

Pharma Marketing News

Reprint

The Coming Pharma Marketing Recession

Tips for Surviving the Slump!

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VirSci Corporation

PO Box 760

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infovirsci@virsci.com

Feature Article

The Coming Pharma Marketing Recession

Tips for Surviving the Slump!

By John Mack

The U.S. has finally slid into recession, according to the majority of economists in the latest Wall Street Journal economic-forecasting survey (see "[Most Economists Say Recession Has Arrived as Outlook Darkens](#)").

"The evidence is now beyond a reasonable doubt," said Scott Anderson of Wells Fargo & Co., who was among the 71% of 51 respondents to say that the economy is now in a recession.

"I would say, by any commonsense definition, we are in a recession," said Warren Buffett, chairman and CEO of Omaha-based Berkshire Hathaway Inc.

What's a Recession?

A recession is a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales.

Will the recession spread to the pharmaceutical industry and, in particular, lead to a slump in pharmaceutical marketing? Is the pharmaceutical industry already in a recession? At best, there are mixed signals out there about whether or not the pharma industry is currently in a recession.

Reader Poll

Results of an online **Pharma Marketing Blog** reader poll, however, are unequivocal: 58% of respondents believe the industry in a recession (48%) or soon will be (10%). Another 16% said it's not a recession, but the industry is hurting. Only 17% said it was not in a recession and 10% weren't sure.

The first troubling sign came on March 12, 2008 when IMS announced that drug sales in the U.S. grew at their slowest pace since 1961 (see "[Drug Sales in U.S. Grow at Slower Pace](#)"). But that news was tempered somewhat by a prediction that the slowing of growth would not carry over into

next year, based on the introduction of some new drugs with good potential.

Besides, IMS did not say there was an absolute decline in sales, but rather a slowing of the pace of growth AND it was attributable to competition with generic drugs, demand for which spiked as the U.S. Medicare program for the first time offered prescription drugs to the elderly.

Then, eMarketer rethought its forecast for online spending across all industries (see "[Online Ad Spending Predictions Dip](#)").

"Last fall, eMarketer said U.S. advertisers would spend about \$27.5 billion online in 2008, but now they're predicting about \$25.8 billion will be shelled out on the Web," reports ADOTAS. "There's a silver lining: interactive advertising will still grow by about 23% from 2007 -- and will survive much

better than other forms of traditional advertising. The healthiest sector of interactive advertising? Search—it should account for the about 40% of online spending this year."

Again, this is a decrease in GROWTH, not an absolute decline. Also, the numbers refer to ALL industries, not just the drug industry, whose online spending is practically non-existent! Overall, Internet ad spending by the drug industry represents only 1-2% of its direct-to-consumer

(DTC) advertising budget (see Figure 1, pg. 5).

Also, eMarketer projected that annual growth in US pharmaceutical online ad spending is rising again after a dip last year (2007), and that it will hit 28.6% in 2009 (see Table 1, pg. 4). Again, we're talking about dip in GROWTH, not an absolute decline.

Online Ad Spending Definitely Shrinking!

Nielsen Monitor-Plus tracks measured media ad spending. This includes TV, magazines, radio, outdoor, newspapers, and the Internet (excluding

"Think it's not going to be a year of belt tightening for pharma? Think again, IMS is starting to lay off people and Ogilvy One Worldwide is also shrinking it's staff. The truth is that there are less dollars to go around and the support agencies are going to feel the pain. In order to hold onto the business they are going to have to demonstrate their value up and down the management chain."

– Richard Meyer, [World of DTC Marketing](#)

Continues...

search). The latest numbers compare the first nine months of spending in 2007 with the same period in 2006. While there was an overall increase of 2.6%, there was an absolute drop of 14.8% in Internet ad spending by pharma in Q1-Q3 2007 vs. 2006 (see Table 2). That is, whereas pharma spent \$58.1 million in Q1-Q3 2006, it spent only \$49.5 million in the same period of 2007!

