

Survey Results Reprint # 44-05

Straight-Talking DTC

By John Mack

As reported recently in a Wall Street Journal article ("In Switch, J&J Gives Straight Talk"), "Johnson & Johnson is unveiling a new approach to TV and print campaigns that deals head-on with safety, putting drug risks on more-equal footing with drug benefits."

The "new" approach shows a split screen with a doctor on one side and a woman patient on the other. While the patient seems enthusiastic ("I'm in!"), the physician counters with a "Let's talk" response and goes on to talk about risks. The product is the Ortho Evra birth-control patch and the ad is supposed to air for the first time later this month.

"The future of DTC advertising depends on its ability to inform, and the balance between persuasion and information is likely to shift towards information," said Mr. Pounder [chief executive and president of Alchemy, a unit of Interpublic Group of Cos., which produced the Evra campaign]. He wouldn't divulge details of focus-group tests for the new J&J ads, but said they were well-received and not off-putting, despite the frank talk about dangers.

Johnson & Johnson Chief Executive William Weldon said in an address to PhRMA: "I believe we should start by recognizing that the framework we call 'DTC advertising' may inadvertently minimize the importance and power of medicines and their risks. Our communication with patients should really be thought of as Direct to Consumer Education. If our industry is to retain the important right to talk directly to consumers," said Weldon, "each of our companies in its own way must work to make DTC what it very definitely can be—a way to educate and counsel consumers in improving their health."

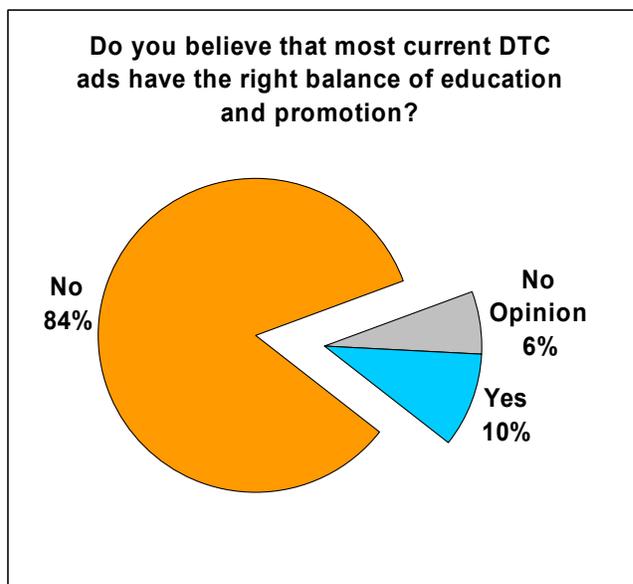
The Pharma Marketing News "DTC Straight-Talk Survey," which ran from March 23, 2005 through April 21, 2005, asked the following questions:

1. Do you believe that most current DTC ads have the right balance of education and promotion? (Think of TV ads for ED treatments, allergy, cancer, diabetes, pain, etc.)

2. Do you think all direct-to-consumer ads should use the J&J Evra birth-control patch ad approach (i.e., a frank discussion of risks using a real physician or physician actor)?
3. What impact, if any, will a move to adding more risk information to DTC ads (especially TV ads) have on your business?

Balance between Promotion and Education

The overwhelming majority of respondents (84%) did not believe that DTC ads currently have the right balance of promotion and education (see Chart, below). Slightly more pharmaceutical people

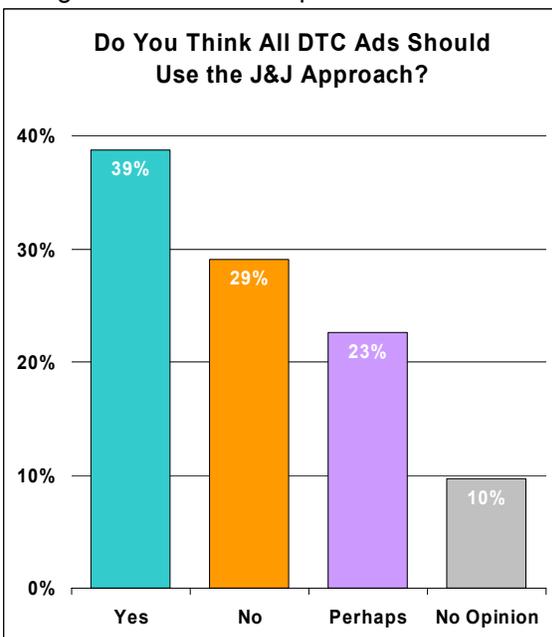


than ad/marketing agency people felt that way (88% vs. 85%, respectively).

