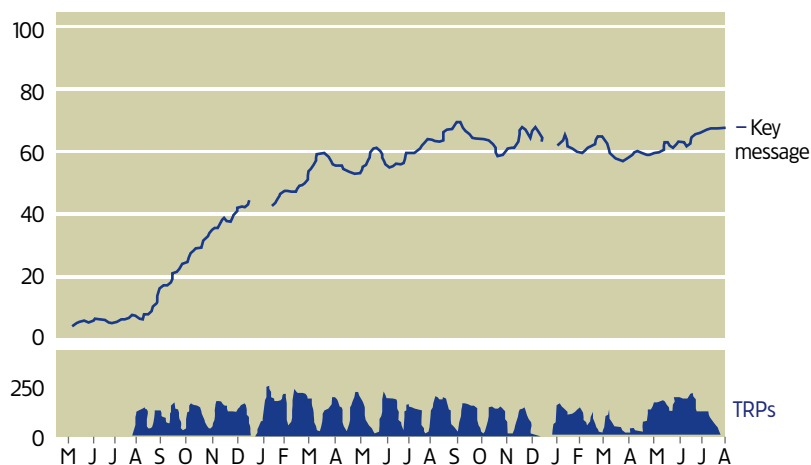
Figure 1: Awareness vs TRPs for New Pharma Brand



Establishing Associations

In addition to establishing awareness and some degree of brand knowledge, advertising needs to help consumers connect to the brand emotionally. Just as for other types of brands, marketing communication for pharmaceuticals needs to establish brand associations, both to differentiate the brands from competitors and to insulate them against generic products. U.S. brands that have achieved notable success in this area include Nexium (the healing purple pill) and Advair (treats the two components of asthma). For drug brands that have unique positioning, DTC ads can drive very strong association of the brand with the key message. An example of this is shown in Figure 2.

Figure 2: Key Message Association



Creating Emotional Affinity

The role of a patient's emotional affinity to a brand cannot be discounted. Not only does it insulate a brand against generics and formulary coverage, but it can also aid persistence and compliance among patients, who are more likely to respond positively when a doctor prescribes a drug with which they already feel familiar.

An analysis of our copy-testing database, which includes over 500 DTC ads, reveals that DTC advertising generates strong positive emotions. On average, positive emotional connections are generated among 73 percent of the target viewers, a level equal to that of advertising for food, beverages, cars, and household products, and exceeding that of ads for telecoms or financial services. The "feel good factor" generated by DTC ads (a measure of the overall positive connection) is higher than in any categories except household products and automobiles.

Awareness + Associations + Affinity = Increased Rx Volume

The results of DTC marketing for treatments of symptomatic lifestyle conditions, such as erectile dysfunction and restless leg syndrome, are usually readily apparent. Figure 3 shows the contribution of DTC advertising to new prescription volume (NRx) during the launch of a drug for this type of condition. The

correlation between cumulative DTC spend and NRx is 0.96, significant at the 99 percent confidence level. It is clearly apparent that advertising has accelerated the uptake of the drug.

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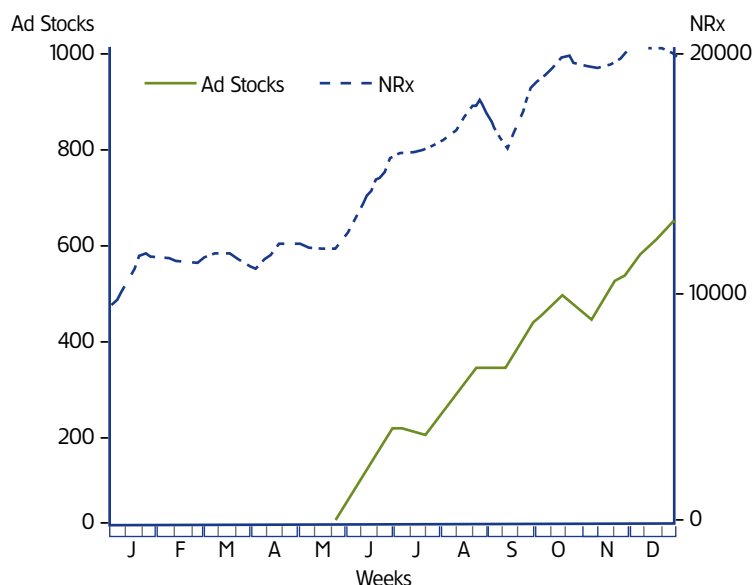
DTC Ads Have to Work Harder


