

US HEALTHCARE AND PHARMA INDUSTRY STATPACK 2018

Digital Ad Spending Forecast and Trends

JUNE 2018

Patricia Orsini

Contributors: Samantha Butler, Caroline Cakebread, Tricia Carr, Corey McNair, Oscar Orozco



This StatPack includes updated eMarketer forecasts and third-party data

[Methodology](#)

[Healthcare and Pharma Ad Spending Outlook](#)

[Healthcare and Pharma Spending by Format](#)

[Healthcare and Pharma Spending on Display vs. Search](#)

[Healthcare and Pharma Spending on Digital Video](#)

[Programmatic Ad Spending](#)

[Healthcare and Pharma Mobile Ad Spending](#)

Behind the Numbers: Methodology

eMarketer's US digital ad spending by industry estimates are updated twice a year to keep our subscribers abreast of trends in this business-critical area. **For this forecast, we analyzed nearly 60 interviews and over 160 metrics from 16 sources,** including macro-level economic conditions; historical trends of the advertising market; historical trends of each medium in relation to other media; reported revenues from major ad publishers; estimates from other research firms; consumer media consumption trends; consumer device usage trends; and eMarketer interviews with executives at ad agencies, brands, media publishers and other industry leaders.

Behind the Numbers: What We Measure

eMarketer's digital ad spending figures include **advertising that appears on desktop and laptop computers, as well as on mobile phones and tablets**, and all the ad formats on those platforms: banner ads (static display), classified ads, email (embedded ads only), mobile messaging (SMS, MMS and peer-to-peer [P2P] messaging), rich media, search ads (including contextual text links, paid inclusion, paid listings and search engine optimization [SEO]), sponsorships, lead generation (referrals) and video (including in-banner, in-stream and in-text).

How eMarketer defines the healthcare and pharma industry

This industry includes pharmaceutical products, facilities, services, researchers, drug manufacturers and marketers, doctors, hospitals and biological products, as well as establishments providing healthcare services and social assistance for individuals. Also includes health insurance advertising.



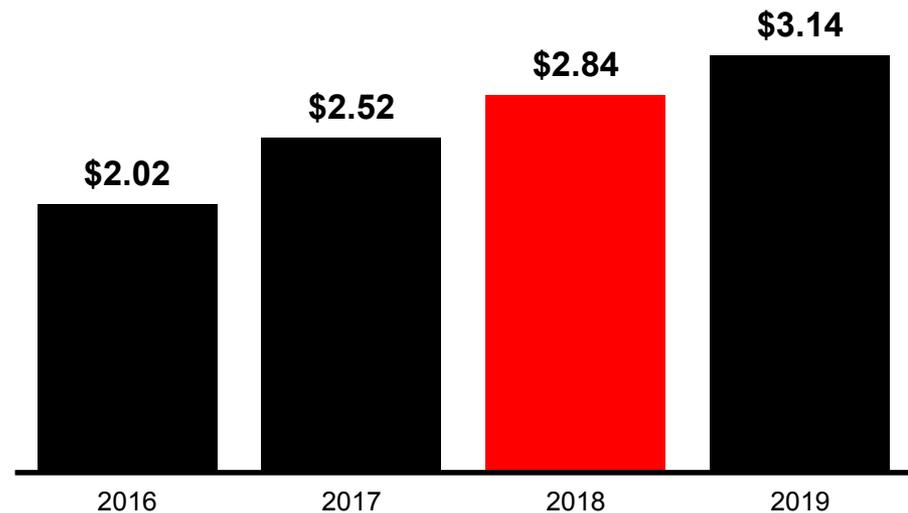
Digital Healthcare and Pharma Ad Spending Outlook

Factors influencing digital ad spending in the healthcare and pharma industry

- **Direct-to-consumer (DTC) ad spending in the pharma category is rising.** “Consumers are changing the way they manage their health,” Julia Phelan, executive vice president and executive director of FCB Health, told Medical Marketing and Media (MM&M) in April 2018. By speaking directly to patients, pharma brands are educating consumers on possible treatments. “[Patients] can’t write themselves a prescription, but they can ask the right questions.”
- While many DTC campaigns utilize TV, some brands, such as Allergan, are looking to **shift their spending to digital, including digital video.**
- **Social is increasingly seen as a way to reach physicians, and it’s also being used to engage patients in novel ways.** Pharma brand Novocure sponsored a Facebook Live event for cancer treatment drug Optune featuring two patients, their caregivers and family members. After the event, traffic to Optune’s site increased 1,900% month over month, according to Novocure.