That's a real recession/depression in the online pharma marketing (non-search engine marketing) segment!

US Pharmaceutical and Health Care Industry Online Advertising Spending, 2006-2011 (millions, % of total and % change vs. prior year)

	Spending	% of total*	% change
2006	\$820.0	4.9%	31.2%
2007	\$975.0	4.5%	18.9%
2008	\$1,190.0	4.1%	22.1%
2009	\$1,530.0	4.5%	28.6%
2010	\$1,950.0	5.0%	27.5%
2011	\$2,200.0	5.0%	12.8%

Note: includes drug manufacturers and marketers, doctors, hospitals and other entities that deliver health services, such as health maintenance organizations; **% of total US online advertising spending
Source: eMarketer, August 30, 2007

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www.eMarketer.com

Table 1. Source: “[Online Ads Healthy as Pharma Sales Slow](#),” eMarketer

Does Recession Mean a Boon for Online Advertising?

Some experts suggest that when budgets get squeezed as in a recession, more money will flow online where there is greater return on investment. “I see that 4 or 5 percent currently going online from pharma companies rising to 50 percent within five years, certainly within 10 years,” said Steve Case, CEO Revolution Health, who was interviewed at the recent [ContentNext EconHealth conference](#) in New York City. “A recession might accelerate that shift towards digital. Some pressure on budgets may shake them up and force them out of their comfort zone.”

It is clear, however, that pharmaceutical marketing executives are NOT putting their money where their mouths are. A March 2007 survey of 68 executives/subscribers to *Med Ad News* claims that the importance of the Internet as a marketing channel rated 8.1 on a 10-point scale according to these executives (see Table 3). The Internet, they claimed, was higher in importance to them than traditional media!

Something must have happened between March 2007 and the end of September 2007, because pharma Internet advertising declined 14.8% whereas magazine advertising increased 7.2%! There was a non-significant decline of 0.3% in network TV advertising, but that was more than made up by \$88.7 million increase in cable TV pharma advertising (see Table 2).

Continues...

Importance* of Select Marketing Channels to Direct-to-Consumer (DTC) Advertising according to US Pharmaceutical Marketers, 2007 & 2010 (% of respondents)

	2007	2010
Own branded Web sites	58%	73%
Search engine advertising	56%	69%
Disease-oriented Web sites	50%	67%
Internet (net)	81%	90%
Print	48%	42%
TV	44%	38%
Radio	19%	19%
Print/TV/radio advertising (net)	65%	56%
Emerging media**	31%	71%
Opt-in CRM programs	50%	56%
PR campaigns	33%	50%
Point-of-care materials	38%	48%
Events marketing	23%	35%
Direct mail	25%	31%

Note: n=68 pharmaceutical executives/subscribers to *Med Ad News*; *top three boxes checked, rated 8 to 10 on a 10-point importance scale; **video-on-demand, podcasts, mobile, satellite radio, etc
Source: Guideline and *Med Ad News*, March 2007

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www.eMarketer.com

Table 3. “[Online Ads Healthy as Pharma Sales Slow](#),” eMarketer

Media Category	Q1-Q3 2007 (million \$)	Q1-Q3 2006 (million \$)	Diff. (million \$)	Diff. (%)
Network TV	\$1,259.9	\$1,263.8	(\$3.9)	-0.3%
Magazines	\$1,068.8	\$997.1	\$71.7	7.2%
Cable, Syndicated & Spot TV	\$1,322.0	\$1,233.3	\$88.7	7.2%
National Sunday Supplements	\$103.9	\$138.0	(\$34.1)	-24.7%
Other	\$99.6	\$122.9	(\$23.3)	-19.0%
Internet	\$49.5	\$58.1	(\$8.6)	-14.8%
TOTAL	\$3,903.7	\$3,813.2	\$90.5	2.4%

