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## Surviving the Election Wars

*Use DTC and Your Employees to Your Advantage*

By John Mack

Advertising by political candidates has been growing. Total political ad expenditures in 2006 exceeded \$2.5 billion. This year, with campaigns starting much earlier than usual, there already is significant ad spending in the political arena. More than 8,500 political ads have aired on TV between January and June of this year, with more than 8,200 of them on local TV in Iowa, New Hampshire, Vermont, South Carolina, Florida, Georgia, Michigan, Washington, D.C. and California.

### The Permanent Campaign

"We are now in an era of year-round political campaigning," says Evan Tracey, Chief Operating Officer, TNS Media Intelligence/cmag located in Arlington, VA. TNS Media Intelligence/cmag tracks and analyzes political public affairs and issue-advocacy advertising to help clients better manage their media strategy, media buys, public relations and communications efforts.

"It's not just two candidates running ads between Labor Day and Election Day. Not only is there campaigning by candidates, but interest groups are also campaigning," says Tracey. "Healthcare in general and more specifically pharmaceutical company marketing practices have increasingly been a target of this advertising and campaigning." (See, for example, ["SiCKO is Boffo but Not Anti-Pharmaco Per Se"](#)).

Among the non-candidates involved in political advertising are:

- 527s/ Issue groups (MoveOn.Org, Club For Growth, Progress For America)
- Corporate reputation campaigns (telecom, energy, healthcare)
- Industry associations (PhRMA, EEI, AHIP, USTA, NCTA)
- Member groups (AARP, NRA, Sierra Club)

### Prevailing Messages & Themes

Although many issues relating to the pharmaceutical industry in Congress have been essentially tabled for now, they never go away. If, for example, a Democrat is elected as president in 2008, the threat of veto may disappear and Congress will again push for things like a direct-to-consumer (DTC) advertising moratorium.

Other pharma-related targets of political campaigns include the Medicare Drug Prescription Bill (portrayed as a giveaway to Big Pharma), drug re-importation (portrayed as the only way states can control drug costs), etc. Major themes of anti-pharma ad rhetoric include:

- "Prescription Drugs Cost Less In Canada and Mexico."
- "Every Day Seniors Have to Choose Between Food and Medicine."
- "Big Pharmaceutical Has Too Much Power and Influence."
- "Big Drug Companies Make Billions and Should Pay Their Fair Share in Taxes."
- "Big Drug Companies put Profits over People."
- "New bills filed at the state legislature will benefit large corporations... To see what politicians are behind these bad bills and what you can do visit our website."
- "Big business is coming, and it is coming after you. To learn more about what has been called a 'medical ENRON', go to..."

"More of this is coming," says Tracey. "Indeed, the level of spending by various candidates will rival what the pharmaceutical industry spends on marketing in certain therapeutic categories."

"We have found in our analysis that the winning rhetoric in a political campaign tends to be the best leading indicator for future legislation," says Tracey.

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### Emerging Issues

The emerging issues revolve around two themes:

1. DTC ads are bad—ie, contribute to high drug costs—and need to be stopped.
2. Drug companies must be held accountable for drug safety (eg, Vioxx)

Even if no legislation is introduced, the discussion of these issues is front and center and leads the industry to develop self-imposed limitations such as PhRMA's DTC principles and voluntary DTC moratoriums that were adopted by several companies.

### 2008 Election Outlook

- Economic insecurity issues will continue the move away from jobs to pocketbook issues, such as healthcare costs, wages, and the "middle class squeeze."
- Every Republican in 2008 will be running with George Bush and his record with them on the ticket.
- Healthcare and prescription drug plans are likely to be major components in the 2008 Presidential and Congressional races.
- States taking the lead on new healthcare policies will be the early testing grounds for new issue and political ad themes.
- Iraq War, War on Terror, Rising Energy Prices, Out of Control Government Spending, Private Equity and Hedge Fund Practices will also be large parts of the national political debate.

### Building Trust with DTC

Given this outlook, the pharmaceutical industry must take a pro-active stance if it is to counter all the negative publicity the 2008 campaign will generate.

"With the billions of dollars that the industry spends on DTC advertising, there is an opportunity to use DTC to focus more on humanitarian goals of the industry—giving patients options for bettering their condition—rather than just to focus on selling more product," says David Kweskin, Senior Vice President and Practice Area Leader, Brand and Communications Division, TNS.

"Yes, of course, pharma is in the business of making profits," says Kweskin, "but it is equally in the business of providing options to sufferers to improve their treatment outcomes."

Kweskin, however, does not think that pharmaceutical companies are doing as good a job as they could be doing making that humanistic side of the equation known.