Healthcare and pharma brands will spend **\$2.84 billion** on digital advertising in 2018

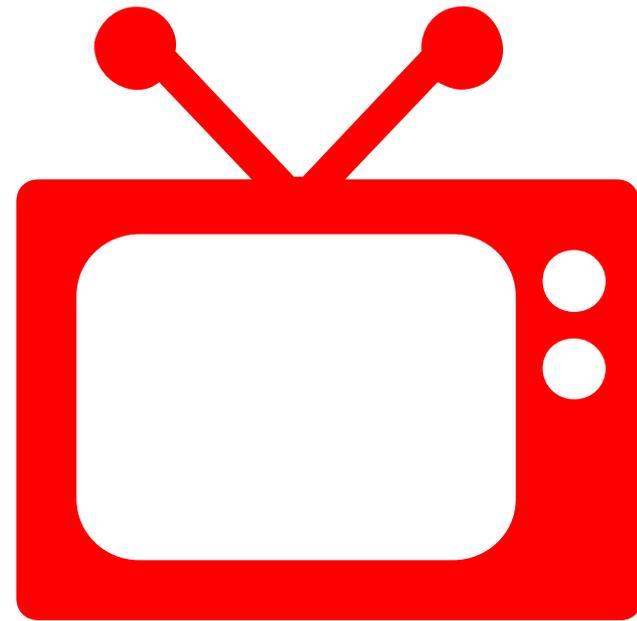
Spending on digital ads in the healthcare and pharma industry **will increase 12.7% in 2018**, which is below the average growth in digital ad spending for all industries measured by eMarketer. Growth is expected to be slightly slower for 2019, when ad spend will increase 10.6%.



US Healthcare and Pharma Industry Digital Ad Spending (billions)

Healthcare and pharma brands are **spending heavily in TV advertising**

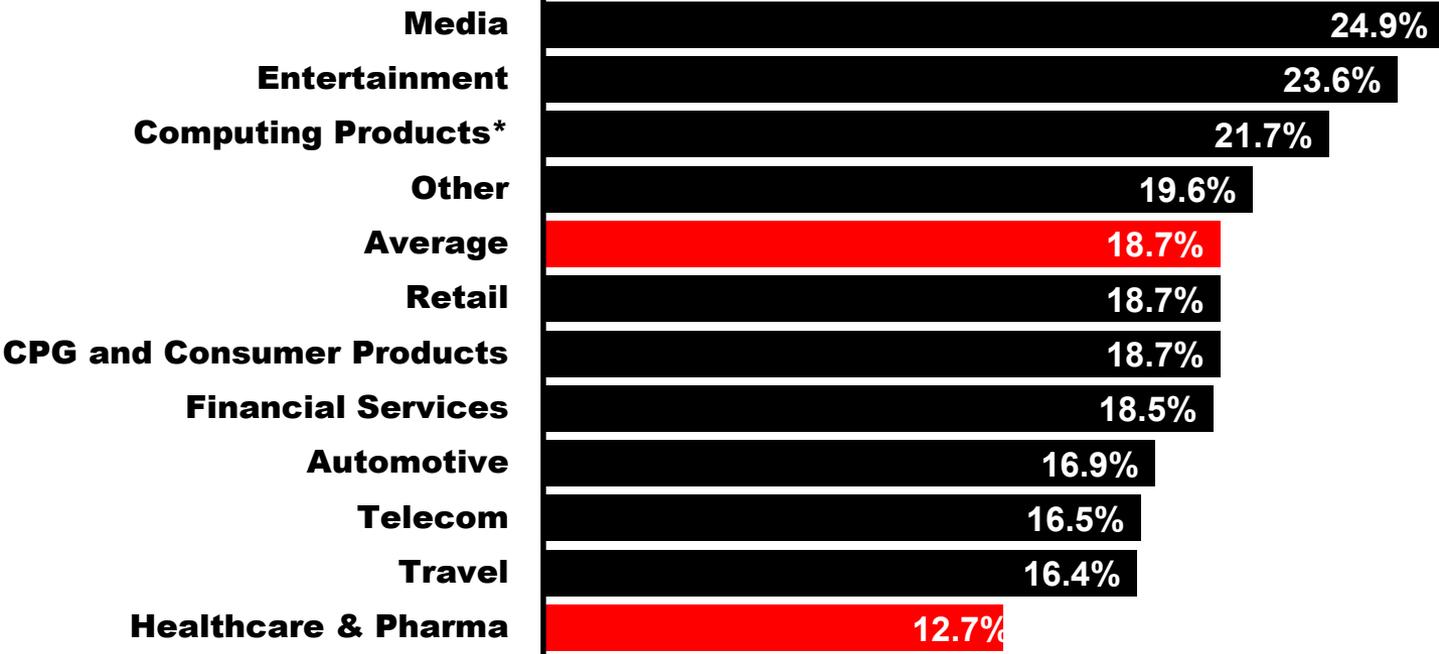
The pharma industry considers TV a safe space, with guaranteed reach. Spending on national TV ads totaled \$3.45 billion in 2017, up from \$3.11 billion in 2016. Print spend in healthcare and pharma, however, is slowing. Healthcare journals reported a decline of \$100 million in ad revenues between 2016 and 2017, according to Kantar Media.