Table 2. Source: Nielson Monitor-Plus

Media Category DTC Ad Spend Q1-Q3 2007

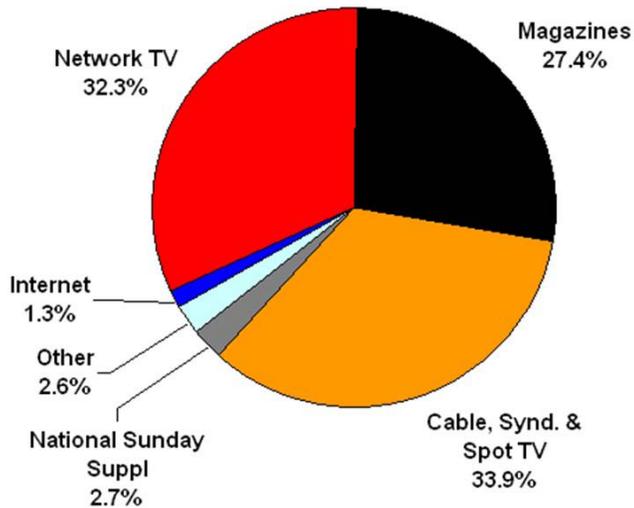


Figure 1: DTC Ad Spend Q1-Q3 2007. Source: Nielsen Monitor-Plus

Here's what may have happened: When there is doubt about the future or when cutbacks are demanded, that is no time for out-of-the-box thinking or for betting on new technologies. Better to stick to the "tried and true" channels. You can't be faulted for making the same bet your predecessor/boss made. If TV and print fail, then it must be a problem across the board for all brands and all companies—no one could lay the blame on you. On the other hand, if you took a leap of faith and spent more on the Internet and less on traditional media and sales dipped, then you would be tarred and feathered! Who would take that chance?

Tips for Surviving the Recession, Slump, Slowdown, Whatever!

Just how mild or strong or long this recession will be is any body's guess!

Like everyone else, I'm wondering how the recession may affect my business, which depends upon how well my clients are doing.

Many of readers of *Pharma Marketing News* service the pharmaceutical industry, which we all agree is not growing as fast as it did in the past. Usually, that means cutting back on expenses—especially labor expenses. But will the industry also cut back on advertising and promotion, which is our bread and butter?

What Can We do?

There are two, not necessarily competing, choices: (1) help the industry weather the storm by supporting a pharma-friendly presidential candidate, lobbying to prevent new government regulations, etc. or (2) think about #1, expand your network, get out there and promote yourself! The first option is an uphill battle that can only help you indirectly via a "trickle-down" effect. The second option is always best.

BusinessWeek magazine has this to say: "...while hunkering down at work is a natural reaction, a few bold strokes on the job front—raising rather than lowering your profile—is the wiser course of action. The job-saving mantra we've heard before is one that bears repeating: Network, network, network." (See "[Strategies for Surviving the Slump](#)".)

What's your strategy for surviving the slump? Perhaps the following tips and resources will help you execute your strategy.

TIP #1: Attend Networking Events



Survive the Slump!

Attend the Pharma Marketing Network Reception

You must get out there and network if you expect to keep your job, keep your current clients, find new clients, and generally CREATE opportunities rather than wait for them to

come to you! That is why Pharma Marketing Network is AGAIN hosting a networking event for pharmaceutical marketing professionals (see [4th Annual \(2008\) Networking Dinner Reception](#)).

Pharma Marketing Network has hosted several successful networking events in the past. The last one in April, 2006, was attended by over 100 people! ([See photos, sponsors, and attendee list here.](#))

This year's event promises to be as or more successful. In order to ensure that, please take a few minutes to answer the [Networking Event Preferences Survey](#) and help design a networking event that is perfect for you!

TIP #2: Participate in Online Social Networks/Communities

In addition to attending live networking events, you need to keep up the momentum by joining online communities and continuing to network with people like you who can help you find a position or new clients.