DTC ads do face challenges above and beyond those for consumer goods and durables. Not only do they have to stand out from the other ads in a cluttered commercial break, they must do this while conforming to a litany of regulatory restrictions. The fact that DTC ads have achieved such success in the face of these challenges suggests that in the 10+ years since DTC advertising first appeared on television in the United States, research has helped DTC marketers hone their creative approach.

For example, in the early days of DTC advertising, viewer interest used to wane during the mandatory discussion of risks and side effects that is known as "fair balance." It didn't seem to matter where this disclosure was placed in the ad; interest consistently went down.

In our experience testing and tracking DTC ads, we observed that the manner in which fair balance was communicated had an effect on viewer engagement, which in turn had an effect on the degree to which risk and benefit information was recalled and understood. As the fair balance information has become more effectively integrated into the creative, DTC ads are doing a much better job of maintaining viewer interest regardless of the medication type, the condition being treated, or the severity of the risks and side effects being conveyed. We see high levels of recall and understanding of the risk information (80 percent and 92 percent, respectively) without a negative impact on engagement, interest or persuasion.

Figure 3: Contribution of Advertising to NRx





These improvements could have come about simply because viewers have become familiar with the format of DTC ads and therefore expect the disclosures. But we believe that they are a direct result of DTC ads becoming more engaging in the past few years. In fact, despite mandatory inclusion of risk information, DTC ads are as enjoyable and engaging as ads for most other product categories. DTC ads are also among the most persuasive of any product category.

What Makes DTC Work?

An examination of our Millward Brown databases (both copy-testing and tracking) makes it clear that the most successful DTC campaigns share a number of common elements. It also becomes apparent that most of the basics of good advertising apply to the DTC context. These include:

- **Creativity** – White coats and talking heads blend into the canvas, while creative devices such as the VESicare pipe people, the Enablex balloons, and Treximet people removing their heads lead to strong memorability.
- **Brand icons** – Recognizable brand icons such as the Imitrex monster and the Cialis tubs aid recognition.
- **A compelling point of difference** – A unique and ownable brand positioning helps to differentiate a brand.
- **Controlled messaging** – Pharma ads are no different than others; there is a limit to the number of messages that can be successfully integrated into the ads.
- **Communication of the end benefit** – Rational messages must be seeded, but must also then “ladder up” to an emotional benefit.

In addition to these factors that are common to successful ads in all categories, there are a few other elements that are seen much more often in DTC ads than in ads for other products. Topping the list is

education. A demonstration of how a drug works – its mode of action – can be both attention-grabbing and memorable. Executions that explain a disease and validate a viewer’s symptoms can also be a powerful force for growing awareness and establishing relevance. In fact, DTC advertising can spark action through education without even mentioning a brand name, though in the United States the level of unbranded disease advertising has been on the decline in recent years. In countries such as Mexico, however, where branded drug advertising is prohibited, pharmaceutical companies have made effective use of ads that mention a brand’s maker or that refer viewers to a Web site for more information.

DTC Empowers Both Consumers and Marketers

While DTC advertising may be prohibited or restricted in many places, the widespread availability of information on the Internet has, for good or ill, forever changed the balance of power between doctors and consumers of healthcare. Consumers want more knowledge and control, and they are exerting greater influence over their treatment plans. DTC ads are just one of the information sources they have to draw on.

From the point of view of pharmaceutical marketers, DTC ads present the best opportunity to reach consumers directly, establish the relevance of their products, and build brand affinity. Therefore, these marketers must continue to work to educate those who manage their businesses on both the established effectiveness of DTC advertising and the specific roles DTC advertising can play in building prescription volume over the longer term.

To read more about DTC marketing, visit www.mb-blog.com.