"The goal of DTC is not only to sell a particular Rx product," contends Kweskin, "but also to make people feel good about the company behind the product. People don't know who manufactures Lipitor, nor do they care. They simply want the best drug. I think, however, that it is necessary to start making those connections, so people recognize the humanistic side of the pharmaceutical industry."

### Fair Balance as a Test Case

Only DTC advertisers have the obligation to present "fair balance," which refers to the presentation of accurate and fair assessment of the risks as well as the benefits of the drug. According to Kweskin, DTC advertisers have a choice. They can look at fair balance as either the right thing to do as an ethical company; i.e., a high-minded moral obligation that they have to the consuming public, or less honorably, to look at fair balance as a government mandated "must do."

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### DTC and Political Advertising Parallels

Just as with DTC advertising, the "weapon" of choice for political advertising is broadcast TV. In the last election, close to \$2.5 billion was spent on broadcast TV advertising. That's about half of what Pharma spends on DTC.

While about 55% of pharma's DTC budget goes to broadcast TV (see "Pharma Marketing Stuck in Web 1.5" in this issue), about 90% of political ad money is spent on TV ads or about eight times the combined spending in all other media including cable TV, newspapers, radio, Internet, and outdoor ads.

One reason for this is that TV is viewed as the most efficient tool to drive independent and undecided voters. Pharma also believes TV is effective in motivating people to make a decision. That is, it drives people with untreated medical conditions to see their physicians and ask for the advertised drug.

“Fair balance,” says Kweskin, “needs to be seen/heard as communicating that ‘we are telling you these things, because we really care about you the patient.’ Ultimately, DTC must clearly communicate to the listener/reader that ‘I want you to understand: we are not doing fair balance to relieve us of an obligation we have to an over-sight group in the Government. We do this because we really care about you! And we are literally telling you to not use this drug, except when other approaches have not worked, etc.’ If you can communicate that sincerity,” says Kweskin, “there will be a positive impact on the audience.”

Cynics may say this will scare off people who are truly good candidates for the drug. “No doubt that is 100% accurate,” admits Kweskin. “On the other hand, we believe it goes a long way, a very long way in cementing a customer/seller/brand bond.”

**Commitment**

The way to test that bond is through commitment to a brand, which TNS defines as a brand that best meets the consumer’s needs and expectations; a brand for which the consumer can see many good reasons to continue using and no reasons for changing; and, a brand in a category where the consumer cares a lot about the brand he or she uses.

Commitment is a psychological measure. It tells you how people feel. It’s about the strength of the psychological relationship—the bond with a brand. As a result, commitment is predictive. It lets you anticipate future behavior, not just a look back in a

rearview mirror.

TNS describes commitment as having three dimensions:

- **Needs Fit:** How do people rate your brand? How well does it meet their needs? How do alternatives compare?
- **Involvement:** How important is choice among different brands in the market? How much does the brand decisions matter?
- **Ambivalence:** How much are people torn between different choices? Are there many or few reasons to choose another brand?

TNS posits that sincerity leads to trusting which eventually rolls up into brand Commitment (assuming, of course, the drug offers the requisite efficacy that patients seek for their conditions)

But what does that do for consumer feelings toward the company who markets the drug?

The answer is “not much” because the public doesn’t know who manufacturers what. “We’ll wager that they don’t care to know,” says Kweskin.

If however, drug companies can begin inserting meaningful company branding—5 seconds or less of broadcast time/or adding appropriate logos—into their DTC ads, Kweskin believes that they would start turning the corner toward bettering corporate identity.

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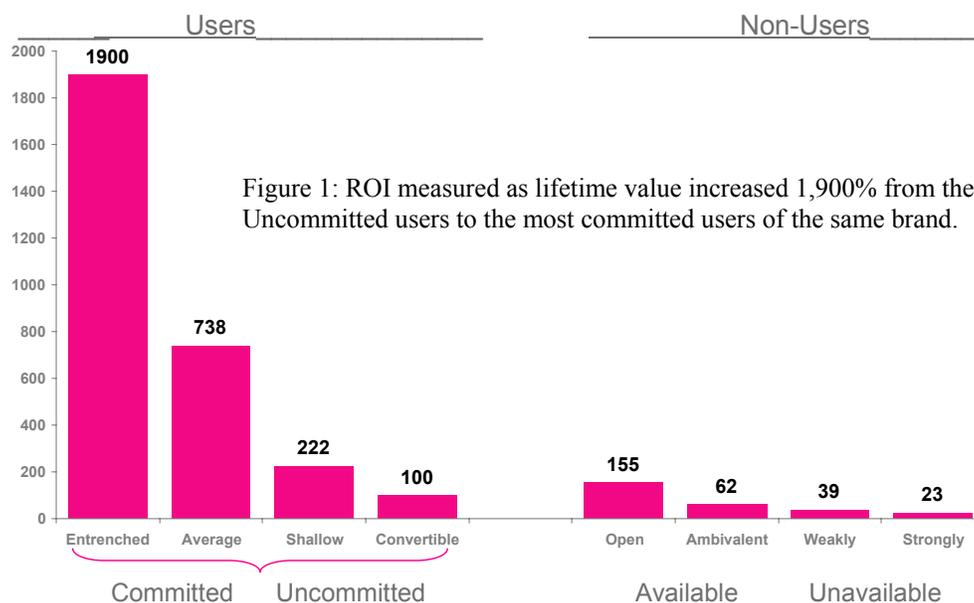