Though the industry still invests in traditional media, digital spend is growing

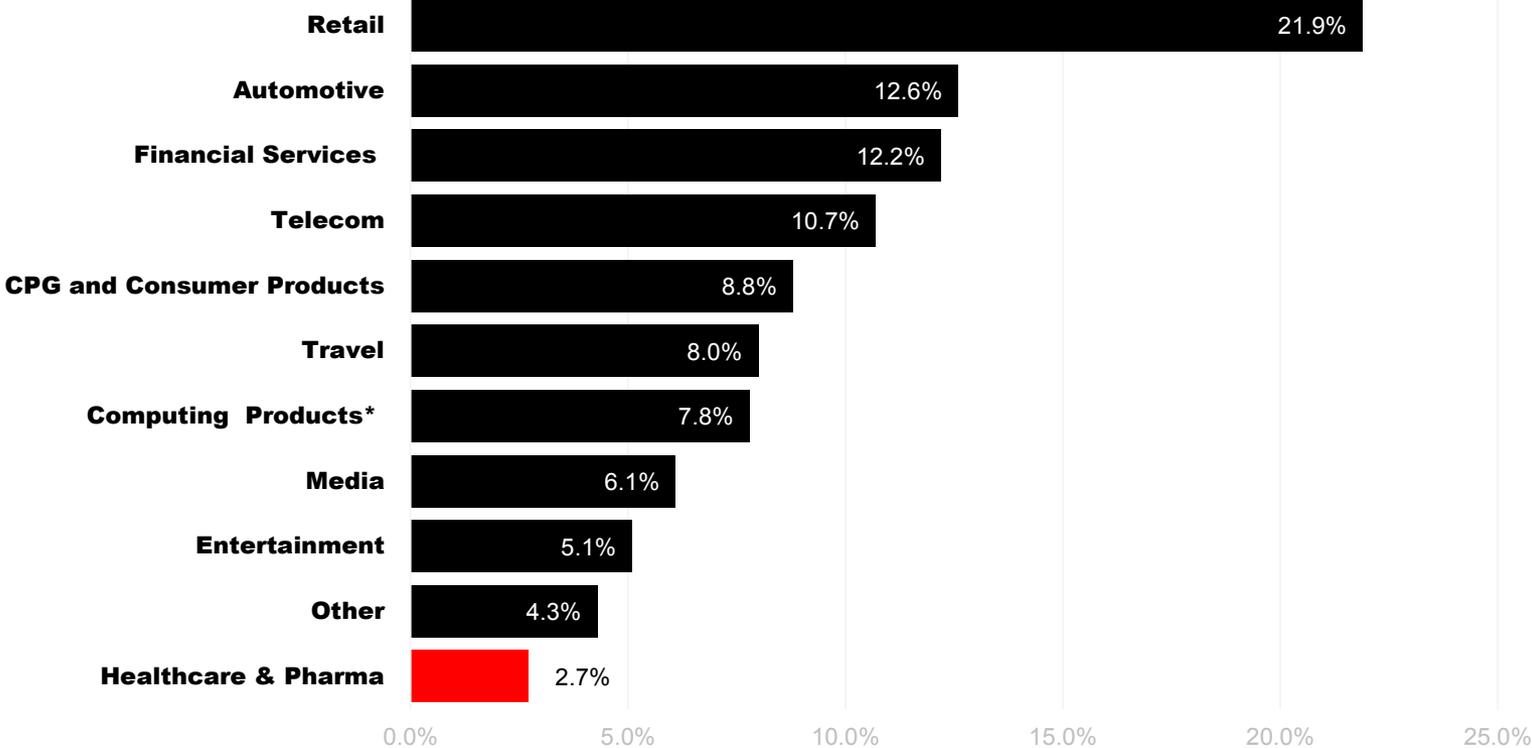
- **“There’s not a lot of budget being cut out of TV and going into digital channels,”** said Lee Baler, senior media director of planning and investment at iCrossing. “When we look at TV, the reach is still big, but you’re hitting the same audience frequently. We’re looking to see how clients can move money out of TV, but it’s been [a slow process].”
- **But others see the value in digital.** Sandra Peterson, group worldwide chairman at Johnson & Johnson, told listeners at the UBS Health Care Brokers Conference in May that in its consumer division, **“more than 50% of our marketing is now consumer engagement marketing. It’s digital marketing.”** That includes recently launched JJVision.com, a portal linking the brand’s consumer and eye care professional sites.

