Pharma Marketing News

www.pharmamarketingnews.com

December 2015
Vol. 14, No. 7
•
Pharma Marketing Network®

How to Achieve Digital Pharma Marketing Results

Dealing with Disruption

Author: John Mack

Published by:
Pharma Marketing Network

PMN1407-02

"Disruption creates opportunity for those who embrace change," begins the blurb for the book *RESULTS: The Future of Pharmaceutical and Healthcare Marketing* by R.J. Lewis (aka RJ) *et al*. Lewis is the President and CEO of eHealthcare Solutions, the first vertical Internet advertising network in healthcare, which he started in 1999.

RJ's book focuses on several "disruptive" trends, including:

1. Regional Marketing
2. Digital Marketing
3. Big Data
4. Evolving Systems of Care & the ACA

Scott Weintraub, who is the co-founder and CMO of Healthcare Regional Marketing and former brand manager for Lipitor, wrote the chapter on regional marketing. Brad Sitler, who is Principal Healthcare Strategist at SAS, wrote the chapter on big data. Joanne McHugh, Roger Zan, and Stephen Morales from Navigant Consulting's Life Sciences Practice, wrote the chapter on evolving systems of care.

Digital Disruption

This article focuses on digital disruption, which is the chapter written by Lewis who discussed this topic during a recent Pharma Marketing Talk podcast.

The following questions were discussed during the podcast:

- What are some of the biggest trends you are seeing in digital marketing today?
- There is a shift from targeting contextually to targeting based on an audience, how is this playing out in digital marketing and where is it heading?
- What are some examples of "data driven" targeting in online advertising?
- What does the future hold for the newer media and platforms such as mobile and video?
- How big of a role does societies concerns over privacy play in how the future unfolds?
- How will the return on investment (ROI) of digital marketing be measured going forward in the new healthcare environment?
- For the chapter on a view from the manufacturer, what are the main themes you heard from them?

You can listen to the entire 30-minute podcast here: http://bit.ly/PMT245.

The Interview

The following is an edited version of the discussion.

John Mack: Why don't you start by telling us why you decided to write this book now?

RJ Lewis: The healthcare industry is in probably the most disrupted state that I've ever seen in it in my career of 20+ years. Digital technology is certainly one of the disruptive factors. Both on the marketing side but also on the mhealth side where devices and wearables are being used to monitor patients remotely.

Continues…

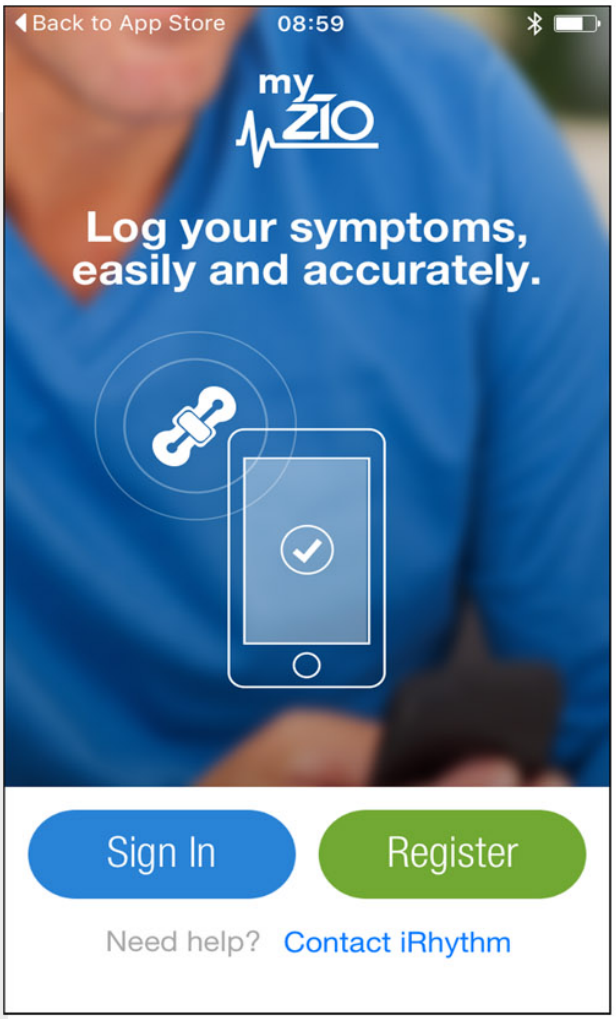

Figure 1. Examples of Disruptive Digital Health Technology.

In the near future, pharma companies are going to have digital services around their products. It's not just about the compound. It's about the compound, it's about the adherence app and some other patient care program and all of those things will be combined when filing for FDA approval. So when you get your labeling all of those things are part of your labeling, making your product quite different and opening up the opportunities to do different and more effective marketing based on what's in your labeling.

mHealth, Outcomes, & Disempowered Physicians

The other big disruptive factor is the government and the Affordable Care Act (ACA) and the intended – or in some cases unintended – consequences of the law. One of the big consequences is the disempowerment of the physician.

