

◆ Getting Inside Your Advertiser's Head

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For optimal return on advertising dollars, pharmaceutical companies would be wise to rely on medical journals. Advertising in medical journals is very cost-effective, according to Joetta K Melton. For every \$1 spent in journal advertising, the pharmaceutical company gets a return on investment (ROI) of \$5 (plus or minus \$0.88).

Melton's research data are based on ROI Analysis of Pharmaceutical Promotion (RAPP), an independent study undertaken by Scott Neslin, who presented the findings on 22 May 2001. The study's objectives were to measure ROI for detailing (DET), direct-to-consumer advertising (DTC), medical-journal advertising (JAD), and physician meetings and events (PME). A second objective was to understand how ROI differs according to brand, size, and launch date.

The key variables in RAPP are DET, including one-to-one physician visits and pharmaceutical representative-driven small-group meetings and events; DTC, including television, radio, print, and outdoor advertising; JAD; PME; scripts (number of prescriptions filled at retail pharmacies); and price (retail pharmacy price per prescription). The data, from 1995-1999, derive from all drugs with \$25 million or more in revenue in 1999 and include 391 brand-name drugs and 127 generic drugs.

The uniqueness of RAPP is that Neslin had access to data worth millions of dollars. His overall approach was to use historical data, analyze the data by using standard statistical techniques (such as ordinary least-squares regression), and aggregate the analysis by measuring ROI for median brand profile and median brand profile within size and launch-date cells. Throughout the study period, DTC was the highest-funded promotional strategy; it grew at 53.7% per year. JAD had the lowest growth rate, 9.8%

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per year; DET grew at 10.7% per year and PME at 23.6% per year.

The total effect of promotion is not realized in the first month; it accrues over several months. At most, 50% of the total ROI is felt in the first month; 1 to 2 years can pass before the full impact is realized. Half the total ROI payback for DET and JAD occurs immediately in the month in which the expenditure occurs; 10 months pass before the full effect is achieved. The take-home message is that allocating additional funds to JAD, which is more productive than DET, enhances the ROI budget increase.

Important findings of RAPP are as

follows: DET pays off even at very high levels of expenditure, particularly for large and more recently launched drugs; DTC, which is best suited for recently launched drugs, should be used cautiously; JAD has the highest ROI, especially for larger and older drugs, and is underused; and PME is underused.

The primary objections to RAPP were that it was biased by funding, median ROI for JAD was not believable, and DTC numbers were not believable because they did not match companies' own experience and experimental studies. Because of those objections, the Association of Medical Publications (AMP) established a steering committee with the following goals: to provide guidance and direction for the study, to generate a compendium of normative data benchmarks for the pharmaceutical industry, to take a leadership role that would enable AMP to assume a more collaborative role, and to endorse and provide credibility to the study.

Because JAD has the highest ROI and is underused, pharmaceutical companies need to be encouraged to spend more money on this method. How can that be accomplished? One approach is for journal editors to spread the word about the RAPP study findings. Another approach is for journal editors to try to increase readership numbers. Readership numbers are far more important than circulation numbers; a physician who receives a journal does not necessarily read it. Journal editors need to distinguish their journal from the "pack". That can be done by increasing the number of high-quality articles, knowing what kinds of articles readers want, and cooperating with sales and marketing companies, for example, by providing information on upcoming articles. 📄