Healthcare and pharma's digital ad spend growth will be **lower than the average**



US Digital Ad Spending Growth, by Industry, 2018

In 2018, **healthcare and pharma's** share of digital advertising will be 2.7%



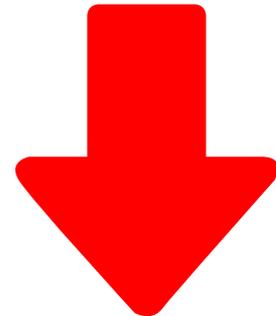
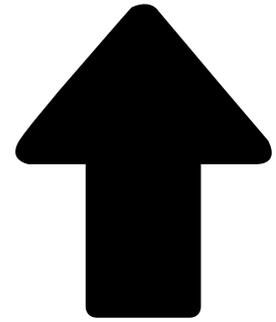
US Digital Ad Spending Share, by Industry, 2018 (% of total)

Among the largest brands, overall ad spending was essentially flat for 2017

Total spend for 2017 (includes traditional and digital channels)

- **Johnson & Johnson:** \$2.5 billion, up 4.2% YoY from \$2.4 billion in 2016
- **Merck:** \$2.2 billion, up nearly 5% YoY from \$2.1 billion in 2016
- **AbbVie:** \$846 million, up 10.7% YoY from \$764 million in 2016

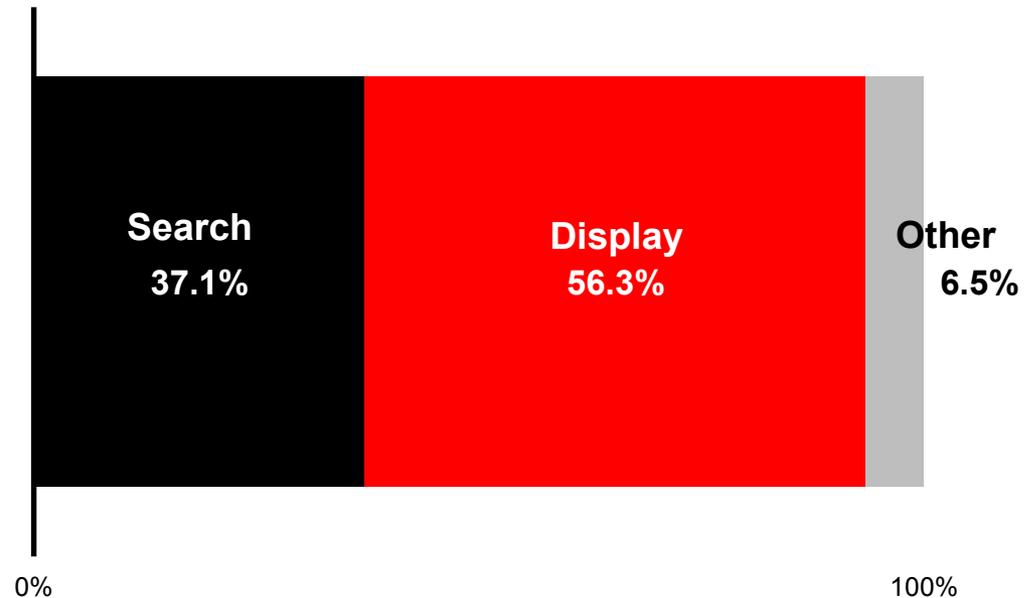
- **Novartis:** Down 7% in 2017 (includes expenditures for marketing and advertising)
- **Pfizer:** \$3.1 billion, down 3.1% YoY from \$3.2 billion in 2016



Digital Healthcare and Pharma Ad Spending, by Format

Display will account for the majority of ad spending for healthcare and pharma brands

Spending on search is slowly gaining, in an industry dependent on TV and video. In 2018, we forecast that search will grow 6.0%, while display will increase 17.3%. **Search will get a larger boost of 11.4% in 2019**, due to the high cost of search terms and the competitiveness of the market in the pharma sector.



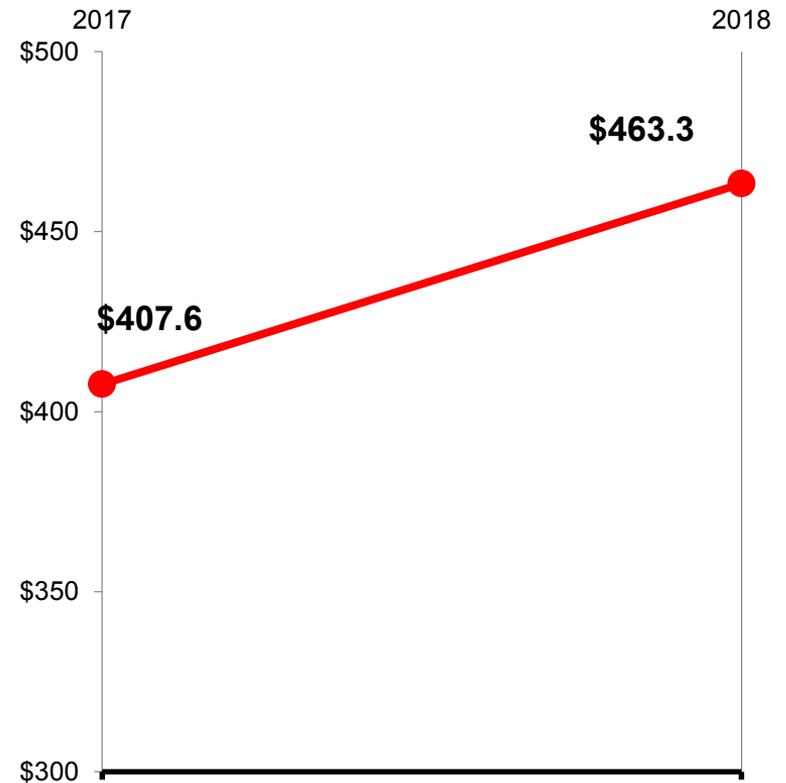
US Healthcare and Pharma Digital Ad Spending Share, Search vs. Display, 2018
(% of total)

Spending on digital video by healthcare and pharma brands will grow **13.7% in 2018**

Digital video will account for **16.3%** of total **healthcare and pharma digital ad spend in 2018**, up slightly from 16.2% in 2017.