Figure 1: ROI measured as lifetime value increased 1,900% from the lower Uncommitted users to the most committed users of the same brand.

“It is the rolling up all of this trusting across individual DTC drugs that leads ultimately into an appreciation of, or at least dulls the edge of a lot of negative emotions towards, pharma,” says Kweskin. That will be especially important in the upcoming election year.

### Stakeholder Management

“Most communications from pharmaceutical companies come through the marketing department or silo,” notes John Gilfeather, Executive Vice President, Stakeholder Management, a group within TNS that conducts customer satisfaction, employee engagement, and corporate reputation research. “It’s all about selling individual brands, and very little is said about the corporation.”

Other communications silos exist within companies. HR communicates with employees, and corporate communications focuses on other external stakeholders, such as investors, the media, and the general public.

“When we talk about corporate reputation,” says Gilfeather, “we are talking about all these stakeholders. Unfortunately, in a lot of companies, these silos never talk to each other.”

Because most pharmaceutical communications to consumers are about brands with no mention of the company behind the brand, most pharmaceutical companies are black boxes as far as the public is concerned—except when there is a crisis or controversy. Then it is the company that responds, not the trusted brand.

### Employee Commitment

Gilfeather believes that employee commitment is critical. Employees are a company’s ambassadors and what they say to other stakeholders is critical. It is important, therefore, to motivate employees, because motivated employees will expend more effort on behalf of their company.

Sales representatives are usually one of the most highly motivated groups of employees in any pharmaceutical company. They have a lot to gain or lose depending upon their company’s reputation.

Mike Pucci, Vice President of External Affairs at GlaxoSmithKline (GSK), believes that sales reps make good ambassadors. GlaxoSmithKline, under Pucci’s leadership and with the direct support from GSK’s president, chairman and board of directors, has been doing a good job marshalling its employees—including sales reps—as spokespeople (see, for example, [“GSK Strikes Back with a Grassroots Campaign”](#)).

## Summary of the Roadmap to Surviving the Election Wars

### Understand the Political Landscape

- 2008 will be an historic election because of the candidates and the nomination process.
- There are no longer clear boundaries or disciplines when it comes to the practitioners or messengers in political advertising.
- Political ads are unfiltered messages to voters, consumers, opinion leaders and the media and are a critical component in shaping public opinion.
- The “winning” rhetoric has been the best leading indicator of what future legislation and public policy will look like.
- Healthcare and prescription drug plans are likely to be major components in the messages that frame the 2008 Presidential and Congressional races.

### Build Trust with DTC

- The industry/DTC can expect an increasingly rough season ahead...have little doubt about that. Moreover, the public appears vulnerable to political lambasting.
- The industry must defend itself to the consuming public and prescribers by building trust through sincerity. It is trust that leads to commitment. And level of commitment, an emotional attachment to a brand, as we’ve defined it, is a huge discriminator in Life Time Value of the brand.
- Our DTC activity must communicate to the general public (and to the HCP) that we’re worthy of their trust—i.e., what’s in the public’s best interest is in the industry’s best interest. We must build our pile of ‘chips’ of public trust now—we will need to ‘cash them in’ in the just arriving political season.
- We do need to connect our DTC brands to the company/people behind the brands. The accumulated good-will that each DTC ad brings to the communication dynamic should add up to a strong bulwark against counter claims by those who see DTC/the industry as vulnerable or at fault.

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### Manage Stakeholders

- Stakeholder management extends way beyond marketing communications.
- It's important to communicate the corporate story to all stakeholders.

It is critical to enhance employee engagement within pharmaceutical companies and motivate them to be ambassadors.

Pharma Marketing News

### Pharma Marketing News

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