Continues...

Comments from Attendees of Previous Events

The following are unsolicited comments from attendees of previous Networking Dinner Receptions host by Pharma Marketing Network.

"It was an enjoyable event, I also always learn something and most of all any networking event is what you the individual make of it and how comfortable you are at the art of networking." - Bill Amberg

"The evening was great, the food was wonderful, and it was well organized. We received a lot of positive response and requests to contact individuals for projects. It's gotten better every year and I'm sure next year will be no exception." - Jerry Mauder

"We enjoyed the dinner and sponsorship and look forward to more opportunities to participate." - Stephen M. Carnevale

"Thanks again for putting on a great party! We definitely met some very nice people and a few interesting contacts that may lead to future business." - Richard Shapiro

"I got a chance to meet some interesting people and talk about social media technology in healthcare." - Fard Johnmar

In good economic times, we are all too busy to participate in online communities. But if jobs and projects start thinning out, you'll have more free time to devote to such things.

The following are a few social networks and tools you should look into:

LinkedIn is a business-oriented social networking site that is mainly used for professional networking. As of December 2007, its site traffic was 3.2 million visitors per month, growing at an annual growth rate of about 485%. As of March 2008, it had more than 20 million registered users, spanning 150 industries ([read more here](#)). Although this site is not focused on the pharmaceutical industry, I find many colleagues—including people working within pharmaceutical companies—are members. LinkedIn has some neat features that can help you to find jobs, people and business opportunities. Some of the advanced and most useful options are available only for a fee.

Plaxo is a an online address book service founded by Napster co-founder Sean Parker, Minh Nguyen and two Stanford engineering students. In October 2006, the website reported 15 million users. Plaxo provides automatic updating of contact information, which is useful if you are laid off or change jobs. Users and their contacts store their information on Plaxo's servers. When this information is edited by the user, the changes appear in the address books of all those who listed the account changer in their own books. Once contacts are stored in the central location, it is possible to list connections between contacts and access the address book from anywhere. A Plaxo plug-in supports major address books including Outlook/Outlook Express, Mozilla Thunderbird, and Mac OS X's Address Book, though other ones can be supported through an application programming interface. Additionally, Plaxo can also be maintained through an online version ([read more here](#)).

Pharma Marketing Network Forums is an online community of pharmaceutical marketing professionals designed to help members collaborate and network in order to increase their knowledge and help to build their businesses. The Forums site (www.forums.pharma-mkting.com) includes many social networking tools like buddy lists, member profiles, calendars, private messaging between members, user-generated content, polling, content rating, calendar submissions, etc. These are described in more detail in the article "[An Online Community to Call Our Own](#)" and below, where specific "recession survival" features are highlighted.

Special "Recession Survival" Forums

[Job Exchange Forum](#) is an online forum for members of Pharma Marketing Network who are seeking a full-time job in the pharmaceutical industry. Feel free to post you job-seeking inquiries and resumes here at no charge. If you are looking for people to hire, you can access resumes on this forum, or for a small fee you can post a hiring notice.

[Pharma Marketing Roundtable Forum](#) is an EXCLUSIVE, members-only Web-based forum or discussion group where pharmaceutical marketing experts "meet" to discuss and exchange views. This is private, password-protected discussion area within the Forums at Pharma Marketing Network. Discussions focus on a variety of pharmaceutical marketing topics as well as topics relating to career development and generating new business.

Continues...

Aside from participating in an exciting and educational exchange of ideas, Roundtable members benefit by:

- joining an exclusive network of pharma marketing colleagues that may help them find business opportunities, and
- possibly being quoted (with permission) in follow-up *Pharma Marketing News* articles, which can give members more visibility in the world of pharmaceutical marketing.

Threads and posts made to the Roundtable Forum are visible ONLY to Roundtable members who have access only via a password. This allows Roundtable members to build their own trusted community and feel free to post their opinions without making them public. Find more information about the Roundtable [here](#).