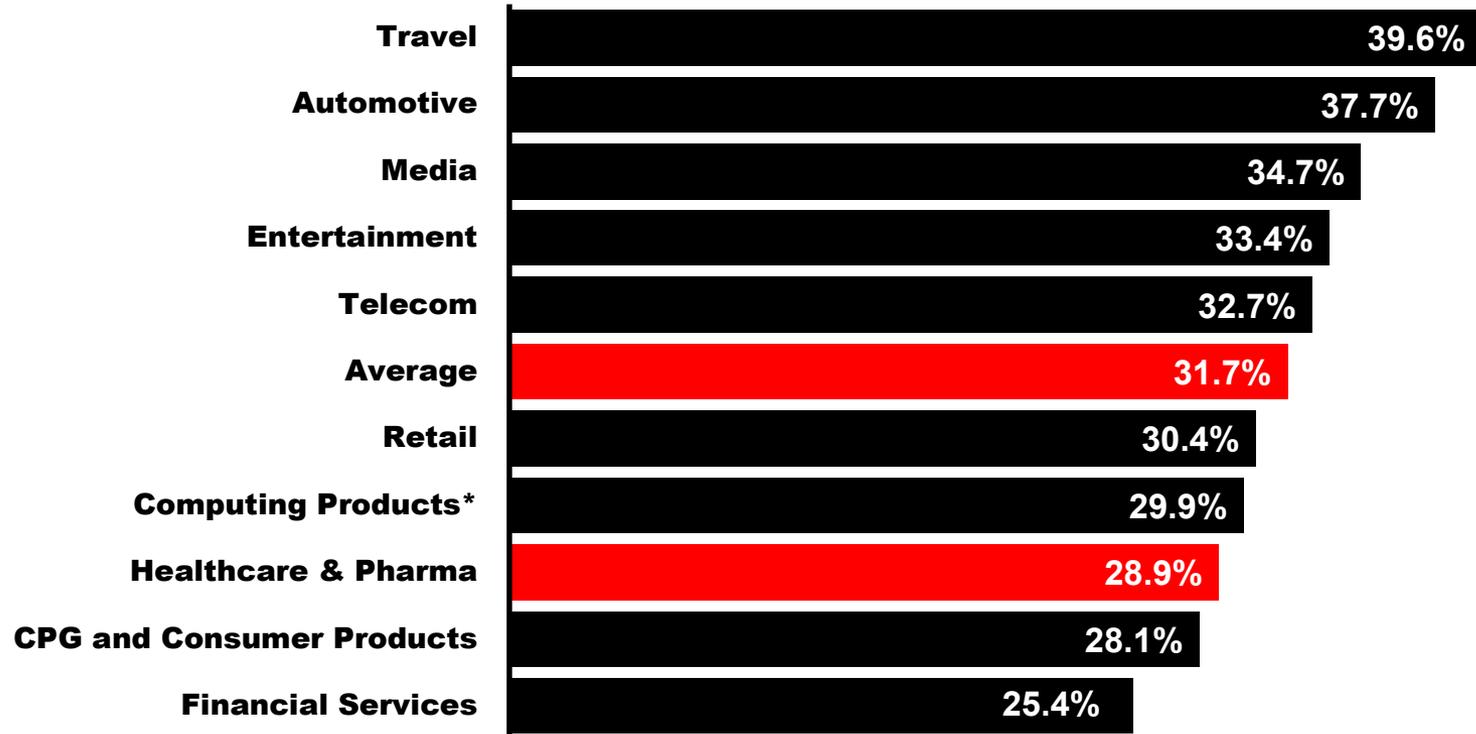
An area where digital video is especially effective is physician-directed content.

Doctors are spending, on average, 3 hours per week watching profession-related video content.