We did a poll with a number of pharmaceutical executives a couple of weeks ago and we asked them who's your key customer? Today, a slim majority said the physician was the key customer. But when we did a second poll and asked who is going to be your key customer in three years?, it shifted radically. The payer went up to number one, the patient became number two and the physician became number three. I think that's reflective of the change that's happening in the marketplace.

Physicians don't really have the same choice that they had before on what the prescribed because it's been mandated by payers and it's being controlled to a large extent through technology. So often the handheld device they might be using only has three choices of an antibiotic. They can't go beyond that. If they take number three they're going to get a phone call asking why they didn't pick number one. It's all about cost savings on the payer's side.

Ad Targeting

JM: What are the biggest future trends you see in digital marketing for the pharmaceutical industry?

I'm very much interested in programmatic marketing, targeted ad buying and mobile. One of the things you mentioned in your chapter is that marketers can reach and target ads for specific physicians, which I found pretty interesting.

RJ: Let's talk about targeting because that's really at the core of what we do as a company. While I was at Physicians Online in the 1990's, we were doing remarkable ad campaigns targeting specific physicians in specific regions based on data on the status of the flu in their areas.

We would serve a banner that was color coded based on whether there was a flu alert, a pre-alert or normal situation. The physician would either get a corresponding red, yellow or a green banner and it would be dynamic and include the physician's last name, hometown, and the status of the flu in the area. Then when the physician clicked on it, he/she saw comparisons of how the flu season is this year compared to last year. If it's two and a half times as bad, the physician could prepare for it. That's the kind of personalization we were doing 20 years ago.

What's happened with the proliferation of the Web is this has become a completely open infrastructure where everything is interconnected. We're pretty much nearing that place again today where we are able to do that type of targeting but on a much larger scale and across the entire Internet, not just within a gated online community such as Physicians Online.

The only issue limiting that technology is user privacy. People, including physicians, are concerned about seeing their last name on a banner on a site that they never revealed their last names to. The user is recognizable to either the ad provider or the end ad client because the user registered somewhere else and they have identified who the user is through some other form of a beacon.

JM: I know that Physicians Online was a closed system where everybody on the site had already logged in with their information so it was relatively easy to identify them based on the registration data.

RJ: Yes, in the early days of proprietary online services it was all a closed system. The Web came along and disrupted that and made everything open and interconnected. Now we're actually just springing back more towards closed systems. The Internet really grew up on contextual targeting, placing a diabetes ad on the diabetes page for example. But the big trend now is towards specific people targeting or segment targeting such as identifying physicians who are high writers for diabetes brands and targeting those people specifically.

This is where programmatic comes in be-cause once you've identified the physician you're not really limited to reaching that person on a medical journal site where he or she is a registered user. You can reach them on CNN or Yahoo or wherever they might be going.

Closed vs Open Systems

I say we're heading back towards closed systems because when you look at the largest players that are driving this like Facebook, Google, and Apple, they have essentially closed ecosystems. They know who those users are and they're allowing for targeting but in a segment of that base itself. You can go to a Facebook or a Google and you can upload an

Continues…

email list for example and they're going to come back with a reasonable match of people that you can reach and then you can start to put sponsored links into the feeds of just those people in their ecosystem.

But I believe that we're going to eventually go back to open systems. Closed systems historically haven't won. Apple made a couple of good runs at it. It lost the first time, but is doing quite well now.

The large players are taking more of a hybrid approach. They're closed systems but they're also fairly open. Facebook is probably a great example of a company that's really leading the charge to break down privacy barriers. So you'll probably see some of the most interesting things happen there in terms of personalization.

Custom Mobile Formats

JM: Can you also talk a little bit more about mobile access now and in the future?

RJ: Mobile is exploding! It's really remarkable how quickly mobile has taken over mindshare for consumers and especially for physicians (see Figure 1, page 2). For many of our publishing partners more than 50% of their traffic is coming from mobile devices. As has been typical, pharma marketers are a little late to the party. They tend to not focus on an audience until it reaches much larger numbers, often 60%, 70%, 80%. Then they start to change their ad spending ratios.

That said, pharma participates in mobile indirectly through the mobile Web browser. Pharma advertising that appears on websites that are mobile friendly also appears on mobile browsers as well.

Pharma struggles a bit with smaller mobile formats because of all the necessary fair balance and displays that must be delivered. That's why I believe the future of mobile for pharma is custom ad units. We're experimenting with some of these now where we offer scrolling eyes within the ad or large screen units where there's more space to get all of the legally-required information into the ad unit.

JM: Recent FDA guidelines for social media space-limited pharma ads does not apply to mobile ads like the ones you are talking about (read "FDA's Social Media Guidance Webinar: A Third Guidance Needed for Mobile Devices?"; http://bit.ly/1l2UTyk). Do you think lack of guidance for the FDA is going to be holding up the pharmaceutical industry in terms of doing more with mobile?