[Networking Opportunities Forum](#) is a discussion board specially set up for posting networking opportunities, tips, and news for pharmaceutical marketing professionals.

TIP #3: Publish an Article in a Trade Publication

When looking for a job or a new client, nothing is as impressive as a list of publications that have quoted or cited you as an expert. If you are a good writer, you can also try and get an article published under your own name in a respected publication. BTW, if you are not a good writer, find someone who is and who will write the article for you!

Pharma Marketing News often quotes experts who participate in the Pharma Marketing Roundtable Forum (see above) and also accepts guest articles for publication. Such articles may be highlights from a white paper, book reviews, opinion pieces, or a summary of a presentation made at an industry conference. See the [Author Guidelines](#) for more information.

TIP #4: Advertise Economically

During a recession it takes longer to close deals with clients. While you are negotiating, don't neglect to keep new business coming in by gathering leads through advertising. You also need to be frugal and not waste money. Online advertising is very cost-effective and practically every business can afford search engine marketing by buying Adwords from Google.

But did you know that you can get high visibility in the natural search results page of a Google search by having a listing in the online [Pharma](#)

[Marketing Vendor Directory](#)? An astounding 26% of companies listed in the Pharma Marketing Vendor Directory achieve the #1 position in a Google search on their corporate names! Forty-seven percent (47%) achieve a position within the top 3 results! Sixty percent (60%) achieve a position within the top 4 results! Therefore, a Vendor Directory Listing gives you a 60% chance of getting a top ranking on Google!

Even searches using more generic keywords such as "healthcare advertising" often results in a Vendor page being among the top 10 natural search results. In this case, "[Pharma Marketing Vendor Directory -- Healthcare Advertising Agencies](#)" is #7 on the results list. For the companies listed on that page, this is a great benefit that costs as little as \$6.25 per month! You would pay about that much for 2 clicks on a Google Adword!

For more information about the various listing options in the Vendor Directory, please consult the [information page](#) online. For a complete list of Pharma Marketing Network advertising options and prices, visit the [Advertising Information page](#).

There are plenty more things we can do to survive the coming pharma marketing recession. If you wish to share your survival strategy, please consider posting your ideas and suggestions to the "[Networking Opportunities](#)" online discussion board/forum on the Pharma Marketing Network Forums site.

Whatever your survival tactics are, **Good luck!**

Pharma Marketing News



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Attend the Pharma Marketing Network Reception

Get your name on the short list of people to be contacted PRIOR to the official announcement of the **[4th Annual Networking Dinner Reception](#)**.

Also lock in a 15-25% discount for early bird registration.

[CLICK HERE](#).

Experts Consulted

The following experts were consulted in the preparation of articles for this issue.

- **Bruce Grant**, SVP, Business Strategy, Digitas Health, 215-399-3223
- **Richard Meyer**, World of DTC Marketing (<http://www.worldofdtdcmarketing.com/>), rmeyer52@mac.com
- **Steven Schneider**, President, OnDemandIQ, sschneid@ondemandiq.com, 310-866-5011
- **David Wigder**, SVP, Business Strategy & Analytics, Digitas Health
- **Members of the Pharma Marketing Roundtable**, [JOIN HERE!](#)

Resources

See articles for citations.

Pharma Marketing News

Pharma Marketing News is an independent, free monthly electronic newsletter focused on issues of importance to pharmaceutical marketing executives. It is a service of the **Pharma Marketing Network** – The First Forum for Pharmaceutical Marketing Experts – which brings together pharmaceutical marketing professionals from manufacturers, communications companies, and marketing service providers for wide ranging discussions and education on a multitude of current topics.

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Publisher & Executive Editor

John Mack
VirSci Corporation
www.virsci.com
PO Box 760
Newtown, PA 18940
215-504-4164, 215-504-5739 FAX

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