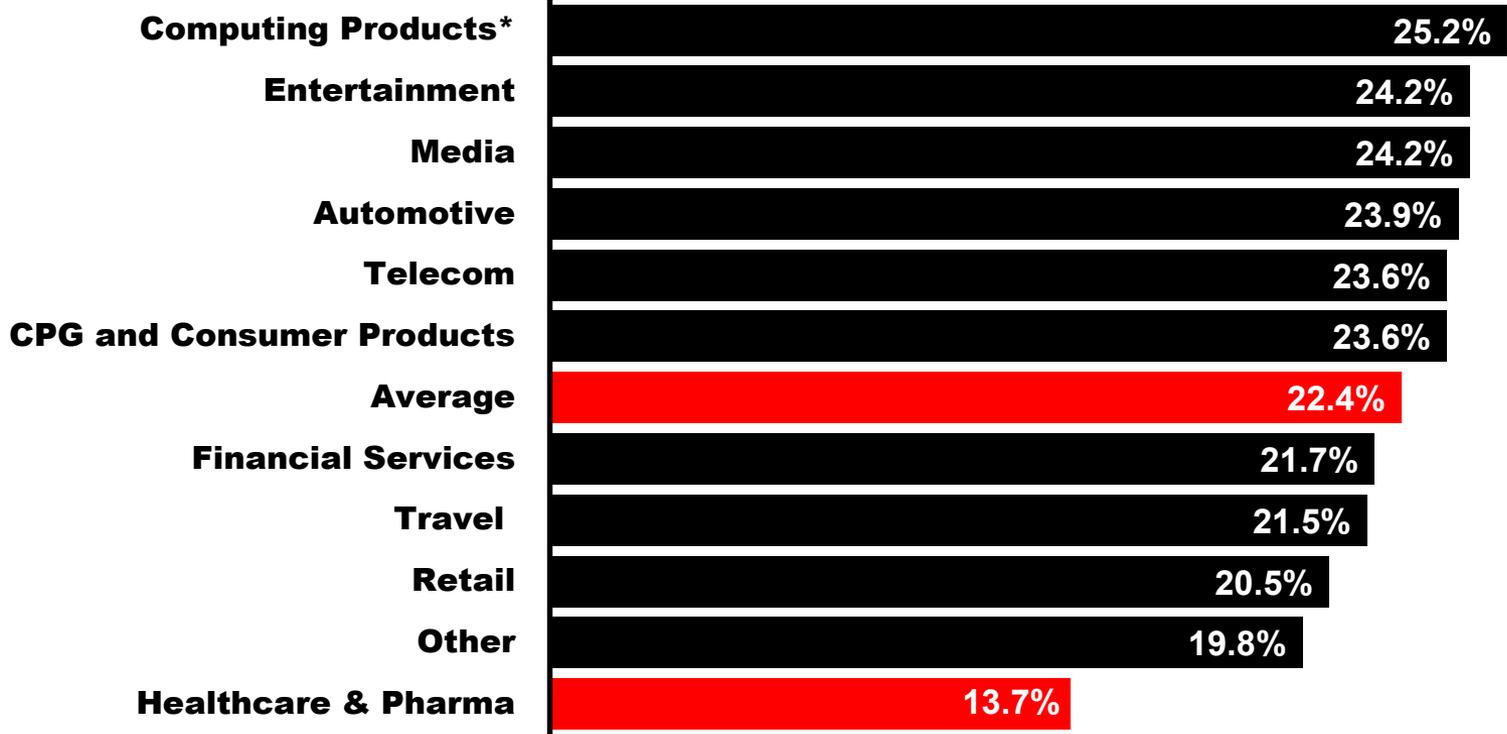
US Healthcare and Pharma Digital Video Ad Spending (millions)

Healthcare and pharma brands' share of digital video ad spend in display is 28.9%



US Digital Video Ad Spending Share, by Industry, 2018 (% of total display ad spending)

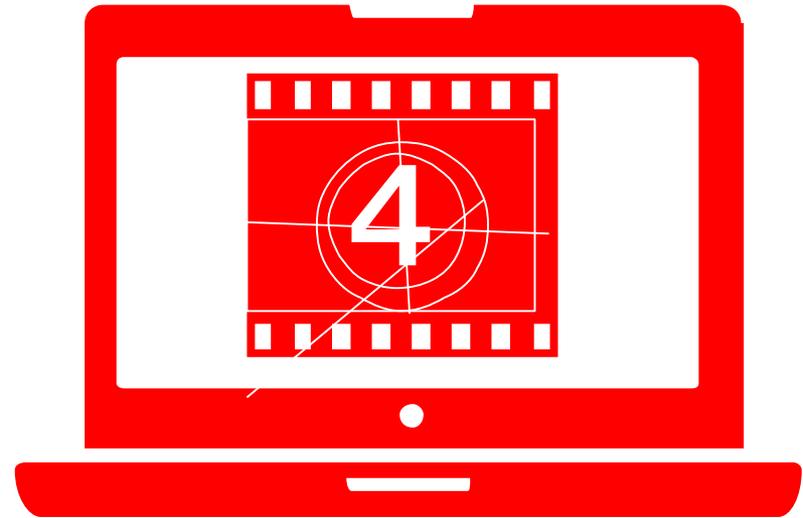
Healthcare and pharma brands will increase digital video ad spend by **13.7%**