RJ: Yes. But that's where it's incumbent on us as digital marketers and as support companies for pharma marketers to really get creative on how we deliver messaging that can work within the current regulatory framework.

When I first got into pharma marketing, I did it in large part because of the challenge. Anybody can market grape jelly but try marketing a product that has a black box warning on it that says that this product can kill you and do it within the confines of the FDA regulation and still move share. That's the challenge and what drove me into this business.

Programmatic Marketing

JM: I'm surprised it didn't drive you out of the business. [Laughs] But let's talk about the auction based model, which I guess is part of programmatic marketing. Can you explain how that works a little bit and how that's going to influence pharma marketing in the future?

RJ: Think about the stock exchange. That's essentially how programmatic buying works. You've got sellers and buyers. You've got a buyer or buyers of ad impressions or inventory, and you got a seller of sellers of ad impressions.

The buyer operates through what's called a DSP or a demand side platform, which is kind of a trading desk where they can go in and say what they want in terms of inventory. It's not just about ad sizes and specific sites or placements but it's also about targeting criteria, contextualization, things like audience segments.

So they might be saying hey here's my pool of 50,000 people I've identified and these are the people I want to reach. I don't particularly care where I reach them or I want to reach them on sites like this or that. Or I want to reach them anywhere on the Internet except for this list of blacklisted sites. So buyers have some options in terms of how they choose to buy.

Then you have sellers who come in through a supply side platform where they go and make their inventory available. Typically, in today's market the inventory they're making available isn't their best inventory because they're selling the best inventory directly through their sales force. But they might have an impression at the bottom of a page that's not monetized. So they make it available to the exchange.

In essence what's happening is computer-to-computer selling and buying. Each time an impression comes in on the supply side all the different demand sides are looking at that impression, looking specifically at the people viewing that impression, seeing if it's somebody they might know or understand or

want to reach. The buyer is making a bid and saying hey, I would pay 82 cents for this impression. Some other buyer would say I would pay $1.50 and someone else might offer $3. So in that example, what typically is going to happen is the guy who is willing to spend $3 is going to win that bid but he's not going to pay $3. He's going to pay a penny over the $1.50 that was the second highest bid.

JM: You compare it to the stock market and computer trading, which in the past has caused problems. Is there any kind of analogy here with that or is this completely different?

RJ: Fraud is one of the biggest challenges for programmatic today. I think that's what you're alluding to when you compare it to the stock market where you're basically jumping ahead of a trade by milliseconds to get a better price. Yes, that is a bit of a problem in programmatic buying today. But the stakes aren't quite as high in monetary terms because the transaction volume is very low. So I don't think people are investing the same kind of dollars in the infrastructure to be one foot away from the data room like what was happening on Wall Street. So that said, the potential is there.

I think the greater potential is you've got some very, very large buyers in the system and a very, very small number of sellers. The Web is still controlled by a handful of very large companies that eat up 80% of the revenue volume.

Another problem in programmatic is there's outright ad fraud like sending robots and spiders out to the web page and having computers load pages in order to drive inflated impressions. A lot of that is being negated through better technologies that are looking at whether the ad was actually viewed.

Outcome-Based Marketing

JM: The book talks about the future where pharmaceutical companies are rewarded for outcomes based on their medicines and the treatment of patients and data from electronic health records. You're saying the same thing is happening in digital advertising where it's just not page impressions. It's just not clicks. It's did they do something that the marketer wanted them to do as an outcome. Is that fair to say?

RJ: One of the skillsets and core competencies of pharma marketers has always been the use of data in terms of understanding the customer segment and how they're marketing messages are influencing customer behavior and moving scripts. Pharma has always held its suppliers, partners, and vendors to very high standards in terms of demonstrating measuring return on investment. So the analogy I've tried to make in the book is that now ACA is holding pharma accountable for outcomes. Their clinical trials are nice but they're created in a perfect environment and the reality is we don't live in a perfect environment. We're dealing with patients who are noncompliant. We're dealing with situations that don't happen in a clinical trial. So while the clinical trial data will get you the in the doctor's door for discussion, they want to see real world data. They want to see how this impacts the outcomes of the patient in the long run.

In my opinion, that's why there's this move towards "going beyond the pill" where pharma is looking at services to wrap around their products so that they can move further towards the outcome-based solutions.

JM: Well how does that translate to the marketing world? Are we moving beyond the impression?

RJ: Pharma has always kind of pushed and said hey I don't want to pay for the impression. I only want to pay when somebody takes action. So that's cost-per-click advertising. And in some cases they say I don't even want to pay when somebody clicks. I only want to pay when they fill out a registration form and I get a lead or I only want to pay when they do certain interactions like watch at least two minutes of a KOL video.

That's a cost-per-action type of advertising.

However, I don't know of any agencies that are actually compensated in that form or fashion. But it would not surprise me at all if those conversations are happening today.

Pharma Marketing News