COUNTERPOINT: biotech needs more than DTC as usual

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There is no doubt that in the coming years, biotech companies will need marketing expertise to complement their R&D prowess to be successful in the marketplace. Many experts believe that biotech should follow in the footsteps of traditional pharmaceutical companies and adopt direct-to-consumer (DTC) advertising to promote their products to meet this challenge. Most pharma firms now devote roughly 75% of their DTC budget to TV.

What is good for pharma, however, is not necessarily good for biotech—particularly with respect to DTC TV ads, which are the most common and visible form of product marketing for drug firms. Indeed, DTC broadcast and print advertising (in newspapers and magazines) have become lightening rods for critics who charge that these expenditures are chiefly responsible for the steadily escalating price of prescription drugs in the United States, which threatens to burst the budgets of state and federal government and employers. Critics also say that DTC ads can overstate a product's benefits, oversimplify its side effects. DTC ads potentially compromise the physician-patient relationship because patients may seek advertised drugs over older products that a physician thinks are more suitable for the patient and condition.

DTC can't educate and influence

Although 30- and 60-second TV ads are effective at reaching a very large audience, they are not effective tools to educate the market about complicated product benefits. TV ads can only scratch the surface of the risks and benefits of pharmaceuticals, and therefore largely fail to provide consumers with sufficient information to make informed decisions . This format is even more unsuitable for informing consumers about the benefits/risks of more complex biologics and targeted therapies, which are biotech staples.

Some advertisers readily admit the inadequacy of broadcast DTC for marketing medicines. The Coalition for Healthcare Communication (an organization representing several ad agencies and health communications companies), for example, asserts that "the primary goal of direct-to-consumer advertising is and should be to convince a consumer to discuss a medical condition with his or her doctor. To ask advertising to educate is to ask it something it is not capable of doing."

Advertising agencies are correct in saying that educating the market (consumers and physicians) is key to commercial success. The FDA says, however, that DTC ads do not adequately communicate risk information. Communicating risk is precisely what biotech product advertising—even more so than traditional pharma product advertising—has to do and do well if the industry is to succeed.

Rather than 'dumbing down' the science to fit the narrow DTC advertising format, biotech companies need to master communications channels that allow them the space and interactive tools to explain the science behind the product. After all, ad agencies are quite right that education is vitally important for influencing consumer choice. (I am not saying that biotech needs to educate the general public. In fact, I do not think that biotech companies are wise to do this. Biotechs should leave this task to their trade organization.) As such, biotechs will need to focus on more information-rich and targeted channels such as the Internet, direct mail and other 'out-of-the-box' techniques such as permission-based e-mail marketing and non-branded disease Web sites. The better these are targeted to patients, the more effective these communication channels will be.

Tailored products, tailored marketing

Another aspect of broadcast DTC that makes it unsuitable for biotech product marketing is the fact that it cannot be easily targeted to segmented audiences. A biotech can achieve broad segmentation based on cultural and demographic differences through TV, but it's nearly impossible to target patients with a specific disease state or risk factors. The targeted therapies that biotech promises to deliver requires targeted marketing focused on smaller populations of well-defined patients.

Françoise Simon, professor of marketing at the Columbia University Graduate School of Business, and coauthor of the book *Building Global Brands: Taking Biotechnology to Market*[1], suggests that biotech-targeted therapy marketing must establish close links with patient advocacy groups and put a greater focus on online communications to reach these targeted patients who, as a rule, are more 'Internet-positive' than the general population.

The patient group for targeted drugs is small, highly motivated and tends to use the Internet for acquiring information on health matters far more than the general population. They also tend to congregate in well-defined 'channels' that are easily targeted by eMarketing (internet/CDs) techniques. Consequently, biotech marketers can use cost-effective Internet marketing techniques to reach this group more effectively. Biotech sales and marketing personnel also must be trained and organized to accommodate the new targeted branding model, which best suits their products.

You can't have it both ways

In 2004, the pharmaceutical industry spent somewhere around $4.5 billion on DTC advertising[2]. Critics argue that the prices for prescription drugs keep rising in large part because the industry needs to cover the costs of ever-larger expenditures on DTC advertising. According to a Harris poll, the cost of drugs is the main reason why pharma companies are about as popular as tobacco or oil companies these days. The more biotechs spend on DTC advertising, the more the public will correlate the amount spent on marketing with the increase in prices of biotech products.

The challenge for biotech companies in the coming years, more so than for traditional pharma companies, is to develop a marketing strategy that will not negate the innovative, science-based culture of the organization. On the contrary, they must embrace the science that informs its innovative products and find a way not to dumb it down in marketing messages.

The advertising industry says that a 30- to 60-second TV commercial is more than enough time to convey the simple essential message that "Product X can help solve problem Y, but be mindful of Z side effects." Yet, the biotech industry has long stressed to investors, reporters, doctors and regulators that its products are exceedingly more complex than a pharma product. The industry has used this positioning to justify the high cost of R&D, the enormous time required to translate biomedical science into products and the high consumer price of prescription biologics, which are by and large more expensive than most pharma products. Biotech companies also use this scientific complexity issue as their main argument to dissuade anybody from the notion that generic companies can safely make inexpensive generic biologics.

But you can't have it both ways. Biotech products are either simple to grasp or they are not. If they are complex, and I believe that they are, the marketing efforts to promote them will need to reflect this complexity.

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1. Simon, F. and Kotler, P. *Building Global Biobrands: Taking Biotechnology to Market.* (Free Pree/Aimon & Schuster, Inc., New York, 2003).
2. Some Drug Makers Are Starting To Curtail TV Ad Spending. *Wall Street Journal* May 16, 2005.