US Digital Video Ad Spending Growth, by Industry, 2018

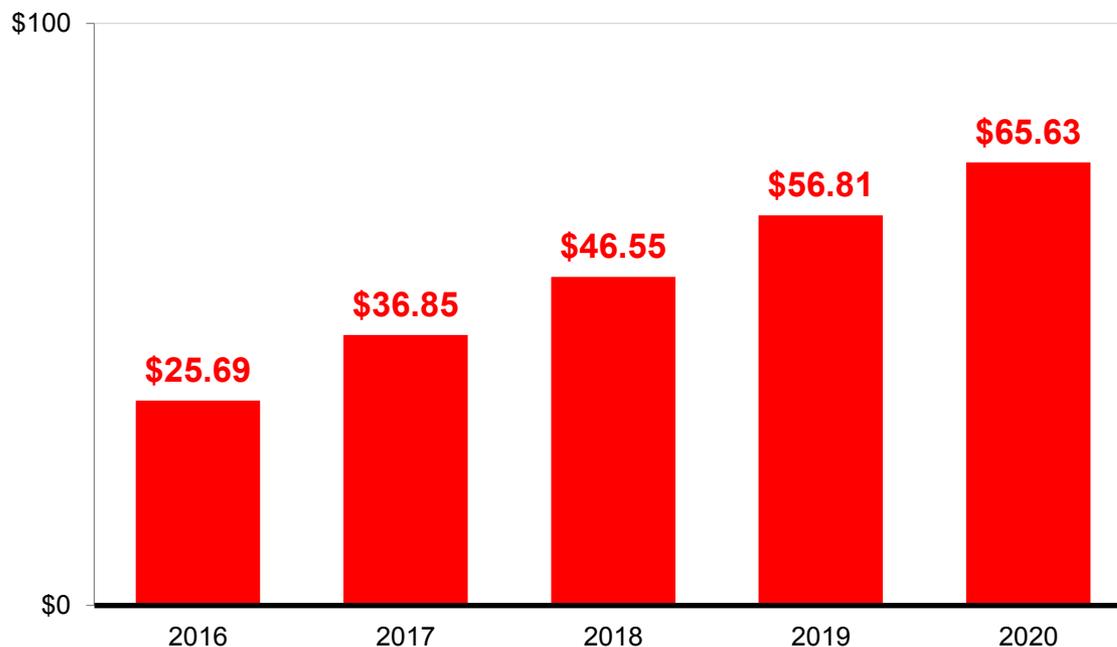
Healthcare and pharma brands' use of TV is translating to more spend on **digital video**

“The best of what I saw in DTC this year wasn’t a TV commercial or a campaign per se, but programs that paid attention to how they’ll live in different environments. ... **You have to plan how it’s going to live outside TV,**” Lisa Healy, partner at Medical Media Services, said in an April 2018 MM&M article.



Programmatic ad spending will account for 82.5% of all digital ad buying in 2018

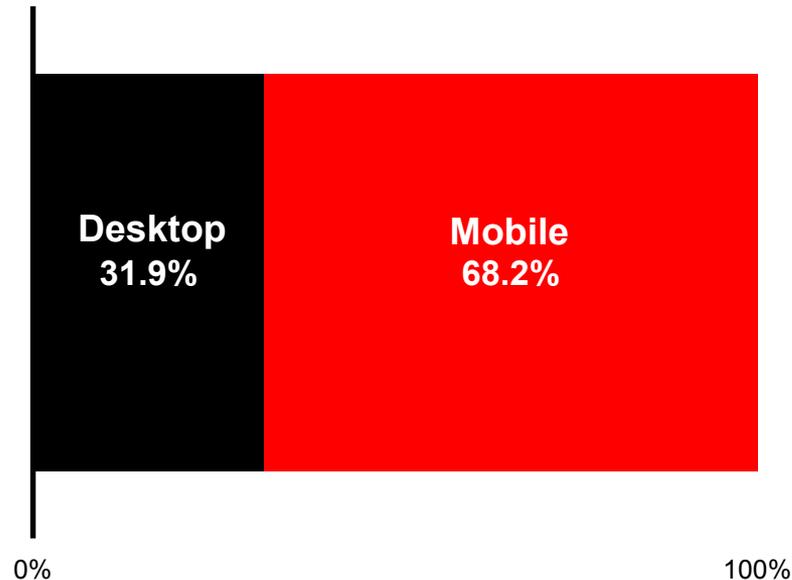
While marketers will increase the share of digital video bought programmatically by 43% in 2018, according to the IAB, **healthcare and pharma brands face challenges related to ad targeting and brand safety**, making buying via this method a relatively smaller part of brands' ad buying strategies.