While the question did not specify what was meant by education, in the context of the discussion it should have been inferred to mean education about side effects and risks. Nevertheless, it appears that not everyone who said "No" would agree that more education about side effects is necessary. One "No" respondent, for example, stated that DTC ads included "too much side effects boilerplate that consumers can't digest." At least one other pharma respondent concurred: "They [contain] too little information and too much

persuasion and [are] potentially confusing to patients.”

If the consumer can't digest this information, perhaps the doctor can help. This was the suggestion of another respondent who suggested leaving the education up to the doctor: “The



promotion should talk about the product and what it can do for the consumer. The education is up to the doctor or allowing for the request of additional information where you can further define the other important information.” Another respondent was doubtful of the physician's ability to do the job: “Physicians have enough to deal with today without spending their time and energy trying to explain and convince patients that brand A is really as good, has been around longer than, and is actually cheaper and safer than the 'new' product they think they must have.”

Is the J&J Approach Right for All DTC?

Thirty-nine percent (39%) of all respondents (50% of pharma respondents and 46% of ad/marketing agency respondents) thought that all DTC ads should use the J&J Evra birth-control patch ad approach.

Opinions were widely divergent as the following comments demonstrate:

“The reality is that DTC advertising works—it provides a good return on the investment, and there is really no up-side to changing the way they're being created and shown.”

“It is what SHOULD happen. It might encourage physicians to spend more time with patients

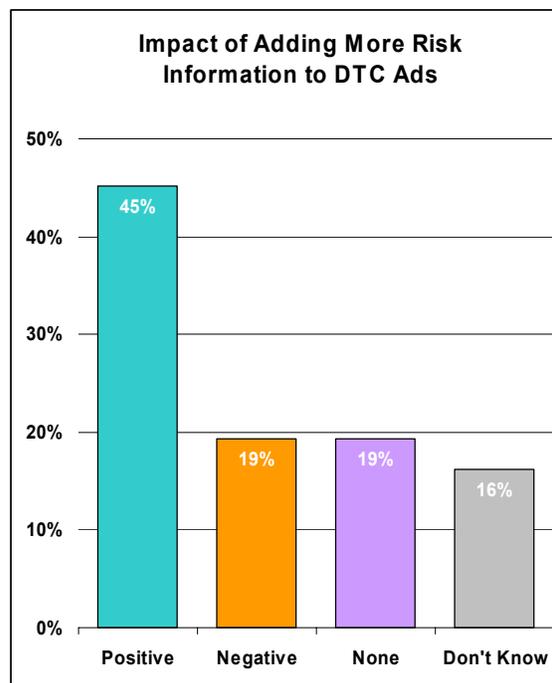
discussing their options and the good and the bad [aspects] of each [option].”

“It's certainly a good way, I can't believe it's the only way.”

“Discussion of risks/appropriateness, yes. Not necessary to have actual physician figure if voiceover/text/graphics/footage appropriately presented.”

Impact on Business

Clearly, any major changes in the requirements for DTC advertising, whether imposed by government regulations or by the industry itself, will have an impact on pharma companies and their agencies. On the one hand, presenting drugs in a less-than-favorable light in commercials could have a negative impact on new prescriptions written. Ad agencies, on the other hand, may see an increase in demand for their services to help pharma companies create new types of ads with the right balance of promotion and education. On the third hand, there may be no impact at all.



A significant percentage (45%) of respondents thought that increasing risk information in DTC advertising would have a somewhat positive or highly positive impact on their business. This compares to 19% who felt the impact would be somewhat or highly negative (see CHART). Two-thirds of pharma respondents had a positive view, whereas only 46% of ad/marketing agency respondents felt that way.

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Whether or not the J&J approach is the right approach, it appears that the industry is a fork in the DTC road. As Yogi Berra once said, when you come to a fork in the road, take it!

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