

The Health Portal Race

How Pharma Can Capitalize on Increasing Competition Online

insight

Debianna Obara | August 2005



With the heightened focus on DTC (direct-to-consumer) ad spending, companies are directing more of their consumer ad dollars online.

In fact, in 2005, online advertising is where it's at. TNS Media Intelligence predicts that the medium will grow by 11.2 percent this year alone. Flexible and far-seeing advertisers will ride that wave by shifting DTC dollars from TV to the Internet, where they can present more educational content to consumers through state-of-the-art online portals.

The good news is that both advertisers and clients will have more online choices than before. Search currently is the first entrance point for many consumers seeking health information. As most of the players in the paid search arena run off a bid marketplace model, any company can get in the game as long as its bids are competitive. But many sites are expanding their health content too, as evidenced by health sections being added or expanded on [iVillage](#), [About.com](#), [ThirdAge](#), and [Blackplanet.com](#).

Despite more inventory available, media rate inflation appears to be increasing sharply as more and more advertisers vie for the space—particularly in areas deemed "premium" such as health content areas. Those areas with content targeted to specific disease states are still hard to come by, so there's often competition for ad space that surrounds relevant content.



And in light of these rapid changes, the portals are poised for the fight. And the gloves are coming off. This article discusses the changing landscape among the large portals and how pharma advertisers can make the most of the shifts taking place.

The Contenders

To understand how the online environment is changing, it's helpful to examine the important players:

→ **WebMD** - Anyone who has investigated online health content most likely has discovered that WebMD has created a commanding brand, the source for consumer health information. WebMD has done a fair amount of TV advertising (in 2004, an estimated \$33.7 million according to TNS), and partnered with both MSN and AOL to build strong distribution channels for its health content. (But it has changed some of its partners in 2005.)

Many companies have sunk their entire online ad budgets into WebMD alone, believing it can deliver all the qualified health reach needed for a successful online campaign. Yet those companies may be surprised to find that the rules have changed this year with the entry of some serious health portal competition.





→ **Yahoo!** - Yahoo! has been biting at WebMD's heels with syndicated health content and exclusive health channels since 2002. According to AdRelevance, WebMD has garnered \$1.2 million (two percent) of pharma's online ad dollars to Yahoo!'s \$14.5 million (23 percent). It's worth noting, however, that AdRelevance doesn't track spending on content integration deals, which makes up a bulk of WebMD's ad business, and therefore is grossly under-representing WebMD's total ad dollars.

With a more aggressive approach, Yahoo! launched revamped health sponsorships in 2005. The portal wants to have one exclusive health partner per health condition. But instead of maintaining content for every disease, it is focusing on mega-conditions, such as allergies, depression, and GERD (gastroesophageal reflux disease), where there is enough competition to warrant a high price tag to own the inventory.

→ **MSN** - To add a dark horse into this race, MSN unveiled health condition channels that are independent from WebMD. In the past, all health content that was housed on MSN was provided by WebMD and offered for distribution when advertisers purchased programs with WebMD. This meant MSN could not sell its own health content effectively, as WebMD owned most of the health buys. (WebMD continues to partner with AOL for distribution, which allows AOL to feature WebMD's syndicated content but not its own health content or advertisers.)

Health Portal Spending

Pharma spent 37% of its 2004 online dollars with four large Web portals.

Site	Total Spending	Total Impressions	Percent of all online spending
	\$17,238,400	3,458,863,000	20.7
	\$11,651,000	3,488,034,000	14.0
	\$1,780,500	235,928,000	2.1
	\$311,300	68,771,000	0.4
TOTAL	\$30,981,200	7,251,596,000	37.2

source: AdRelevance

In the coming year, both Yahoo! and MSN are poised to take on WebMD with their tremendous reach, targeting capabilities, relatively easy and direct ad-server and agency synergies, and relevant content. WebMD, in turn, has announced new distribution partners—CBSnews.com, Medicinenet.com and FOXnews.com. to start—in hopes that they will more than fill the enormous gap in distribution left by MSN's departure, while further expanding reach.

The Race

More competitors mean advertisers will have more leverage in negotiating deals with WebMD. For WebMD, this marketplace shift may result in demands for lower CPMs than it has enjoyed in the past.

The race among health information portals also may result in more and better content offerings for consumers. That means advertisers that move first can buy out targeted inventory within desired conditions at a good rate.

On the downside, the glut of available content across many sites may fragment target audiences, just as the explosion of cable channels has fragmented TV audiences. For that reason, it's more important than ever to have experienced media planners who know how and when to buy out sites that can deliver desired scale and targetability.

For portals, that means stiffer competition that may lead to more deal-sweeteners for advertisers, including:

- Exclusivity within disease-specific categories (ranging from a quarter to a year)
- Robust back-end data/reporting that includes cost per educated visitor, intent to visit the doctor, and brand-lift tracking

- Reasonable out-clauses allowing clients to cancel under performing commitments or to cease advertising in case of FDA status changes
- Visitor and/or traffic guarantees
- Rich media acceptance

The market moves quickly, so pharma must be ready to jump into the online health content boom. Agile companies will pick up additional inventory or preferred pricing by leveraging various partners against one another or taking advantage of first-mover opportunities.

About the Author



Debrianna joined Avenue A | Razorfish Philadelphia in 2002, where she serves as media director. She has eight years of offline and online media experience at New York agencies, including Draft Worldwide, Ogilvy & Mather and ID Media. At ID Media she was instrumental in launching the digital media team and developing its online business. She managed media teams that developed online initiatives for clients including Jos. A. Banks, Christian Dior, A&E Network, and EAB Bank. For Jos. A. Banks, she helped exceed sales goals in key markets, delivering ROI that surpassed client expectations. Prior to entering the advertising world, she was a Business English Teacher with BMW and Philip Morris in Munich, Germany and a Visiting Lecturer in Conversational and Grammatical English at a university in Poland. Debrianna graduated from the University of Florida with a degree in Journalism and Communications.

At Avenue A | Razorfish, Debrianna works with leading pharmaceutical companies, including AstraZeneca, Wyeth and Roche Pharmaceuticals, as well as Dentyne and Vanguard.

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