US Programmatic Display Ad Spend Forecast, 2016–2020 (billions)

Mobile Healthcare and Pharma Ad Spending

More than two-thirds of healthcare and pharma digital spend will go to **mobile**

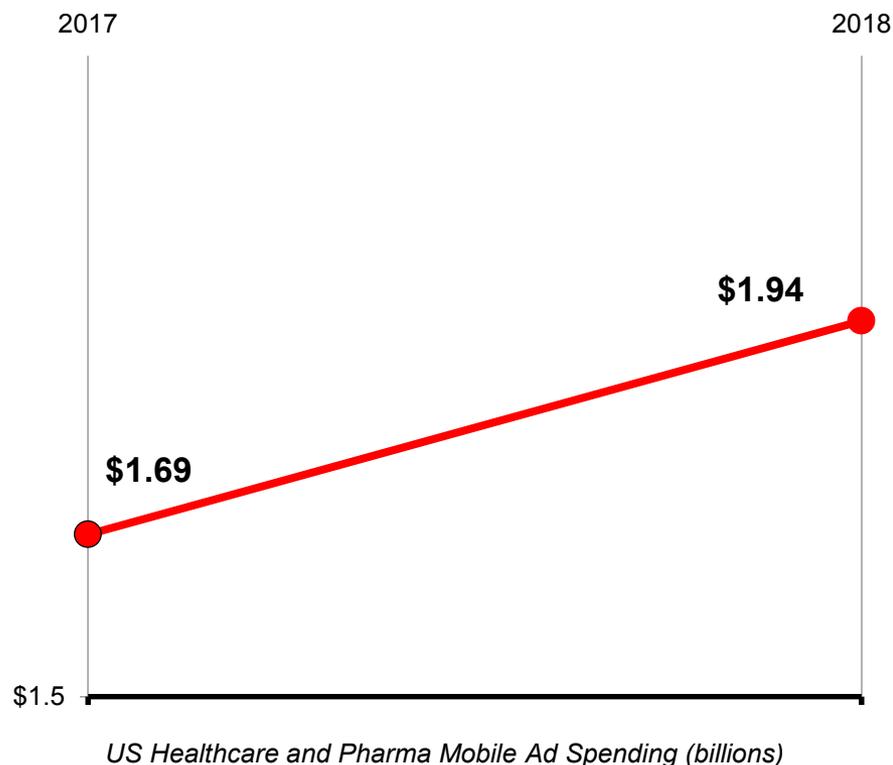


Desktop vs. Mobile Share of US Healthcare and Pharma Digital Ad Spending, 2018 (% of total)

As in nearly every sector, marketers are following consumers to mobile. We expect ad spending on desktop will continue to slow through at least 2019, while mobile's share of digital ad spend will continue to increase.

Ad spending on mobile will grow 14.6% this year, reaching **\$1.94 billion**

Eight in 10 US physicians use smartphones for professional purposes, according to Kantar Media. And **two-thirds check those devices more than 10 times a day**, a survey from Merck Manuals found.



Factors influencing mobile ad spending

- **Consumers are looking to access drug and healthcare information via mobile.** In March, the Food and Drug Administration launched Drugs@FDA Express, a mobile app that gives consumers access to its online database of agency-approved prescription and over-the-counter drugs.
- MyHealthTeams, a creator of social networks for patients with chronic conditions, reported in January that **65% to 70% of traffic to its 29 online communities is via mobile.**
- **Pharma brands are increasingly embracing social platforms** to engage patients with chronic diseases, using it to provide awareness, education and support. “Because social media is such a huge part of daily life now ... we wanted to ensure we were part of the digital social media conversation,” said Alla Clancy, senior marketing manager at Alimera Sciences. **Its campaign for a diabetes-related drug launched on Twitter and Facebook,** two platforms generally accessed via mobile.

Additional Resources

Interviews

Lee Baler, *Senior Media Director, Planning and Investment, iCrossing*

Joseph Barbagallo, *Manager, Digital, Social and CRM, Jaguar Land Rover North America*

Alia Kemet, *US Digital Marketing Director, McCormick & Company*

Brian Krick, *Executive Vice President, Global Media Planning, Essence*

Jeremy Leon, *Senior Vice President, Media, Laundry Service*

Frank Puma, *Managing Director, Digital Investment, Mindshare*

Jeffrey Rothman, *Vice President, Marketing, Danone North America*

Brooke Skinner Ricketts, *CMO, Cars.com*

Shelagh Stoneham, *Senior Vice President, Brand Marketing, Chico's*

Additional Resources

Sources

[FiercePharma](#)

[Kantar Media](#)

[Medical Marketing and Media \(MM&M\)](#)

[MediaPost Communications](#)

[Seeking Alpha](#)

[Standard Media Index](#)

Related Reports

[US Mobile StatPack 2018: An Atlas of eMarketer Forecasts to Keep at Your Fingertips All Year Long](#)

[Q2 2018 Digital Video Trends: Monetization, Audience, Platforms and Content](#)

[US Programmatic Ad Spending Forecast 2018: Private Setups Pull Even More Ad Dollars to Automation](#)

This StatPack is part of a eight-series package

About eMarketer's Industry Ad Spending Series

eMarketer breaks down ad spending for 10 industries annually. Each year, the package not only forecasts digital ad spending, but also examines the market forces that will determine how brands allocate budgets to digital channels.

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Digital Ad Spending Benchmarks by Industry: The Complete eMarketer Series for 2018

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